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No. 50

## Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable BOB CASEY, Jr., a Senator from the State of Pennsylvania.

The PRESIDING OFFICER. Today's prayer will be offered by Rabbi Milton Balkany, of New York.

### PRAYER

The guest Chaplain offered the following prayer:

Let us pray.

Our Father in Heaven, snowflakes windswept to sky-piercing peaks do more than cloak mountaintops in their fine wintry vestments. Their varied crystalline structures speak of how You, the Master Artist, have sculpted our world to exemplify the beauty of contrast. Heartfelt differences are the hallmark of our times. O Lord, help us realize that division need not be the lyric of sorrow but the signature of brotherhood.

In the pursuit of truth and righteousness, disputes can compose verses of hard-won wisdom. Consider the rent of rock running through the Grand Canyon. It is a break, a fissure, a divide miles deep and, yet, is there a sight more majestic? Unity is not sameness, nor is it bland agreement. Only when Moses parted the waters was a nation set free.

We pray, O God, give us strength to grapple for the great good, defend the passion of our convictions, and still retain the devotion of brothers and sisters. Bless all of us in this hallowed hall of lawmaking with clarity of vision so that we may gaze upon the heights of our shared destiny. Amen.

### PLEDGE OF ALLEGIANCE

The Honorable BOB CASEY, Jr., led the Pledge of Allegiance, as follows:

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

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, March 22, 2007.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable BOB CASEY, Jr., a Senator from the State of Pennsylvania, to perform the duties of the Chair.

ROBERT C. BYRD,  
President pro tempore.

Mr. CASEY thereupon assumed the chair as Acting President pro tempore.

### RECOGNITION OF THE MAJORITY LEADER

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

### SCHEDULE

Mr. REID. Mr. President, the Senate will immediately resume consideration of the budget resolution. There are 25 hours of debate time left. The two managers have been doing an exemplary job of managing this bill. We still have a long way to go.

As I mentioned, 25 hours remain. We will have to see how we get to tomorrow morning. As I indicated a couple of days ago, unless the managers can agree on yielding back some time, we will have to stay in all night tonight and be in a position to start voting on the so-called vote-a-rama tomorrow.

We have a number of amendments pending. I am told that we have six or seven pending now. The managers will be making a decision about which amendments will be voted on between 11:30 and about 12:45, when we can pick

up another vote—around 12:45 or 1 o'clock. We anticipate other votes from 4 to 6. We may be able to back that off. As soon as the Appropriations Committee completes its work, we can start voting. So from 4 to 6—or maybe it can be 3 or 3:30 to 6.

We have a lot of committee meetings going on today all over the Senate office buildings. We are going to do our best to keep disruptions to a minimum. We cannot guarantee the meetings will not have to be interrupted. I have indicated to the Republican leader that we would not vote beyond 6 p.m. today. That may have to change. We will see if we have to come back after 8 o'clock to do what we can to clear off some of these votes. I would rather not do that, but we will discuss that with the managers and my distinguished counterpart, Senator MCCONNELL.

I 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.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

### RESERVATION OF LEADER TIME

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

### CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2008

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. Con. Res. 21, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 21) setting forth the congressional budget for

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



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the United States Government for fiscal year 2008 and including the appropriate budgetary levels for fiscal years 2007 and 2009 through 2012.

Pending:

DeMint amendment No. 489, to establish a reserve fund for Social Security reform.

Allard amendment No. 491, to pay down the Federal debt and eliminate Government waste by reducing spending on programs rated ineffective by the Program Assessment Rating Tool.

Grassley-Dorgan amendment No. 464, to limit farm payments to \$250,000 per person per year and apply the savings to renewable energy/rural development, conservation, and nutrition.

Grassley amendment No. 502, to ensure the appropriate use of funds provided for the Smithsonian Institution.

Baucus-Rockefeller amendment No. 504, to affirm the Senate's commitment to the reauthorization of the State Children's Health Insurance Program.

Cornyn amendment No. 511, to provide a deficit-neutral reserve fund for the reauthorization of the State Children's Health Insurance Program (SCHIP) that will cover kids first.

Hutchison amendment No. 517, to provide tax equity for citizens of States which do not have a State income tax by providing for a permanent extension of the State and local sales tax deduction from Federal income taxes, now scheduled to expire at the end of 2007.

The ACTING PRESIDENT pro tempore. The Senator from Texas is recognized.

AMENDMENT NO. 525

Mr. CORNYN. Mr. President, I send an amendment to the desk.

The ACTING PRESIDENT pro tempore. Without objection, the pending amendment is set aside.

The clerk will report.

The legislative clerk read as follows:

The Senator from Texas [Mr. CORNYN] for himself and Mr. GREGG, proposes an amendment numbered 525.

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

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

The amendment is as follows:

(Purpose: To provide reconciliation instructions to the Committee on Finance to reform entitlement programs, to reduce the national debt and to improve the standard of living for our children and grandchildren)

On page 4, line 6, decrease the amount by \$2,047,000,000.

On page 4, line 7, decrease the amount by \$4,291,000,000.

On page 4, line 8, decrease the amount by \$6,949,000,000.

On page 4, line 9, decrease the amount by \$9,936,000,000.

On page 4, line 10, decrease the amount by \$13,270,000,000.

On page 4, line 15, decrease the amount by \$2,047,000,000.

On page 4, line 16, decrease the amount by \$4,291,000,000.

On page 4, line 17, decrease the amount by \$6,949,000,000.

On page 4, line 18, decrease the amount by \$9,936,000,000.

On page 4, line 19, decrease the amount by \$13,270,000,000.

On page 4, line 24, decrease the amount by \$2,047,000,000.

On page 4, line 25, decrease the amount by \$4,291,000,000.

On page 5, line 1, decrease the amount by \$6,949,000,000.

On page 5, line 2, decrease the amount by \$9,936,000,000.

On page 5, line 3, decrease the amount by \$13,270,000,000.

On page 5, line 7, decrease the amount by \$2,047,000,000.

On page 5, line 8, decrease the amount by \$6,339,000,000.

On page 5, line 9, decrease the amount by \$13,288,000,000.

On page 5, line 10, decrease the amount by \$23,224,000,000.

On page 5, line 11, decrease the amount by \$36,494,000,000.

On page 5, line 15, decrease the amount by \$2,047,000,000.

On page 5, line 16, decrease the amount by \$6,339,000,000.

On page 5, line 17, decrease the amount by \$13,288,000,000.

On page 5, line 18, decrease the amount by \$23,224,000,000.

On page 5, line 19, decrease the amount by \$36,494,000,000.

On page 19, line 12, decrease the amount by \$2,000,000,000.

On page 19, line 13, decrease the amount by \$2,000,000,000.

On page 19, line 16, decrease the amount by \$4,100,000,000.

On page 19, line 17, decrease the amount by \$4,100,000,000.

On page 19, line 20, decrease the amount by \$6,500,000,000.

On page 19, line 21, decrease the amount by \$6,500,000,000.

On page 19, line 24, decrease the amount by \$9,100,000,000.

On page 19, line 25, decrease the amount by \$9,100,000,000.

On page 20, line 3, decrease the amount by \$11,900,000,000.

On page 20, line 4, decrease the amount by \$11,900,000,000.

On page 25, line 12, decrease the amount by \$47,000,000.

On page 25, line 13, decrease the amount by \$47,000,000.

On page 25, line 16, decrease the amount by \$191,000,000.

On page 25, line 17, decrease the amount by \$191,000,000.

On page 25, line 20, decrease the amount by \$449,000,000.

On page 25, line 21, decrease the amount by \$449,000,000.

On page 25, line 24, decrease the amount by \$836,000,000.

On page 25, line 25, decrease the amount by \$836,000,000.

On page 26, line 3, decrease the amount by \$1,370,000,000.

On page 26, line 4, decrease the amount by \$1,370,000,000.

Mr. CORNYN. Mr. President, this amendment is one that I offered during the Budget Committee's deliberations. Unfortunately, the majority did not support this important amendment that reduces our Nation's debt, the bill that we will pass on to our children and grandchildren.

My amendment reduces the debt by instructing the Senate Finance Committee to find approximately \$34 billion in savings over the next 5 years, and this is out of almost a \$3 trillion budget.

Two years ago, Congress made some progress in getting a handle on mandatory, or entitlement, spending by passing the Deficit Reduction Act, using the reconciliation process, I believe, for the first time since about 1997.

The Deficit Reduction Act reduced the rate of growth in spending. I will say that again because it is important. It reduced the rate of growth of spending—it did not represent an actual cut in the way most Americans would think about a cut—by nearly \$100 billion over the next decade. It was a very good first step in getting our fiscal house in order but, clearly, more needs to be done.

Today, the Federal budget is already heavily weighted toward entitlement spending, such as Medicare, Medicaid, and Social Security, which takes up some two-thirds of all Federal spending, which is literally on autopilot because it grows at roughly 8 percent a year. As people live longer—as we hope we will continue to do—and the baby boom generation starts to retire, entitlements will continue to eat up a larger share of our budget and we will consume more of the economy.

In the most recent long-term projections prepared by the Congressional Budget Office, CBO, outlays for Social Security, Medicare, and Medicaid combined are projected to increase to 10.5 percent of our GDP by 2015—an increase of about 2 percentage points of GDP in less than a decade. By 2030, according to the CBO, outlays for those three programs will reach about 15 percent of GDP.

The chairman of the Senate Budget Committee held a number of hearings on this fiscal timebomb earlier this year. Our Committee has received testimony from the Office of Management and Budget, the Treasury Secretary, the General Accounting Office, the Comptroller, Chairman of the Federal Reserve, and a number of think-tank representatives, and all, without regard to partisan stripe or affiliation, have highlighted the need for us to get a handle on our mandatory budget or entitlement spending.

The chairman of the Federal Reserve noted that these rising entitlement obligations will put enormous pressure on the Federal budget in the coming years.

In fact, if we do nothing over the next 30 years, we would not have a dime to pay for anything except for four areas: Social Security, Medicare, Medicaid, and part of the interest on the debt.

We will not have the resources for other important priorities, including fighting the global war on terror, securing our borders, veterans health care, and education.

As we all know, the President's budget includes a number of proposals to slow down the rate of growth in entitlement spending. I think this is a good place for the Senate Finance Committee to look at reducing the debt.

If the majority has ideas that will also help reduce the debt, my amendment gives them the opportunity to put it in action because it is an instruction to the Finance Committee to

come up with a way, in their wisdom, that they believe they can accomplish this important goal.

Last year, I offered a similar amendment on the floor. Some on the other side noted how my amendment may be a little unpopular back home. That is what happens when you go on a budget. We have been on a binge, with no limitation on spending, and it is time for the Federal Government, similar to the American family, to get on a budget. No one likes budgets, but it is the responsible thing for us to do.

I don't think it is unreasonable for us to find savings in the amount of \$34 billion out of the growth of entitlement spending over the next 5 years given that under the budget during that period of time, the Federal Government will spend some \$15 trillion. In other words, we are looking for \$34 billion in savings over the same period of time the Federal Government will spend \$15 trillion.

As Chairman Bernanke said in his written testimony to our committee:

Addressing the country's fiscal problems will take persistence and a willingness to make difficult choices.

The Comptroller General of the United States, in his written testimony to the Budget Committee, said:

We owe it to our country, children and grandchildren to address our fiscal and other key sustainability challenges.

As I said, this is not a partisan issue, or certainly should not be. Our distinguished chairman of the Budget Committee has been eloquent on this subject. We see on this chart, he said on February 7, 2007:

I have said I am prepared to get savings out of long-term entitlement programs.

Unfortunately, the number reflected at the bottom of this chart is the number of savings from entitlement programs in the budget he has proposed. It is a big fat goose egg. I think we can do better.

I heard time and time again Members on a bipartisan basis say this is one area where we ought to work together to try to solve this problem for our children and grandchildren so we don't pass our debt to them for what we are spending today in these entitlement programs. But I ask: If not us, then who? And if not now, then when?

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. CONRAD. Mr. President, first of all, the chart by the Senator is factually wrong. When he puts up a zero, he is not talking about my budget because my budget has \$15 billion in savings out of Medicare. So that chart, as colorful as it is, is just factually inaccurate.

No. 2, if we look at what the Senator is proposing, the majority of the Medicare savings that are in the President's budget that Senator CORNYN is picking up in his proposal are generated by either freezing or cutting market basket updates for hospitals, for nursing homes, for rehabilitation facilities, for

hospice, for home health, and ambulance services in every year over the next 10 years.

MedPAC, which makes recommendations on market basket updates 1 year at a time, does not concur with many of the proposed cuts in 2008, much less the cuts over the next 10 years. For example, given the negative margins many hospitals are facing, MedPAC which is bipartisan, nonpartisan—has recommended a full market basket update in 2008 for inpatient and outpatient hospitals.

In many cases, over time, these across-the-board cuts proposed by Senator CORNYN will hurt seniors' access to health care.

There is no question about us having a serious problem with respect to the long-term entitlement challenges and what is the right way to deal with it. Frankly, I don't think any budget resolution is the place to deal with the long-term entitlement challenge. The budget resolution is only for 5 years. The contribution the budget resolution can make is to achieve balance within that period, budget balance within that period, but I believe the long-term challenges, which are challenges of 15, 20, 25 years, can only be resolved by a bipartisan working group or commission, equally represented by Democrats and Republicans, to come back to Congress with a proposal to deal not only with Medicare but Medicaid and Social Security and the other long-term fiscal imbalances we have. Senator GREGG and I have such a proposal. I think that is the right way to address these long-term problems.

We all acknowledge we are on a course that absolutely is unsustainable. As chairman of the Budget Committee, I have organized hearing after hearing after hearing to put a focus on precisely that problem. We all know in this country that we are spending far more on health care than any other country. Mr. President, 16 percent of our gross domestic product is going for health care. The next largest spender in comparison is at 11 percent of gross domestic product. That difference—the difference between 11 percent of gross domestic product and 16 percent—is \$800 billion a year—a year.

To put the President's Medicare and Medicaid cuts and the cuts proposed by this amendment in perspective, consider that his budget would cut those programs by \$270 billion over the period from 2008 to 2017. Those savings would be more than wiped out by the \$2 trillion in tax cuts proposed by the President over that same period. They talk about helping us get back on some kind of fiscal path, but the math doesn't work. The math doesn't come close to working. They would have savings from Medicare and Medicaid of \$270 billion over that 10-year period, but that is totally dwarfed by the cost of their tax cuts over that same period.

I do not believe this amendment merits our support. I do not believe this is the right policy. I do not believe cut-

ting the reimbursement for hospitals, for nursing homes, for rehabilitation facilities, for hospice, for home health, and ambulance services is the right way to proceed.

I do believe we need separately, apart from a budget resolution, to deal with the long-term entitlement challenges, either through the kind of working group Senator GREGG and I have proposed or through a bipartisan commission. I don't think a budget resolution that will be largely supported just on one side of the aisle is the appropriate place to deal with these long-term challenges.

Mr. President, what is the time remaining?

The ACTING PRESIDENT pro tempore. The proponent of the amendment has 54 minutes remaining. The majority manager has 54 minutes remaining.

Mr. CONRAD. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New Hampshire.

Mr. GREGG. Mr. President, here is the problem. The budget before us does absolutely nothing in the area of addressing entitlement reform and savings and does a significant amount of spending money, a significant amount of tax increases. It raises the tax burden of the American people from its historic level 18.2 percent up to 20 percent. It raises taxes by hundreds of billions of dollars. It raises spending by tens of billions of dollars but does not address the most fundamental issue we face as a nation, which is the pending financial meltdown of this country as a result of the baby boom generation retiring, and our children cannot afford the costs.

The Senator from Texas is right, there are zero savings on the mandatory side of this budget. When the chairman gets up and says there is \$15 billion of savings, he forgot to finish the sentence. There is \$30 billion of spending. So actually there is a net loss on the entitlement side for the proposed budget. That has been adjusted by the amendment of Senator BAUCUS, so it is now basically a wash where we have no savings, \$15 billion of savings, \$15 billion of new spending in entitlement programs. So there is a zero on that account.

What is being proposed by the President is entirely reasonable. What is being proposed by Senator CORNYN is reasonable. He suggests going forward we should accurately reflect the reimbursement rate for hospitals and for providers—not doctors in this instance but for providers. It doesn't affect beneficiaries. But to call this a freeze or a cut is totally disingenuous because it is neither. Spending is going to increase dramatically in the entitlement accounts, especially in Medicare, by trillions of dollars. Only in the nomenclature of the Democratic side of the aisle is a trillion dollars of increase called a cut when it is reduced from trillions to trillions less .2 percent,

two-tenths—two-hundredths of 1 percent.

That being said, it is not even a freeze or reduction from the concept of the way it is structured. What is being proposed in the Cornyn amendment, which is reflective of the President's original proposal, which is the reimbursement rate, which is now inflated by 1.5 percent because of savings and technological advances, so the reimbursement rate is about 1.2 percent more than it should be to accurately reflect the fair reimbursement rate because the reimbursement rate is inflated by savings and benefits which providers get through cost savings and technological advantages—what is being proposed by the Cornyn amendment is we take half that inflated payment—just half of it—and put it back into making the system more solvent so our kids can afford the system and we will have a solvent system for our seniors.

That is what this is about: taking half of that inflated payment, which is about a six-tenths of 1 percent adjustment. Yes, it translates into big dollars, but as a practical matter, it is a fair adjustment, and we save it so that our kids can benefit from it by having a more affordable system and our seniors can benefit from it.

The President's program does not affect senior citizens. It affects providers. Only the wealthiest seniors citizens will be impacted by the President's program, and we will get to that amendment next, which will be the Part D premium and how that should be reimbursed by wealthy seniors.

This is a reasonable amendment. It is regrettable it wasn't included in this budget. The Senator said this budget is only going to be passed by the other side. Quite honestly, if the Senator had accepted this amendment and the Ensign amendment which will be next, which would make the Part D premium properly reimbursed, and had taken the Kyl amendment yesterday, he would have a bipartisan budget. He would have a bipartisan budget. But he wants to stick to the tax-and-spend, do-nothing-on-entitlements budget he brought to the floor. He doesn't have a bipartisan budget. We are trying to help him out. We are trying to make it bipartisan, more reasonable and, most importantly, helping out our kids and people who are going to retire by making the Medicare system more solvent.

This amendment, if it is adopted, and the next one—if those two amendments are adopted, they will address the out-year insolvency of the Medicare trust fund, which is now about \$32 billion, and will reduce that insolvency between 25 percent and 35 percent. That is huge and is good news. It would be very good news if we do it. We should do it. If we don't do it, in 10, 15 years, we will have to pay the piper. The system will melt down, our kids will be stuck with the bills, and their lifestyles will be impacted in a very negative way.

Why don't we get a time agreement on this amendment so we can go to the next amendment and move on?

Mr. CONRAD. Mr. President, I don't think we are quite prepared to do that because we have others who are going to want to speak. But I think we can deal with this pretty expeditiously and come pretty close to the tentative schedule to which we agreed.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. CONRAD. Mr. President, much of what the Senator has just said, frankly, I agree with. The truth is, we are on a completely unsustainable course. It must be dealt with. The question is how to best deal with it.

With respect to the amendment of the Senator from Texas, I got a letter from 43 of our colleagues in the Senate, including 11 Republicans, on this very subject. They said: Do not cut hospital reimbursement.

In my part of the country, hospitals are dealing with negative margins. They are losing money. If this amendment were to go forward, unfortunately, it would be devastating to hospitals, to nursing homes, to hospice care, to ambulance services, especially in the rural parts of our country, and virtually every State has rural parts.

The MedPAC statistics are very clear on this question. Yes, there are some hospitals that are enjoying positive margins. They tend to be urban hospitals that have much higher rates of reimbursement under Medicare than do rural hospitals. Let me give an example.

In my State of North Dakota, at Mercy Hospital in Devils Lake, ND, if they are treating somebody who had a heart attack, they get one-half the reimbursement of Our Lady of Mercy Hospital in New York City—one-half as much. Their costs aren't half as much, but their reimbursement is half as much. By the way, those hospitals, many of them in my State—I have over 40—are experiencing negative margins. They are losing money.

The Senator says this doesn't represent a cut. He is right in one sense. It will be more money. But in relationship to the expense, it will be less. That is the way in which it represents a cut. He is absolutely correct it will be more dollars the next year than the year before, but in relationship to the expenses, which are going up more rapidly in health care, as we all know, than the underlying rate of inflation, guess what. It will be less. That is why I use the term "a cut."

To say the budget before us doesn't do anything about these matters is not true.

First of all, we have \$15 billion of Medicare savings in the underlying budget resolution. That is No. 1.

No. 2, we have a reserve fund called the Health Information Technology Reserve Fund. All of us know the expansion of information technology in health could lead to very significant savings. In 2005, only 15 to 20 percent of

physicians' offices and 20 to 25 percent of hospitals had electronic medical records systems. According to estimates by a RAND study from 2005, our Nation's health care system could save more than \$81 billion annually if we had widespread implementation of electronic medical records—\$81 billion a year. That totally dwarfs the savings of the amendment of the Senator from Texas.

Mr. President, I know the Senator from Ohio is here and wishes to respond. I yield 5 minutes to the Senator from Ohio.

Mr. BROWN. Mr. President, I thank my friend, the Senator from North Dakota, for his terrific work on this budget, and I rise to oppose the Ensign amendment.

Medicare is a social contract. Individuals pay into the program during their working years, and they receive health coverage when they retire. One good way to undermine universal support, to undermine support for the program is to arbitrarily make part of the Medicare population pay a significantly higher price for the same product. Ultimately, this will drive higher income individuals out of the program to purchase their own coverage. When that begins to occur, working individuals will begin to wonder why they are paying Medicare taxes when Medicare coverage may or may not be worth their while on retirement.

Medicare, I repeat, is a social contract. Efforts to undermine it, such as this one, will fail.

It is interesting that there are Members of this body who want to raise taxes on Medicare beneficiaries while at the same time cut taxes for Donald Trump. I repeat: Raise taxes for Medicare beneficiaries but cut taxes on some of the wealthiest individuals in our country. If you want to undermine Medicare, create winners and losers among its enrollees, then that is the way to do it.

There is something else at work here, though. I came to the House of Representatives 14 years ago, and almost immediately, I saw the hostility many Members of this body and that body felt toward Medicare. In 1995, when the Republicans took control of the House of Representatives, one of the first things they did—it was their first opportunity to go after Medicare—they proposed tens of billions of dollars in cuts in Medicare in order to pay for their tax cuts for the wealthiest people. The same kind of thing here—cut Medicare to pay for tax cuts on the wealthiest people in our country. That is the kind of hostility they had. Every time they had a chance, once they were in the majority, they tried to do it.

The Speaker of the House in those days said that under his plan, Medicare would wither on the vine. So they began attempts to privatize Medicare, to shift to fee-for-service. Traditional Medicare, which had served this country well—at that point for three decades, now for four decades—they wanted to take traditional Medicare and to

privatize it and push some Medicare beneficiaries out of traditional Medicare into Medicare managed care. The Government pays more for Medicare managed care, and beneficiaries and taxpayers get less for those dollars. But it is all part of their efforts to undermine Medicare.

Maybe we should go back further than 10 years ago or 14 years ago and go back to 1965 when Medicare was created. In this body, overwhelming numbers of Republicans opposed Medicare, the creation of it. In this body and across the hall, in the House of Representatives, a huge, overwhelming majority of Republicans opposed the creation of Medicare then. They were hostile to the concept of universal coverage, of making sure every elderly person in this country had the opportunity to enroll in Medicare. They are hostile to it today, and they were hostile to it in 1965, when Speaker Gingrich said Medicare would wither on the vine. They began the attempts to cut Medicare on the one hand and to do further damage by privatizing it on the other.

We are continuing to see this assault even now. They say they are for Medicare. They run television ads saying: We would never cut Medicare; we think it is a great program. But when they come to the floor of this body, of this Senate Chamber, over and over, from every different direction, they attack one of the single greatest programs that this Government has ever created and that our people have ever had.

In 1965, half the elderly in this country had no health insurance. Today, after 41½ years of Medicare, almost everybody in our country is covered. If they had their way, they would begin to privatize, they would begin to cut, and Medicare would not be the universal program with the universal, overwhelming support of the people in this country.

If the Senate wants to reflect what the people in this country think, we should overwhelmingly defeat the Ensign amendment because it undercuts what is best about our health care system. It undercuts the universal nature of Medicare, which works for everybody. If you want to preserve Medicare, there are things we can do to fix it, to make some small adjustments. But this amendment is not the way. We should defeat the Ensign amendment.

Mr. GREGG. Mr. President, I have attempted not to respond to the Senator from Ohio because he appears to be stuck in the period of 1960, when, apparently, our position was defined by somebody who was here in 1960. I wasn't here in 1960. I probably won't be here in 2025. In fact, I am absolutely sure I won't be. But that is going to be when this Medicare system goes broke.

What I am concerned about is my children, America's children, and their children being able to afford this system when I retire and the rest of my generation retires and makes it basically unaffordable. The proposals the

President has put forward are an attempt to make the system solvent, or at least more solvent. It doesn't bring it into solvency, and there are reasons for that.

The Senator from North Dakota makes a good point: Rural hospitals are not reimbursed correctly under the formula. But that is not the issue which is being raised by the Cornyn amendment. That issue, actually, will be addressed by the Grassley amendment, which I understand is going to be offered to get the reimbursement straight.

What is very obvious is that there is an inflated reimbursement rate occurring within Medicare of about 1.2 percent due to technology advancements and due to savings through efficiencies, which is inuring to the benefit of the system at the expense of the long-term life structure of the system. It is reasonable to take half that benefit—half that benefit—and apply it to make sure the system has more solvency to it.

AMENDMENT NO. 472

Mr. President, I send an amendment to the desk on behalf of Senator ENSIGN, and I ask that it be reported.

The PRESIDING OFFICER (Mr. OBAMA). Without objection, the pending amendment is set aside, and the clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Hampshire [Mr. GREGG], for Mr. ENSIGN, for himself, Mr. GREGG, and Mr. GRAHAM, proposes an amendment numbered 472.

Mr. GREGG. 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 require wealthy Medicare beneficiaries to pay a greater share of their Medicare Part D premiums)

On page 4, line 6, decrease the amount by \$102,000,000.

On page 4, line 7, decrease the amount by \$312,000,000.

On page 4, line 8, decrease the amount by \$633,000,000.

On page 4, line 9, decrease the amount by \$868,000,000.

On page 4, line 10, decrease the amount by \$1,113,000,000.

On page 4, line 15, decrease the amount by \$102,000,000.

On page 4, line 16, decrease the amount by \$312,000,000.

On page 4, line 17, decrease the amount by \$633,000,000.

On page 4, line 18, decrease the amount by \$868,000,000.

On page 4, line 19, decrease the amount by \$1,113,000,000.

On page 4, line 24, decrease the amount by \$102,000,000.

On page 4, line 25, decrease the amount by \$312,000,000.

On page 5, line 1, decrease the amount by \$633,000,000.

On page 5, line 2, decrease the amount by \$868,000,000.

On page 5, line 3, decrease the amount by \$1,113,000,000.

On page 5, line 7, decrease the amount by \$102,000,000.

On page 5, line 8, decrease the amount by \$414,000,000.

On page 5, line 9, decrease the amount by \$1,048,000,000.

On page 5, line 10, decrease the amount by \$1,916,000,000.

On page 5, line 11, decrease the amount by \$3,029,000,000.

On page 5, line 15, decrease the amount by \$102,000,000.

On page 5, line 16, decrease the amount by \$414,000,000.

On page 5, line 17, decrease the amount by \$1,048,000,000.

On page 5, line 18, decrease the amount by \$1,916,000,000.

On page 5, line 19, decrease the amount by \$3,029,000,000.

On page 19, line 12, decrease the amount by \$100,000,000.

On page 19, line 13, decrease the amount by \$100,000,000.

On page 19, line 16, decrease the amount by \$300,000,000.

On page 19, line 17, decrease the amount by \$300,000,000.

On page 19, line 20, decrease the amount by \$600,000,000.

On page 19, line 21, decrease the amount by \$600,000,000.

On page 19, line 24, decrease the amount by \$800,000,000.

On page 19, line 25, decrease the amount by \$800,000,000.

On page 20, line 3, decrease the amount by \$1,000,000,000.

On page 20, line 4, decrease the amount by \$1,000,000,000.

On page 25, line 12, decrease the amount by \$2,000,000.

On page 25, line 13, decrease the amount by \$2,000,000.

On page 25, line 16, decrease the amount by \$12,000,000.

On page 25, line 17, decrease the amount by \$12,000,000.

On page 25, line 20, decrease the amount by \$33,000,000.

On page 25, line 21, decrease the amount by \$33,000,000.

On page 25, line 24, decrease the amount by \$68,000,000.

On page 25, line 25, decrease the amount by \$68,000,000.

On page 26, line 3, decrease the amount by \$113,000,000.

On page 26, line 4, decrease the amount by \$113,000,000.

Mr. GREGG. Mr. President, the Ensign amendment addresses what the Senator from Ohio started speaking on. He anticipated, I guess, this amendment.

To try to explain the way the Medicare system works today, Part A you pay for, theoretically, with your hospital insurance. Part B, which deals with doctors, you pay for, theoretically, with a premium, but the premium is subsidized to the tune of 75 percent of the cost of the premium. Part D, you don't pay for anything, for all intents and purposes, except for the insurance, to the extent you buy insurance. But the actual coverage that is federally supplied is not paid for. Part D is a drug benefit. This amendment says that high-income individuals, people with incomes over \$80,000 individually and \$160,000 jointly, should have to pay a fair proportion of the premium of Part D that is now being subsidized by working Americans.

Let me try to put it in context. There is a single woman working in a restaurant in downtown Des Moines or

there is a mother and father working on an assembly line in Poughkeepsie or there is a father working in a garage in New Hampshire. Those individuals, working for a living and trying to make ends meet, trying to do all the things you want to do to make your life better, are paying the cost of the drug insurance for retired Senators and for people who have extraordinary amounts of money—for example, Bill Gates' father. I don't mean to pick on Bill Gates' father, I am sure he is a nice man, but he has enough money to pay for his drug insurance under the Part D Program, as can retired Senators, in most instances. Yet those people are being subsidized by working Americans because we have this system which doesn't require people to pay any portion of the fair cost of their drug insurance. We do it under Part B, we do require high-income people to pay, but under Part D, we don't. Now, with Part B, we don't require them to pay enough, but we at least require them to pay something. Part D, we don't.

So this amendment simply says that in the Part D Program, high-income people, people with incomes over \$80,000 and \$160,000, should have to pay some of their cost. I find it incredible that the Senator from Ohio opposes that on the grounds of fairness to working Americans. The working Americans are the ones having to pay that cost. It is just incomprehensible to me that the other side of the aisle, which consistently talks in terms of making sure high-income people pay a fair share of the burden of the Federal Government's costs, are not willing to ask those same high-income individuals pay the fair share of the cost of Medicare. And we are not even asking for a fair share, quite honestly.

So that is what the Ensign amendment does. It is a very appropriate amendment, and it would save a significant amount of money over the long term for the Medicare trust fund. I think it is somewhere around \$1 trillion. It would actually move the Medicare system toward solvency by \$1 trillion over the actuarial life, which is 75 years. In the short term, it is obviously nowhere near that number. But it is a significant effort to try to put in place a good policy, a correct policy, which is that high-income individuals should pay a fairer cost of their drug benefit and at the same time use those funds to make the Medicare system more solvent for seniors who are going to be retiring in the future. It is very reasonable. It only affects 5 percent of seniors, which means 95 percent of seniors are not impacted at all and, thus, it should be done. It should be done now. We shouldn't wait to do it. We should do it now because now this problem is coming at us pretty fast. If we don't get started on it, it is like that old oil filter ad: You can pay me now or pay me later. If we wait until later, this will be extraordinarily expensive. This is one of the things we should do, along

with the original Cornyn amendment. We should also do that.

Mr. CONRAD. Mr. President, I actually enjoy listening to my colleague, Senator GREGG, because he is thoughtful and passionate on these matters, and in many ways we are in very close agreement. I know it may not appear that way to people listening, but there are many things the Senator says that are absolutely true, and so that part of his presentation I want to agree with.

It is absolutely the case that we are headed on a course which is unsustainable. It is absolutely the case we cannot continue on the current path. It is absolutely the case that, in my judgment, a policy initiative along the lines of what the Ensign amendment provides is going to have to be part of an ultimate solution. In fact, I voted for such things with respect to Part B in the past. I have supported them publicly. I have campaigned on those things. But I must say, the reality here is this: We all know the budget resolution does certain things and does not do certain other things. The budget resolution, as much as we might want it to, does not determine policy outcomes such as those prescribed in the Ensign amendment or, for that matter, the Cornyn amendment. It simply doesn't have that power.

The budget resolution will give an assignment to the Finance Committee of how much money to raise, of how much money to spend. It does not tell them how to do it. Both the Cornyn amendment and the Ensign amendment seek to do something the budget resolution cannot do. They seek to prescribe, to require the Finance Committee to come up with certain policy outcomes. The Budget Committee does not have that power, it does not have that authority, and it cannot be done through a budget resolution.

Let's be square with people who are listening about what we can do and what we cannot do. The effect of these amendments, the true effect, will not be to do any of the policy prescriptions we talked about here. It will only be to reduce the amount of money for Medicare the Finance Committee has to meet the needs of the American people. That is what these amendments will do.

On the specific policy of the Ensign amendment, I am sympathetic to the basic notion. The problem is the specifics. The devil is in the details. First, as a member of the Finance Committee as well as the Budget Committee—and the Finance Committee will decide this, not the Budget Committee—on the policy of this amendment raising Part D premiums for certain higher income enrollees, I have many questions. How would CMS go about charging some people higher premiums under Part D when the premiums are set by drug plans, by private drug plans, not by CMS? How is that going to work? How can CMS require higher premiums to be collected from private plans? As we all know, there are more than 1,500

private drug plans, each with a separate premium they offer. How, conceivably, would this policy be implemented?

Premiums are important price signals for beneficiaries in the Medicare Part D Program. Under this approach, would we be setting multiple premiums for a single Part D plan? Will this not add to the complexity of the program? This seems to dramatically complicate the market-based approach of Part D.

When the administration came before the Finance Committee on this proposal, they had no answers when asked how their premium proposal would actually work and how it would affect the ability of beneficiaries to shop for plans. The administration simply had not thought through how this would all work in the real world. This is another reason why the Budget Committee in a budget resolution does not make these judgments. It simply does not because this is a policy determination that is in the authority of the Finance Committee.

While I am very sympathetic to the basic notion of income-related premiums and Medicare—I think it is going to have to be part of the long-term solution—the Budget Committee doesn't make these determinations. The Budget Committee does not make this policy. To suggest it does is simply to mislead our colleagues and mislead those who are listening. The one thing that these two amendments, the Cornyn amendment and the Ensign amendment, would do is to cut funding, reduce funding that the Finance Committee would have to provide resources under Medicare. All the other things they have talked about here, the policy prescriptions they have outlined, are a nullity. They mean nothing because the Budget Committee and the budget resolution do not make those decisions.

Let's go to the larger question of how are we going to get out of this very serious long-term entitlement crunch we face? As I have indicated, I believe the only way it is going to happen is either a working group or a commission that is bipartisan in nature, evenly divided between Republicans and Democrats, that is given the authority to come up with a plan and that they then come back to Congress on a fast-track basis for congressional approval. I believe it requires the involvement of the administration. I believe it requires the involvement of Democrats and Republicans in the Senate and the House. I believe it involves health information technology—which we have a reserve fund in this budget resolution to address, which the RAND Corporation has told us could save \$80 billion a year.

I believe it involves focusing on the chronically ill; that is the 5 percent of Medicare beneficiaries who are using half of the money. We already know if we better coordinated their care, we could have substantial budget savings and get better health care outcomes. What a remarkable thing that would

be, to both save money and to get better health care outcomes. How could that be? Very simply: That 5 percent of Medicare beneficiaries who are using half of the budget, no one is managing their cases—or in most cases nobody is managing their cases. So what happens? They are seeing multiple specialists who are giving them multiple prescriptions. They are being subjected to multiple tests, none of it very well coordinated. As a result, a lot of money is wasted and in many cases they are made less healthy. How can that be?

We did a study with some 20,000 patients. We put a case manager on every one of their cases. It was very interesting. The first thing they did was go into their households and get out all the prescription drugs they were taking. On average they found they were taking 16 prescription drugs. After review of the cases, they found they could cut that in half, cut it down to eight prescription drugs. The result was, people were healthier.

Let me give an example from my own life. I went into my father-in-law's kitchen and got all the prescription drugs he was taking out on the table. Sure enough, he was taking 16 different prescription drugs. I got on the phone to the doctor, started going down the list. When I got to the third drug he said, My God, he should not be taking that. He should not have been taking that for the last 3 years.

I go further down the list, two drugs he is taking, the doctor says to me, He should never be taking those two together, they work against each other.

I said, Doctor, how does this happen?

He said, It is very simple. Your father-in-law has three doctors: a heart doctor, a lung doctor, an orthopedic specialist; he has me as his family practice physician. They are all prescribing different drugs for him. None of them know what the other is doing. He is sick and confused, his wife is sick and confused—we have chaos.

He said, I am the one who is supposed to know, but your father-in-law is getting prescriptions in the hospital pharmacy, the corner pharmacy, the pharmacy down at the beach, he is getting a mail order. As I say, he was sick and confused, his wife was sick and confused and nobody knew what was happening. He had three MRIs in the last 9 months of his life.

That is what is happening in this medical system over and over. That is where the big money is. These amendments do not do anything about it and the fact is, no budget resolution can do anything about it because the budget resolution does not decide these policy matters. It is left to the committee of authorization. It is left to the committee that has jurisdiction, and the committee that has jurisdiction on these health policy issues is not the Budget Committee, as much as I might wish it were so. The committee of jurisdiction is the Finance Committee. They are the ones that will make these policy determinations.

As well meaning as these amendments are, No. 1, they do not do what they say they are going to do and, No. 2, the thing they do accomplish is to cut funding for Medicare. And MedPAC, the nonpartisan-bipartisan professionals who make recommendations to us on Medicare policy, has said these cuts, these specific cuts would be counterproductive; that they would cut hospitals, they would cut nursing homes, they would cut hospice care, they would cut ambulance services. In rural areas where hospitals are already suffering negative margins, what these amendments might accomplish is to put those health care facilities right out of business. That is what would happen in my State, according to the hospital directors of the more than 40 hospitals in my State. They say: You pass these amendments and some of our hospitals are shutting their doors.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I appreciate the intensity of the Senator from North Dakota. I wish it would be followed up with legislative language. I have heard his talk before on Medicare and on his family situation, but he is going to be giving that same talk 10 years from now at the rate we are going around here. We are not getting anything done. These proposals would get things done.

The concept that this is going to close a hospital, a .6 percent reduction in the reimbursement rate, which is going up? That is absurd on its face. No, what is being proposed here is a legitimate effort to try to get at the underlying problem, which is the trust fund has a \$32 trillion unfunded liability—trillion. That is almost the net worth of the entire country. That is almost as much in taxes as have been paid in since the country started. It is a huge problem. This budget does nothing about it, even though there has been significant rhetoric from the other side of the aisle about that. We are suggesting we do something about it.

Sure, the budget doesn't do the nuts and bolts of policy, but the budget has a lot of policy in it. You cannot on one hand say we don't do nuts and bolts of policy and then have a budget which is laden with policy—assumptions and specific language—in SCHIP, in taxes, in war fighting. It is inconsistent.

This is a reasoned approach, both of these amendments. Why shouldn't somebody making more than \$160,000 a year pay some fair percentage of their drug costs so somebody who does not have that type of money can afford the drug costs down the road? Of course, they should. These two amendments are as close to apple pie as you can get if you are going to try to address the issue of Medicare. They are reasonable. If we can't do this, then we can't fix the Medicare system. That is the problem. If we do not fix the Medicare system on our watch—since we are the

problem, the baby boom generation—then we have real issues. That is why we should proceed with these amendments.

I see Senator SMITH is here. I suggest we move on to his amendment so we can get on the time.

Mr. CONRAD. We can do that after I yield 5 minutes to Senator STABENOW on these amendments, and then we can.

Mr. GREGG. Why don't we agree by unanimous consent that after Senator STABENOW speaks for 5 minutes we go to Senator SMITH?

Mr. CONRAD. Fair enough.

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

The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I thank the chairman and everyone for all the hard work they are doing on this very important budget. I am happy to talk about ways we can save dollars in Medicare without cutting access or quality under Medicare. These amendments do not do that. These amendments start from the premise that we are going to cut providers. Let's look at doctors or hospitals or home health or maybe hospice, maybe nursing homes. It says what we ought to be doing is cutting back on payments in this system, which will cut back on their ability to service people, the ability for people to get care they need.

I find it so interesting on all of these amendments that folks—my friends on the other side of the aisle—go after those who are receiving health care. Medicare is a universal system. Everyone pays in. It involves choice. You can go to an HMO or your own doctor, you can sign up for Part B and get more coverage, pay a bigger premium, Part B—it is a system that has worked, but everyone has paid in.

So this notion that somehow we are going to pick this apart on the floor of the Senate without going through the process of looking at the whole system and how we really achieve savings, really achieve savings without cutting services, is mind boggling to me.

We saw a \$400 billion Medicare prescription drug benefit pass the Senate, which now costs more—we do not know how much more but costs more—by the way, unpaid for, paid for on a credit card, I guess, that we know could be less than that.

If we talk about savings in Medicare, let's negotiate prescription drug prices. That is a way to make sure that we lower the price of Medicare. Now, it would involve taking on folks who many of my friends on the other side of the aisle support, industries that benefited from this Medicare bill. But rather than saying we are going to cut our doctors trying to service our seniors, or our hospitals trying to hold it together and treating people, or home health, rather than saying we are going to cut out services in some way, let's go to the real cost. I am happy to go to the real costs that we can address while increasing access and quality.

One is to negotiate a better deal, negotiate a better deal for prescription drugs. I hope we are going to, in fact, do that as a Congress to be able to get a better deal.

Another thing would be to take the 31 cents on every dollar in health care that is the administrative cost—most of this is generated by the Federal Government in some way—and address health information technology, which many of us have worked on, Senator SNOWE and I have legislation on, Senator KENNEDY, Senator ENZI. We have bipartisan interest. Let's tackle that, and that would increase quality and access and dramatically cut the cost.

E-prescribing of prescription drugs alone, according to the Rand Corporation, would save \$80 billion, just your pharmacy being able to talk to your doctor, talk to the hospital, and so on.

I came from a meeting where people were talking about great things: the increase in quality and access, and cutting costs. So let's talk about health IT. Let's talk about generic drugs which, if we have more competition from generic drugs, we would dramatically bring down the costs of Medicare.

So there is a lot we can do that does not involve going to the folks providing care and saying: We are going to cut you one more time. We are going to cut you one more time, or going to the universal nature of a health care system. This is not a low-income system. This is a universal system where everybody in America pays in, and it is stronger because of that.

So I would say that we should reject the two amendments in front of us. But we should certainly get about the business of addressing health care costs in this country through Medicare and through other means. We spend almost twice as much of our GDP on health care than any other country, with 50 million people with no health insurance. That alone shows there is something wrong with that picture.

We know we have had increases in Medicare, no question about it. But let's look at where they are coming from. Let's look at where they are coming from. Certainly, the area of lacking prescription drug competition is a big one. Administrative costs is a big one. Let's look at where we can save costs. I know it means taking on some pretty big special interests. There has been an unwillingness to do that because there are folks who make a lot of money off of Medicare, a lot of money.

I would not suggest it is the doctors or the hospital or the hospices or home health nurses, but there are folks who make a lot of money. They do not want to see us deal with the real costs. So let's go back one more time after the providers. Let's go back one more time and try to dismantle what is a universal health care system called Medicare. It works.

Frankly, I would like to see that kind of a universal system available, that is structurally available to every

American, not just find ways to cut the one part of universal health care that we have in this country. I would hope that we would leave it to the Finance Committee to wrestle with all of those issues and let us figure out how to do this right.

I would hope my colleagues would say no to these two amendments that take us backwards in providing health care for every American.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

AMENDMENT NO. 510

Mr. SMITH. Mr. President, I appreciate the efforts of the chairman and ranking member in setting forth a budget for the United States.

I come to the floor today to speak briefly about two amendments that I have at the desk that focus on two issues relating to health care, which I think are very important. I hear a lot of support in the Chamber for the reauthorization of SCHIP. I, for one, not only want to reauthorize it but expand it.

There are all kinds of ideas for how to fund such a thing. I am here today to speak substantially about how we actually get the real dollars to accomplish that.

It is hard to do a townhall meeting in my State where the issue of health care does not come up. It should come up. Usually there is a story about a child with a health condition ranging from a cold to a broken leg, sometimes cancer, children who do not have access to health care. You see it in the papers nearly every day. Frankly, it is inexcusable in the United States of America.

So I have come today to make a proposal on the budget that is unusual for me because it involves a tax increase. I am very proud of my record in the Oregon State Senate and the U.S. Senate of opposing new taxes and voting to reduce taxes. But when it is appropriate, I have in the past voted to increase taxes on tobacco products in order to provide money for health care because of the important nexus that exists between tobacco use and public health care costs.

So today with my amendment I am proposing that Congress dedicate an increase in the tobacco products excise tax of up to 61 cents to SCHIP reauthorization.

In my home State of Oregon, 117,000 children do not have access to health insurance. We know almost half of these children are currently eligible for either Medicaid or SCHIP but they simply are not enrolled. The challenge Oregon faces is that even if they allocate adequate State funding to cover these children, they do not have enough Federal money under the current SCHIP allotment to enroll them.

Increasing the tobacco excise tax would allow Oregon to reach out, as in other States, to find those kids and get them enrolled so they have health care coverage. Oregon is one of many States

that have a looming so-called shortfall. Starting in 2009 the State of Oregon will run out of money to simply cover the children who are currently enrolled, to say nothing of those who are eligible but unenrolled.

Should that happen, the State would potentially cut off new enrollments and be forced to reduce eligibility levels. So increasing the tobacco excise tax will stop that from happening. While we do not yet have an official score from the Congressional Budget Office, we do know that based on their estimates a 50-cent increase would generate an additional \$26.6 billion in new revenue.

The tax now stands at 39 cents. I proposed in my amendment to increase that up to 61 cents for a total Federal tobacco tax of \$1. That would be dedicated to reauthorize SCHIP. I believe if the Finance Committee chooses to utilize the full 61-cent increase, we would see at least \$30 billion for SCHIP, if not the \$35 billion.

Therefore, I hope my colleagues will find it in their hearts and in their mouths to vote aye when this very important vote is cast because it literally means health care for children. Many groups have supported this amendment. To name a few prominent ones: the March of Dimes, Families USA, the American Hospital Association, the National Council of Community Behavioral Health Centers, America's Health Insurance Plans, and First Focus.

AMENDMENT NO. 509

My second amendment relates to the battle against HIV/AIDS. This battle is being hindered because we are not focusing enough effort on providing early treatment to individuals who have been diagnosed with this disease. By targeting treatment earlier, we can help prevent the progression to full-blown AIDS. This is especially true for low-income individuals who may lack stable access to potential lifesaving pharmaceutical treatments and other health care services.

While Medicaid is an important provider of health care to those living with HIV/AIDS, most States require that individuals become disabled before they can qualify for coverage. In a sense, they must become sicker before they get treatment. That is simply not right. Full-blown AIDS is an incredibly costly illness to treat. It has much more of an impact on an individual's quality of life than HIV.

From a fiscal and moral standpoint it is essential that we focus more of our resources on providing early treatment to individuals with HIV. That is why I am filing an amendment to the budget resolution that would create a \$500 million deficit-neutral reserve fund for demonstration projects that provide Medicaid coverage to low-income individuals diagnosed with HIV.

It is similar to the bill that I filed last week along with 20 of my colleagues that extends to all States the option of providing Medicaid coverage to these individuals.



That initiative, known as the Early Treatment for HIV Act, or ETHA, was modeled after the successful breast and cervical cancer benefit added to the Medicaid Program several years ago. The treatment authorized under my amendment would be provided in the same earlier-is-better fashion, so that more HIV/AIDS cases are prevented from reaching the point of full-blown AIDS.

My amendment would provide Congress and the Centers for Medicare and Medicaid Services the opportunity to learn more about the cost-saving benefits of treating HIV in its early stages. It is expected that in addition to Medicaid, other Federal programs such as SSI and Medicare will realize significant long-term savings by preventing individuals from being disabled by AIDS.

With more and more States having financial difficulties with their AIDS drug assistance programs, it is important that we provide alternative methods of delivering treatment to those with HIV/AIDS who may be living in poverty. Most importantly, we will be able to help individuals with HIV lead healthier and longer lives. That way they can remain active participants in both the community and the workforce and improve their chances of living to one day see a cure for their illness.

Mr. President, I ask my colleagues to support this amendment. It is a reasonable and responsible placeholder to add to the Senate's budget blueprint. I look forward to working with all of you in passing this legislation should we enact it in the budget. I think we can greatly improve Medicaid services in this way to those with low incomes who are afflicted with HIV.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Senator ENSIGN will now be recognized for 5 minutes. We will then go to Senator WYDEN, Senator LIEBERMAN, and Senator DORGAN.

We appreciate very much Senator ENSIGN limiting his remarks to 5 minutes.

#### AMENDMENT NO. 472

Mr. ENSIGN. Mr. President, my amendment would impose an income test on the wealthiest seniors to ensure that they pay a greater share of their Medicare prescription drug coverage.

A couple of years ago, we had a vote in the Senate that would income-relate—in other words, means test Medicare Part B, which pays for medical services, like doctors' services. Medicare Part D is the part that pays for prescription drugs.

Mr. President, we already means test Medicare Part B. In order to put the Medicare program on better financial footing, we should extend the existing Medicare Part B income test to the Medicare prescription drug program.

It makes no sense for Bill Gates's father to have his prescription drugs paid for by a schoolteacher or a firefighter or a police officer or any other middle-

income American. This amendment says that a single senior, with an annual adjusted gross income over \$80,000 and couples with annual adjusted incomes of over \$160,000 a year would be responsible for a greater share of their Medicare Part D premium.

I have a chart that shows that the vast majority of Medicare beneficiaries would not be impacted by this proposal. Almost 96 percent of Medicare beneficiaries would not be affected by my amendment. This means that only the wealthiest 4.3 percent of seniors enrolled in Medicare Part D will pay higher premiums in 2008. Wealthy seniors have the means. We should not be burdening our children and grandchildren with even further debt by subsidizing wealthy seniors. That is what this amendment essentially does. It says that wealthy seniors should pay more for the Medicare prescription drug benefit.

The other side of the aisle says that we should raise taxes on the wealthy. This isn't raising taxes. This is getting wealthy seniors to pay for a benefit they are receiving that they never paid for. In the past, AARP and others have said that we should not means test Medicare.

In this instance, means testing is fair. Remember, that the Medicare prescription drug benefit is a new benefit. Today's seniors did not pay into the Medicare program, through payroll taxes, with the promise of a prescription drug benefit. What this amendment says is that if you can afford to pay higher prices for the Medicare Part D premium, then you should. That is, in essence, what this amendment is about. It is about fairness. Let's treat middle-income taxpayers of today and the future in a fair way by saying wealthy seniors—such as Bill Gates' father, such as my father, such as seniors who are in the upper-income brackets—pay their fair share instead of dumping this liability on future generations of taxpayers and making them pay higher taxes because we want to subsidize seniors to the current extent.

The Medicare Part B program is already means tested. We should further means test the Medicare program by requiring Medicare beneficiaries who make over \$80,000 a year as a single and \$160,000 a year as a couple, responsible for a greater share of their Medicare prescription drug premium.

To show a little support, the Washington Post, which is not exactly a conservative newspaper—and usually isn't in my corner—wrote:

One worthy proposal, contained in the Bush budget, would have imposed higher Medicare prescription premiums for higher-income beneficiaries . . . Unfortunately an amendment to that effect was defeated in the budget committee.

That was my amendment.

If Democrats are serious about dealing with health care entitlement spending, isn't it time for them to demonstrate that?

I believe it is time to demonstrate that.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I begin by commending Senator CONRAD and Senator GREGG for doing an exceptionally good job bringing extraordinarily professionalism and thoughtfulness to this debate, particularly because Chairman CONRAD and Senator GREGG have focused on what are the big issues for this country. Relating to the domestic side of the budget—we all know the big international issue is Iraq—the big issues are taxes and health care. One of the most attractive parts of the Conrad budget is that it lays the foundation for this country to look at big fixes to our tax system and to health care.

If we listen to all the technical lingo that comes up over the course of this discussion—pay-go, firewalls, reserve funds; perhaps the staff director, who does such a terrific job, Mary Naylor, may know about some of the intricacies of these terms—it is a complicated world of "budgetese." What we do understand, however, are taxes and health care. The Bush tax cuts expire at the end of 2010. One of the reasons I support the Conrad budget is that it lays the foundation for meaningful tax reform. The Presiding Officer certainly hears this across the country: The tax system is broken. We now have three changes in the Tax Code for every working day. There have been more than 14,000 changes to the Tax Code since the last comprehensive tax reform. We are all getting ready to do our taxes again. Americans this spring will spend more money filling out tax forms than our Government spends on higher education. Senator CONRAD has pointed out the problem of tax havens and tax scams. There is an opportunity, as a result of this budget, to come together in a bipartisan way and fix the tax system. We know what needs to be done.

First, we to have clear out all the clutter, the thousands and thousands of loopholes that have been added since the last tax reform effort. Second, we have to simplify the system. I have brought to the Chamber a one-page 1040 form that is in my fair flat tax legislation that I will be reintroducing, and I have had a number of good conversations with our friend from New Hampshire about it. This is a chance for Senators to work together in a bipartisan way. The people at Money Magazine, the financial magazine, took my 1040 form and filled out their taxes in 15 minutes. It will bring about a dramatic change in American taxation. So we clean out the clutter, make the system simpler, and then keep progressivity.

There is a model for the Senate to follow. Senator GREGG and I heard a bit about it in the Budget Committee. Senator GRASSLEY and I heard a lot about it in the Finance Committee, when then-Chairman Grassley held hearings on tax reform during the last session. That is to take those principles I outlined—clear out the loopholes, hold

down the rates, simplify the system, and keep progressivity—and once again, because of this budget, fix American taxation in a bipartisan way.

It is worth noting that every witness who came before the Senate Finance Committee during the last session to talk about taxation said building on the principles of the 1986 Tax Reform Act were the way to go. Witnesses came to the Budget Committee earlier this year. They all said this was the right direction, to build on the principles of 1986. I have indicated to Senator GREGG—and I am interested in working with him; he was part of the discussions that took place in the Budget Committee—it is worth wrapping this subject up by way of saying the budget that is before us now, the Conrad budget. It allows for the Senate to come together in a bipartisan way to fix the tax system. This is eminently doable.

The President had a commission on taxation. My one-page 1040 form is 30 lines long. The President's is 34 lines long. For purposes of Government work, the two are equivalent. Democrats and Republicans can come together on this, simplify the tax system, do what was done in 1986 to clean out the clutter, hold down the rates, and keep progressivity so that everybody has a chance to get ahead.

We have heard a lot of talk about class warfare. I am sure the Presiding Officer hears a great deal about this topic as he travels around the country. What Americans want is a system that gives everybody the opportunity to get ahead. That is what we ought to be working on. That is what this budget allows.

In addition to taxes, this legislation allows for a bipartisan effort in this Congress to fix American health care, because of the reserve fund that is in the bill and constructive efforts that are going on in the Senate. In all deference to the Presiding Officer, the distinguished Senator from Illinois, and our other colleagues who are running for President of the United States, there is a feeling that this question of fixing American health care is something that will be dealt with in 2009. I am here to tell the Senate, I believe there is a good chance the Senate will come together in 2007. Five Democratic Senators and five Republican Senators sent a letter to the President, an important letter that involved both sides coming together. The Republicans who signed the letter said: If you are going to fix health care, you have to get everybody covered. If you don't get everybody covered, the costs for those who are uninsured get shifted to those who are insured. That is a statement about universal coverage. It is about 100 percent coverage. Our colleague from South Carolina, Senator DEMINT, and others, have some good ideas about how to accomplish that. Republicans moved in a way that is going to allow for a comprehensive bipartisan effort to fix health care. Democrats did as

well because the Democrats who signed the letter said: We need to modernize the marketplace. We have a tax system for health care that made sense for the 1940s; it doesn't make sense for 2007. The Tax Code for health coverage disproportionately rewards the most wealthy and promotes inefficiency. That is how the Federal government is spending \$250 billion. The Democrats and Republicans came together and said: We want to work in a bipartisan way. Republican Senators such as TRENT LOTT and MIKE CRAPO and BOB BENNETT and JIM DEMINT and JOHN THUNE, Democrats such as KENT CONRAD, KEN SALAZAR, Senator CANTWELL, Senator KOHL, and myself said: With all due respect to our good friend from Illinois and our colleagues who are seeking the highest office in the land, we are going to do our best to fix health care in this Congress. We have an opportunity with our letter.

The Presiding Officer knows I have introduced S. 334, the Healthy Americans Act. When I introduced that bill, the CEO of Safeway stood with me, Steve Burd, with more than 200,000 employees, as did Andy Stern, the president of the Service Employees International Union, with almost 2 million members. Back in 1993 and 1994, business and labor were fighting each other. Now they are coming together. What a remarkable transition. In 1993, the business community said: We can't afford health care reform. In 2007, the business community is saying: We can't afford not to fix health care.

We have laid a bipartisan foundation in the Conrad budget for Democrats and Republicans to come together in this session to fix health care.

An issue came up as we were going forward on the reserve fund that highlights that while I think a comprehensive fix of American health care can be done, there are going to be challenges along the way. One of them is how to deal with the CHIP program, the program that helps our youngsters. There is great support on both sides of the aisle for the CHIP program. But there have been some in the Senate who have said: We have to do CHIP and health reform together. We have to do both together, and that is the way to approach it. The universal coverage legislation isn't quite ready to go. I am hopeful it will be ready before too long and that it will be bipartisan. The Conrad budget makes it possible for Senators to come together through a reserve fund for universal coverage.

I also want to make sure that the millions of youngsters who need health care now are not forced to wait. We should not deny those youngsters justice right now, when the need, as the distinguished Senator from Illinois knows, is so great.

What we said in the budget is that after SCHIP is resolved—and I hope it will be very shortly—and we meet those urgent needs of millions of youngsters, then we proceed to the question of bipartisan efforts to ensure there is comprehensive health reform.

Those are the two big issues of our time—tax reform and health care—that relate to the domestic side of the budget. The Conrad budget leaves space for Democrats and Republicans to come together and fix our tax system and fix American health care.

(Mr. BROWN assumed the Chair.)

Mr. WYDEN. Under the Conrad budget, and the fair flat tax I have introduced, we could have a one-page 1040 form. People in the State of Ohio—I advise the Presiding Officer, our colleague from Ohio, and we are thrilled to have him in the Senate—could be filling out their taxes on a one-page form, ensuring progressivity, getting rid of the clutter, and holding down rates for everybody. Money magazine, when they took that form, said they could do it in 15 minutes. So all of the people in the State of Ohio and elsewhere who are pulling together their shoe boxes and their receipts right now in order to fill out their taxes, they could have an alternative, something based on a system we know works because Democrats and Republicans came together in 1986 in order to have such a tax system.

The Conrad budget makes it possible for us to enact tax reform even before the Bush tax cuts of 2010 expire.

On the health care side, the same bipartisan effort could occur: Democrats and Republicans could come together and fix health care. We establish a universal coverage fund, a health care reform fund, in this budget. It would allow, for example, for legislation, like the Healthy Americans Act which I introduced, that has brought together Andy Stern of the Service Employees International Union and Steve Burd, the CEO of Safeway, to say: This is where we ought to start. It would allow for the Democrats and the Republicans—who signed a letter to the President of the United States and said: We want to work with you, Mr. President, to fix health care—it would allow for that important effort.

A number of my colleagues on the Republican side have been extremely constructive in working with me and others to get that legislation before the Congress—not in 2009, when the popular wisdom suggests we will talk about health care, but in this session. But before that happens, because of the efforts in the Budget Committee that are included in the Conrad budget, we will first protect and expand the program that ensures justice for children in health care—the CHIP program.

The CHIP reauthorization will come first. Passing CHIP legislation, however, is not going to diminish our efforts to work in a bipartisan fashion on overall health reform.

Both Senator GREGG and Senator CONRAD are on the floor now. I just want to let both of them know, and our very talented staff director, Mary Naylor, that I believe they have brought extraordinary professionalism to this effort. They reflect great credit on the Senate in terms of how the two

of them and their staff work on this budget.

I urge my colleagues to support the budget that is before us particularly because it lays the foundation for the Senate to tackle the two big domestic issues of our time, taxes and health care. There are a lot of issues that come before us. Certainly Iraq is the premier issue as it relates to the international front, but the big issues at home are taxes and health care. The Conrad budget allows for Democrats and Republicans to come together on taxes, as was done in 1986 for a system that gave everybody the chance to get ahead.

I know the Presiding Officer, my friend from Ohio, has heard a lot about the whole topic of class warfare and the like. I think the Senator from Ohio hears the same thing I hear at home; that everybody ought to have the chance to get ahead. Everybody ought to have the chance to do it. We could do that with a tax reform program that is fair to all. This budget allows it, and it allows for Democrats and Republicans to come together on health care as well.

I urge my colleagues to support the budget. I commend Senator CONRAD and Senator GREGG.

Mr. President, I yield the floor.

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

AMENDMENT NO. 525, AS MODIFIED

Mr. GREGG. Mr. President, I ask unanimous consent that the pending amendment, which I understand is the Ensign amendment—is that correct?

The PRESIDING OFFICER. That is correct.

Mr. GREGG. Be set aside so I can send up a modification that has been cleared by the other side relative to the Cornyn amendment, and I ask unanimous consent that the Cornyn amendment be modified.

Mr. CONRAD. Mr. President, reserving the right to object, have we seen this modification? Let me just reserve on that until I have confirmation.

Is this a Cornyn amendment which is being modified?

Mr. GREGG. Cornyn amendment, as modified.

Mr. CONRAD. That is fine.

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

The amendment (No. 525), as modified, is as follows:

At the appropriate place insert the following:

On page 4, line 6, decrease the amount by \$2,047,000,000.

On page 4, line 7, decrease the amount by \$4,291,000,000.

On page 4, line 8, decrease the amount by \$6,949,000,000.

On page 4, line 9, decrease the amount by \$9,936,000,000.

On page 4, line 10, decrease the amount by \$13,270,000,000.

On page 4, line 15, decrease the amount by \$2,047,000,000.

On page 4, line 16, decrease the amount by \$4,291,000,000.

On page 4, line 17, decrease the amount by \$6,949,000,000.

On page 4, line 18, decrease the amount by \$9,936,000,000.

On page 4, line 19, decrease the amount by \$13,270,000,000.

On page 4, line 24, decrease the amount by \$2,047,000,000.

On page 4, line 25, decrease the amount by \$4,291,000,000.

On page 5, line 1, decrease the amount by \$6,949,000,000.

On page 5, line 2, decrease the amount by \$9,936,000,000.

On page 5, line 3, decrease the amount by \$13,270,000,000.

On page 5, line 7, decrease the amount by \$2,047,000,000.

On page 5, line 8, decrease the amount by \$6,339,000,000.

On page 5, line 9, decrease the amount by \$13,288,000,000.

On page 5, line 10, decrease the amount by \$23,224,000,000.

On page 5, line 11, decrease the amount by \$36,494,000,000.

On page 5, line 15, decrease the amount by \$2,047,000,000.

On page 5, line 16, decrease the amount by \$6,339,000,000.

On page 5, line 17, decrease the amount by \$13,288,000,000.

On page 5, line 18, decrease the amount by \$23,224,000,000.

On page 5, line 19, decrease the amount by \$36,494,000,000.

On page 19, line 12, decrease the amount by \$2,000,000,000.

On page 19, line 13, decrease the amount by \$2,000,000,000.

On page 19, line 16, decrease the amount by \$4,100,000,000.

On page 19, line 17, decrease the amount by \$4,100,000,000.

On page 19, line 20, decrease the amount by \$6,500,000,000.

On page 19, line 21, decrease the amount by \$6,500,000,000.

On page 19, line 24, decrease the amount by \$9,100,000,000.

On page 19, line 25, decrease the amount by \$9,100,000,000.

On page 20, line 3, decrease the amount by \$11,900,000,000.

On page 20, line 4, decrease the amount by \$11,900,000,000.

On page 25, line 12, decrease the amount by \$47,000,000.

On page 25, line 13, decrease the amount by \$47,000,000.

On page 25, line 16, decrease the amount by \$191,000,000.

On page 25, line 17, decrease the amount by \$191,000,000.

On page 25, line 20, decrease the amount by \$449,000,000.

On page 25, line 21, decrease the amount by \$449,000,000.

On page 25, line 24, decrease the amount by \$836,000,000.

On page 25, line 25, decrease the amount by \$836,000,000.

On page 26, line 3, decrease the amount by \$1,370,000,000.

On page 26, line 4, decrease the amount by \$1,370,000,000.

At the end of the bill, add the following:

TITLE IV—RECONCILIATION  
SEC. 401. SPENDING RECONCILIATION INSTRUCTIONS.

In the Senate, by June 1, 2007, the Finance Committee shall report to the Senate changes in laws within its jurisdiction sufficient to reduce outlays by \$2,000,000,000 in 2008 and \$33,800,000,000 for the period of fiscal years 2008 through 2012.

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

Mr. CONRAD. Mr. President, Senator ENSIGN had talked about his amendment, and I did not have a chance to, once again, respond. I would like to take that opportunity now, while we are waiting for Senator DORGAN. Perhaps Senator GREGG would want to respond to what I might say. Before we do that, maybe we should enter into an agreement with respect to the votes that will occur at 11:30.

So for that purpose, Mr. President, I ask unanimous consent that at 11:30 a.m., the Senate proceed to vote with respect to the following amendments in the order listed; that there be 2 minutes for debate before each vote, equally divided, and that after the first vote, the time for the votes be limited to 10 minutes; that no amendments be in order to any of the amendments covered under this agreement: the DeMint amendment No. 489, the Allard amendment No. 491, the Baucus amendment No. 504, and the Cornyn amendment No. 511.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 472

Mr. CONRAD. Mr. President, let me just take a moment now to respond to Senator ENSIGN with respect to the amendment he has offered that purports to affect Part D premiums and have higher premiums for those Part D Program participants.

Let me just say, the basic concept, I am in sympathy with. The problem is, the budget resolution does not make these policy determinations. This is a determination which is made by the Finance Committee. That is the committee of jurisdiction. They are the ones who have the sole right to make these kinds of policy determinations. The Budget Committee, as much as I might want it to, does not have the authority to do that. Beyond that, the devil is in the details.

The notion you can charge higher premiums—certainly there is a way to do that, but the Senator has given us no indication of how it might be done. When the CMS came before the Finance Committee on this very issue—because this is part of the President's budget—they were asked how they would go about charging higher premiums under Part D when the premiums are not set by the Government, they are set by private drug plans.

As we all know, there are something like 1,500 Medicare drug plans. Those plans each have a separate premium they establish. So how is it that CMS is going to tell all these private drug plans they are to charge higher premiums to higher income people? Those private drug plans do not even know the income levels of the people who subscribe to their plans. So how is it, in a real-world situation, these plans would charge higher drug premiums?

Again, the Government does not set these premiums. The companies that

do set them do not have the information upon which to charge higher premiums to higher income people because they do not know what the income is of the people who subscribe to their plans.

Further, premiums are important price signals for beneficiaries in the Medicare Part D Program. So would we be setting multiple premiums for a single Part D plan? Wouldn't that add to the complexity of the program? This seems to dramatically complicate the market-based approach of Part D.

I might add, when the administration came before the Finance Committee—which is the committee of jurisdiction, which is the committee that has the authority to make these kinds of policy determinations—they had no answers to any of these questions. They just simply had not thought it through. That is one of the reasons why we leave these kinds of determinations to the committee of jurisdiction, because they have the expertise to make these determinations and to weigh the issue. The Budget Committee does not and does not have the authority to make these determinations.

Let me say my own belief is that the notion of income-relating Medicare benefits is going to have to be part of a longer term solution. But that is not going to be decided on any budget resolution. That is just a fact. All of the things Senator ENSIGN talked about will have zero effect on the Finance Committee. What will affect the Finance Committee is the number they are given of the resources that are available for Medicare.

The effect of the Cornyn amendment—and the effect of the Ensign amendment—will be to reduce the resources that are available to the Finance Committee for Medicare. What is that likely to mean? Well, it is very clear what it is likely to mean: reductions in reimbursement for hospitals, for nursing homes, for hospice care, for ambulance services. That is the real-world effect of the Cornyn amendment and the Ensign amendment.

I want to repeat that I got a letter from 43 Senators—11 of them Republicans—urging that the budget resolution not cut reimbursement to hospitals. I just remind them, if that is something they are serious about, then they are going to want to oppose the Cornyn amendment and the Ensign amendment because the real upshot of those amendments is to reduce funding to the Finance Committee for those very purposes.

Mr. President, Senator GREGG may like to take the remaining minutes here.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Yes, Mr. President. I thank the Senator.

Mr. President, if you are going to vote against the Ensign amendment, you are just simply saying millionaires in this country should not have to pay for their drug benefit under Medicare if

they are retired and have Medicare eligibility; and all millionaires who are retired and over a certain age have Medicare eligibility for drug benefits. It is that simple.

To say the Budget Committee should not address this issue has the practical effect of saying the Budget Committee should not address policy at the Federal level. The Budget Committee, of course, has a right to address this issue and should address it. In fact, it is the proper place to address it as the initial step. In fact, you could argue that if the Budget Committee does not address it, it will never get done because the protection that comes from reconciliation, which only the Budget Committee can give an authorizing committee—that is, the Finance Committee, the Armed Services Committee, or any other committee—derives from the Budget resolution, which is authored by the Budget Committee. You probably are not going to pass these types of changes without reconciliation protection. So that is a straw dog argument of the first order.

This Ensign amendment specifically is an attempt to straighten out what was clearly an incorrect decision when Part D was put in place. The Medicare trust fund is \$32 trillion out of whack. In other words, we know it is going to cost \$32 trillion—that is with a “t.”

Try to understand what that means—\$1 trillion. Nobody can understand \$1 trillion, but it is an amount of money that is staggering. All the taxes paid in America since our country became a government, since our country was created, amount to something like \$42 trillion. The entire net worth of America—all your cars, all your stocks, all the houses Americans own—represents something like \$50 trillion, or maybe it is not even that high—\$47 trillion.

So we have a liability, which we have no idea how we are going to pay for, of \$32 trillion. The interesting part—that is why I want to point this out again—is the drug benefit, when it was passed, aggravated the liability of the trust fund to the tune of \$8 trillion. So of that \$32 trillion—although this chart could be used to explain this—of that \$32 trillion, \$8 trillion of that unfunded liability was generated by the drug benefit. It shouldn't have been that high. One way it should have been addressed was that we should have had wealthy seniors, millionaire seniors, which is what the Ensign amendment does, paying a fair amount of the cost of that drug benefit. The Senator from North Dakota says: Well, that can't be done. Of course, it can be done. Of course, it can be done. There are all sorts of reports that are filed on CMS on the cost of reimbursement and how they are structuring these insurance plans, and there is no question but it can be done. More importantly, it should be done, as a matter of fairness, for working Americans who are carrying the burden of seniors.

I notice Senator DORGAN is here and he wants to talk, so I will reserve on that.

The point is pretty important. If you want to vote for working Americans to not have to subsidize millionaire Americans who are retired, you are going to want to vote for the Ensign amendment.

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

Mr. CONRAD. The Senator from North Dakota, Senator DORGAN, is now recognized until 11:30.

Mr. DORGAN. Mr. President, some would believe, and perhaps should believe, that this budget issue is very complex, very difficult and is hard to resolve. I accept all that. But there ought to be some things all of us would agree are very easy to deal with. The slam-dunks, as it were; the issues that all of us ought to say: Enough, we are not going to put up with this on the revenue side.

Let me tell my colleagues the taxes I believe we ought to be getting that we are not getting. Should we increase them? Absolutely. Those are the taxes that would have been paid under normal circumstances but now are not being paid because companies have decided they want to run their income through a tax-haven country. They want to produce in China, sell in America, and run their income through the Cayman Islands.

What is the purpose of that? To avoid paying U.S. taxes. They want all the opportunities of being an American company but none of the responsibilities to pay the taxes to help this country run, to help this country do what it should do.

So let me go through some of the examples. First, let me show a picture of the Ugland House. An enterprising reporter named “David Evans” did some research. This picture shows a five-story building on Church Street in the Cayman Islands that is home to 12,748 corporations. Now, we have talked about that. I have spoken about it in previous months on the floor of the Senate. Why do I do that? Everyone understands that in this little building on a quiet street on the Cayman Islands, there aren't 12,748 companies. That is a legal fiction created by some lawyers to allow companies to use this address to avoid paying U.S. taxes. That is what is inside this white building: fictional addresses so companies can park income here and avoid paying taxes to the United States.

Should we shut that down? You bet your life we ought to shut it down—just like that. It ought not be controversial. Do we not believe that everybody ought to pay their fair share of taxes as a part of living in this great country? So that is one issue. That, by the way, is a current tax scam that exists and is robust. I could go through the names of companies that have many subsidiaries in tax-haven countries. I mentioned Halliburton the other day. They have 17 subsidiaries in the Cayman Islands, a country that has never imposed a corporate income tax. They also have two subsidiaries in

Liechtenstein, for God's sake. But it is not just that company. I could go through a whole list of companies that have dozens and dozens of subsidiaries they have created in tax-haven countries to avoid paying taxes in this country.

Let me give some other examples of what has been going on. This is Dortmund, Germany. This is a picture of a streetcar in Dortmund, Germany. It is interesting. Actually, an American company leased the streetcars in Dortmund, Germany. Why? Because an American company wants to run streetcars in Germany? No, not at all. These belong to city government in Germany. An American corporation leased them, and immediately leased them back to the German city, and then the company is able to claim large tax deductions that lower its tax burden in the United States. Here is what the city councilman, Manfred Jostes, said:

It's absolutely unbelievable. I still to this day can't believe that something like this works.

A German city councilman trying to think through how is it we can lease our streetcars to an American company, they lease them back, we get a premium and never lose the opportunity to use them. The only thing that is valuable to the American company is they don't have to pay taxes because they can claim large deductions relating to this streetcar system in Germany.

It is not just streetcars. How about American companies buying town halls? Here is a picture of a town hall in a German city that I can't even pronounce. That is a huge, old town hall owned by an American company. Why? Because they like town halls in Germany? No. Because they want to be able to claim large deductions in an abusive cross-border leasing transaction with a German city for the purpose of reducing their tax obligations in this country.

Here is a railroad in Belgium owned by an American company. Because they like to run trains in Belgium? No, no. It is about reducing their taxes in our country.

How about an American company buying a German sewer system. This one—Wachovia Bank has been pretty aggressive. They bought a German sewer system, and they reportedly get \$175 million in U.S. tax savings by owning a foreign sewer system. The city in Germany—Bochum, Germany, doesn't lose the use of its sewer system. The American corporation didn't buy a German sewer system because they wanted to use the sewer; they bought it because they wanted to lease it back to the German city so the U.S. company can depreciate it and reduce its tax burden to the U.S. Government. Sale and leaseback. Pretty unbelievable.

FleetBoston Financial and another investor bought Chicago's 911 emergency call system. Think of that. Chicago sets up a 911 emergency call sys-

tem, then sells it to two corporations. It is a city-owned system. The companies buy it, and lease it back to Chicago. Chicago still has it. It is a sale and leaseback transaction by which an American corporation can now own and lease back the 911 emergency call system in Chicago and be able to depreciate it to save money on their tax bill. It is unbelievable to me.

When are we going to put a stop to this? Well, the Finance Committee took a look at these sale and leasebacks and owning foreign sewer systems and they said: We will stop it as of this date, but everything else is OK. It is not OK with me.

It is not OK with me that we still have companies that decide they want to move their profits to a controlled offshore foreign subsidiary, despite the fact that the subsidiary doesn't do any real business there.

It is not OK with me that we still provide large tax breaks to U.S. companies that close down a manufacturing plant in this country, fire its American workers and move those good-paying jobs to countries like China. When U.S. companies close down a U.S. manufacturing plant such as Huffy bicycles or Radio Flyer little red wagons, fires its American workers and moves those good-paying jobs overseas, U.S. tax law actually gives companies like these a large tax break. This is a slap in the face of domestic companies that do not get this break. It is a slap in the face to hardworking Americans whose jobs are cut and moved overseas.

I have forced the U.S. Senate to vote to repeal this perverse tax break several times but it still remains in place. I will offer my proposal to eliminate this ill-advised tax subsidy again and again until it is gone.

So I have legislation in three areas that will shut these things down and shut them down for good. All of that, I understand, is able to be accomplished and has a fit in this budget proposal. Senator CONRAD, I believe, has in this budget proposal provided room for the three proposals I have offered, the kinds of proposals that will finally and irrevocably shut down this nonsense.

Now, we are short of money. The fact is we are short of revenue, so how are we going to get it? Are we going to go ask some people who go to work all day and take showers at night. You know, they get dirty and work hard at a construction site, come home and have to take a shower after work rather than before work. We are going to go back to those folks and say: You know what. Our Government is short of money. We would like you to pay some more in taxes. Or are we going to go to these companies who have decided they want to own a sewer system in Germany? They want to have a "fictional" address on Church Street in the Cayman Islands or they want to engage in transfer pricing.

Transfer pricing schemes, by the way, where companies have their own subsidiaries and buy and sell from

them and charge things such as \$50 for a tractor tire or \$18 for a toothbrush; dramatic overpricing on the one hand or underpricing on the other. They use this accounting scam to try to demonstrate they have earned no money in the United States and therefore owe no taxes in the United States when, in fact, they earned a lot of money and transfer-priced those profits out of our country. Another scheme. It is wholesale tax avoidance.

The question for this Senate ought to be now: Are we going to get the revenue that is owed to us from some of the largest enterprises? I have not named a lot of them. I could name a lot of them, and they should have the opportunity to be named so that their shareholders know what they are doing.

It wasn't long ago, by the way, when some of us came to the Senate floor and named the companies who decided they wanted to renounce their American citizenship. I was a part of that. The late Paul Wellstone was a part of that. Paul sat right over there at that desk at the end of that row and I remember it as if it were today, the speeches Paul would give about this issue.

The companies have decided: You know what. We want all the benefits of being an American. We were chartered here. We exist here. We appreciate being here, but we don't want the responsibility of paying taxes. That is the origin and the roots of some of this tax avoidance. But then, it went even further. There was a time when companies said: You know what. We appreciate being an American, but we can save a great deal of money if we renounce our American citizenship and move our citizenship to, let's say, the Bahamas. My thought was: You want to move your corporate citizenship to the Bahamas for the purpose of not paying American taxes; then when you get in trouble, why don't you call in the Bahamian Navy. My understanding is they have a force of 20 people. Perhaps I have understated it. But maybe then you ought to call the Bahamian military when you get in some trouble, when someone tries to expropriate your assets somewhere around the world.

I come to the floor today because I am flat sick and tired of these schemes: The hood ornament on excess here is the schemes by which town halls are now for lease or for sale, sewer systems are now for sale. Yes, action has been taken to shut some of that down prospectively. Yes, that is good. But we still have circumstances under which American corporations are owning these assets, depreciating the assets that clearly are government assets for one single purpose, and that is to avoid paying the taxes that they would otherwise owe to the United States of America.

So then who pays taxes? Well, there is the infamous woman who once said: Only the little people pay taxes. She

sort of sniffed: Only the little people pay taxes. Well, we know who does pay taxes. It is people who work, who get a W-2 form which says: Here is your income, here is your withholding, here is the obligation you have to the United States of America. No flexibility. You work, you earn an income, you pay taxes.

The word "tax" is not a dirty word. It is part of the price of a civilized society. We build roads. We operate schools. We provide for the defense of this Nation. We have a Center for Disease Control. We have the National Institutes of Health. We run Bethesda Hospital and Walter Reed for the veterans. We do a lot of things that are pretty wonderful, and we have built a pretty spectacular country through private sector and public sector initiatives. But in order to do that, we need a revenue base. Some of the biggest interests in this country have decided: We want to be a part of everything America has to offer, but we don't want to be a part of the revenue base. We want to find ways to own a foreign sewer system or run our income through a fictional address in the Cayman Islands. We want a large tax break for shutting down a U.S. manufacturing plant and moving those jobs overseas. We want to find a way to transfer price so that we are pricing safety pins at 100 times their value, or underpricing pianos, selling pianos for \$40. That sort of transfer pricing is unbelievable. That transfer pricing has allowed some corporations to scam the Federal Government and avoid paying the taxes they owe this country. So I came to the floor today only to say this: Part of the process of a budget is to make plans about spending. What is it we need to spend? What do we have to do to invest in our country's future to strengthen our country? Then also, what kind of revenue can we expect and who shall contribute that revenue? Who is responsible for paying taxes? It is not, as the socialite sniffed, "the little people"; it is a responsibility for all of us in this country to pay taxes. I think when we see what has been going on with tax avoidance on a massive scale—and I see those who might criticize Senator CONRAD for saying: Let's capture some of this in this budget, and they say: Well, that is not real—you bet your life it is real.

You bet your life it is real. This tax avoidance is large, and it is growing. We have a responsibility to say to those interests: Pay up. Be a part of this country. Being a part of this country is to make money in this great economy of ours, but also the responsibility to pay some taxes to this country as well.

As I indicated, I have three provisions that will be provided for as a result of the way this budget is structured. I intend to offer those as legislation in this coming year. I expect that ought to be a noncontroversial portion of the debate in this country. It ought to be the first baby step to do what is right.

I yield the floor.

AMENDMENT NO. 489

The PRESIDING OFFICER. Under the previous order, there is 2 minutes of debate prior to a vote on amendment No. 489.

Who yields time?

The Senator from South Carolina is recognized.

Mr. DEMINT. Mr. President, it is seldom in this Chamber that we have a chance to do something that is truly significant. This amendment about Social Security would allow us to do that. Both sides of the aisle, Republican and Democrat, for years have been saying we should not be spending Social Security on other things, and we should be saving it. But we have never done anything about it.

We have spent nearly \$2 trillion in Social Security money on other things and have not saved one penny. My amendment allows for Congress to open the door and pave the way to stop spending Social Security funds and to save the money. Senator CONRAD and others have talked about the importance of prefunding, or advance funding, our Social Security system. This amendment will open the door for us to do that. It does not prescribe how we will do it. It does not talk about how the funds will be invested. It says they will be taken off the table and saved.

We are not talking about ownership here, private accounts or the stock market. This is all open for future discussion. The point of the amendment is to open the door and do what we have talked about for years: stop spending Social Security on other things and save it for the retirees.

Mr. BYRD. Mr. President, I oppose Social Security privatization—unequivocally and without question. The language in the DeMint amendment, which would encourage the Finance Committee to report legislation that would embrace private investment accounts within Social Security, is something that I cannot support. Therefore, I oppose the DeMint amendment.

Mrs. FEINSTEIN. Mr. President, I oppose this amendment. There is no question that we must reform our entitlement programs and change the way our Nation's finances are managed.

With this in mind, I support the premise behind this amendment: the Social Security trust fund should not be used to help reduce the Federal budget deficit.

Hundreds of billions of dollars are being taken from Social Security each year just to help pay our bills. Last year, this figure approached \$200 billion.

However, this amendment has a fatal flaw. It leaves the door open for private Social Security accounts by providing participants with the option of "prefunding of at least some portion of future benefits."

In my view, this is unacceptable.

This body has already closed the door on the President's ill-conceived plan for private Social Security accounts.

The opposition to privatization is well-known:

Privatizing Social Security does nothing to extend the solvency of the program. Transition costs alone, over the first 20 years, would put our Nation in greater debt by as much as \$4.9 trillion.

Creating private accounts would mean benefit cuts for retirees, by as much as 40 percent.

Half of all American workers today have no pension or retirement plan from their employers. That means Social Security is their only source of income.

It is critical that we protect this safety net.

We must hold the line on spending, but this has to be done in conjunction with a more responsible approach to tax policy.

The President's tax cuts have already cost more than \$1 trillion and those enacted will be more than \$3 trillion over the next decade.

When you combine the cost of the tax cuts with spending for the military operations in Afghanistan, Iraq, and the global war on terror—currently totaling \$510 billion—the inevitable result is that our Federal budget is squeezed, while our crushing debt grows.

As we debate this budget resolution, I urge my colleagues to be mindful of the long-term impact of our spending decisions.

The looming crisis with our entitlement programs is clear. We must stop raiding the Social Security trust fund to pay our bills. But I cannot support this particular amendment which opens the door to privatizing Social Security.

I am firmly committed to opposing any Social Security reform proposals which leave the possibility of private accounts on the table. And this amendment would do just that. So I must voice my opposition, and I ask that my colleagues join me in rejecting this proposal.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, the amendment sounds good. It is nice, bland language to provide participants with the benefits of savings and investment. But make no mistake about it, this is a stalking-horse for Social Security. That is what this is all about.

The Senator offered virtually the same amendment last year, which had the same purpose, and it was defeated 46 to 53, I think. This is privatization of Social Security. The American people rejected that; they rejected private accounts. It would cause a huge increase in the Federal deficit, a massive transfer. This amendment is disguised but would do just that.

It looks good on the surface, but this is an amendment to privatize Social Security, create private accounts for Social Security. Senators should not be fooled. Again, Senators rejected this

very same amendment last year by a large vote of 46 to 53. It should be rejected this time as well.

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

Mr. BAUCUS. Thank you, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 489.

Mr. GREGG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Arizona (Mr. MCCAIN).

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

The result was announced—yeas 45, nays 52, as follows:

[Rollcall Vote No. 89 Leg.]

YEAS—45

Alexander	DeMint	Lugar
Allard	Dole	Martinez
Bennett	Domenici	McCaskill
Bond	Ensign	McConnell
Brownback	Enzi	Murkowski
Bunning	Graham	Roberts
Burr	Grassley	Sessions
Chambliss	Gregg	Shelby
Coburn	Hagel	Specter
Cochran	Hatch	Stevens
Coleman	Hutchison	Sununu
Corker	Inhofe	Thomas
Cornyn	Isakson	Thune
Craig	Kyl	Vitter
Crapo	Lott	Warner

NAYS—52

Akaka	Feingold	Obama
Baucus	Harkin	Pryor
Bayh	Inouye	Reed
Bingaman	Kennedy	Reid
Boxer	Kerry	Rockefeller
Brown	Klobuchar	Salazar
Byrd	Kohl	Sanders
Cantwell	Landrieu	Schumer
Cardin	Lautenberg	Smith
Carper	Leahy	Snowe
Casey	Levin	Stabenow
Clinton	Lieberman	Tester
Collins	Lincoln	Voivovich
Conrad	Menendez	Webb
Dodd	Mikulski	Whitehouse
Dorgan	Murray	Wyden
Durbin	Nelson (FL)	
Feingold	Nelson (NE)	

NOT VOTING—3

Biden	Johnson	McCain
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The amendment (No. 489) was rejected.

Mrs. MURRAY. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 491

The PRESIDING OFFICER. Under the previous order, there is now 2 minutes of debate prior to a vote on the Allard amendment No. 491.

The Senator from New Hampshire.

Mr. GREGG. Mr. President, I yield the time to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, the budget spends \$88 billion over 5 years on ineffective programs and raises taxes by \$900 billion to do so. My amendment reduces spending by 25 percent on programs rated ineffective by OMB's program assessment rating tool. PART has evaluated almost 1,000 programs accounting for 96 percent of all Federal spending. Only 26 are rated ineffective in discretionary spending.

Chairman CONRAD will say the budget resolution cannot tell appropriators how to implement the savings. My amendment simply allows the appropriators, with a great deal of flexibility, to find those savings that are proven to exist. It also tells agencies we expect results from programs we fund.

If my colleagues vote for this amendment, we will save the taxpayers \$18 billion over 5 years and pay down the Federal debt by \$18 billion. I believe if we cannot trim \$4 billion out of a \$2.9 trillion budget on ineffective programs, we cannot honestly tell taxpayers we are serious about fiscal responsibility.

I urge my colleagues to support the amendment. I ask for the yeas and nays.

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

Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, first, the budget resolution does not make these individual policy determinations. The effect of this amendment will simply be to cut domestic discretionary spending \$18 billion. Understand the programs that have been identified in the PART program are results not proven. If this did apply as the Senator suggests, here are programs affected: Border Patrol, Coast Guard search and rescue, high-intensity drug trafficking areas, LIHEAP, rural education, child abuse prevention, and treatment.

If there is a problem in those programs, they ought to be fixed. We ought not to be cutting Border Patrol, Coast Guard search and rescue, high-intensity drug trafficking areas, LIHEAP, rural education, and the rest.

I urge a "no" vote.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 491 offered by the Senator from Colorado, Mr. ALLARD.

Mr. GREGG. Mr. President, I ask unanimous consent that this be a 10-minute vote, and the following votes be 10-minute votes.

The PRESIDING OFFICER. That order has been granted.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Arizona (Mr. MCCAIN).

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

The result was announced—yeas 33, nays 64, as follows:

[Rollcall Vote No. 90 Leg.]

YEAS—33

Allard	DeMint	Isakson
Brownback	Dole	Kyl
Bunning	Ensign	Lott
Burr	Enzi	Martinez
Chambliss	Graham	McConnell
Coburn	Grassley	Sessions
Cochran	Gregg	Shelby
Corker	Hagel	Sununu
Cornyn	Hatch	Thomas
Craig	Hutchison	Thune
Crapo	Inhofe	Vitter

NAYS—64

Akaka	Feingold	Obama
Alexander	Feinstein	Pryor
Baucus	Harkin	Reed
Bayh	Inouye	Reid
Bennett	Kennedy	Roberts
Bingaman	Kerry	Rockefeller
Bond	Klobuchar	Salazar
Boxer	Kohl	Sanders
Brown	Landrieu	Schumer
Byrd	Lautenberg	Smith
Cantwell	Leahy	Snowe
Cardin	Levin	Specter
Carper	Lieberman	Stabenow
Casey	Lincoln	Stevens
Clinton	Lugar	Tester
Coleman	McCaskill	Voivovich
Collins	Menendez	Warner
Conrad	Mikulski	Webb
Dodd	Murkowski	Whitehouse
Domenici	Murray	Wyden
Dorgan	Nelson (FL)	
Durbin	Nelson (NE)	

NOT VOTING—3

Biden	Johnson	McCain
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The amendment (No. 491) was rejected.

Mr. SPECTER. Mr. President, I voted against the Allard amendment because I am not prepared to accept the blanket assessment by OMB as to which programs are effective or not effective. In addition, I don't think it is sensible to eliminate only 25 percent of the ineffective programs. In my judgment, Congress should make the assessment as to which programs are effective or ineffective and then Congress should act to eliminate all of the ineffective programs.

AMENDMENT NO. 504, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there are now 2 minutes of debate prior to a vote in relation to the Baucus amendment, No. 504. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, this request has been cleared with the two managers and the ranking members of the Finance Committee. I ask unanimous consent to modify my amendment No. 504 with the text I send to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment is as follows:

On page 48, line 19, before "The" insert the following:

(a) PRIORITY.—The Senate establishes the following priorities and makes the following findings:

(1) The Senate shall make the enactment of legislation to reauthorize the State Children's Health Insurance Program (SCHIP) a top priority for the remainder of fiscal year 2007, during the first session of the 110th Congress.

(2) Extending health care coverage to the Nation's vulnerable uninsured children is an urgent priority for the Senate.

(3) SCHIP has proven itself a successful program for covering previously uninsured children.

(4) More than 6 million children are enrolled in this landmark program, which has enjoyed broad bipartisan support in Congress, among our Nation's governors, and within state and local governments.

(5) SCHIP reduces the percentage of children with unmet health care needs.

(6) Since SCHIP was created, enormous progress has been made in reducing disparities in children's coverage rates.

(7) Uninsured children who gain coverage through SCHIP receive more preventive care and their parents report better access to providers and improved communications with their children's doctors.

(8) Congress has a responsibility to reauthorize SCHIP before the expiration of its current authorization.

(b) RESERVE FUND.—

Mr. BAUCUS. Mr. President, this amendment basically confirms our commitment to reauthorize the Children's Health Insurance Program by September 30. We have to get this authorized quickly. It is the statement of the Senate that we will do so; otherwise, we lose a large number of dollars. We lose about \$25 billion from the budget baseline if we do not get this done. It will wreak financial havoc on States if we do not get this done.

The program has reduced the rate of uninsured children by one-fifth. It is a great opportunity, frankly, for everyone in this body to say "yes" to kids. Yes, we are going to make sure our kids are covered with insurance. We are going to expand the Children's Health Insurance Program. I urge all Senators to vote yes.

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

Mr. GREGG. Mr. President, we support the amendment on our side. We will be happy to do it by a voice vote if the Senator wants to, but I suspect we are going to have a rollcall vote?

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, we can voice vote this as far as I am concerned. There was a request on my side. I don't know if there is anymore. I don't see anybody waving his hand or her hand, so it is fine with me.

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

The amendment (No. 504), as modified, was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. GRASSLEY. Mr. President, the Senate just voted on an amendment

that makes a good first step to putting kids first in SCHIP. However, it is all well and good to say we are putting kids first. But the amendment we just voted on is not worth the paper it is printed on if the Senate does not take the next step and back up these words with policy.

The Cornyn amendment represents actual kids-first policy. I ask Senators to support the needed next step to putting kids first. Support the Cornyn amendment.

AMENDMENT NO. 511

Mr. GREGG. I understand the next amendment will be that of Senator CORNYN, dealing with the SCHIP issue. Is that correct?

The PRESIDING OFFICER. That is correct, amendment No. 511. The Senator from Texas is recognized.

Mr. CORNYN. Mr. President, my amendment establishes a deficit-neutral reserve fund and the finance committee to report a bill that reauthorizes SCHIP, a program that covers kids first. It emphasizes helping low-income kids, increases State flexibility, and eliminates waste, fraud, and abuse. This vote is the Senate's opportunity to make sure the original intent of the SCHIP program remains intact. This is about helping low-income kids first.

I yield the floor.

Mr. SPECTER. Mr. President, I seek recognition to outline my opposition to the Cornyn amendment, Senate amendment No. 511 to the fiscal year 2008 budget resolution. While I support reducing the cost of health care, I have concerns with reducing health care insurance coverage for children in low-income families.

The Cornyn amendment sought to ensure that only children in families under 200 percent of Federal poverty level—\$27,380 for a single parent or \$41,300 for a family of four—should receive State Children's Health Insurance Program, SCHIP, health coverage. This would have decreased the recent SCHIP change to Pennsylvania's Cover All Children program. The Pennsylvania Cover All Children program, which was approved by the Centers for Medicare and Medicaid Services, allows SCHIP funds to be used to provide insurance to children in families below 300 percent of the Federal poverty level—\$41,070 for a single parent or \$61,950 for a family of four.

The authorization for SCHIP is scheduled to expire this year. I look forward to working with my colleagues to reauthorize and improve this important program.

Mr. WHITEHOUSE. Mr. President, I wish to speak in support of the SCHIP amendment offered by my colleagues, Senators BAUCUS and ROCKEFELLER, and to respectfully oppose the amendment of my colleague Senator CORNYN. I also want to praise my senior Senator, JACK REED, and thank him for his tireless commitment to providing vital health care coverage to the children of Rhode Island for so many years.

Our State of Rhode Island has one of the lowest rates of uninsured adults

and children in the Nation. This fact is both encouraging and troubling. It is encouraging because insured children are more likely to receive medical care for common conditions like asthma and ear infections. It is encouraging because insured children have higher school attendance rates and higher academic achievement. It is encouraging because insured individuals are more likely to receive preventive care like mammograms and other cancer screenings.

But Rhode Island's uninsured rates trouble me because, even as one of the most well-insured States in the Nation, my State is still home to nearly 120,000 uninsured Americans. And 20,000 of those are children. Even as a leader in insuring children and adults in this Nation, we are still far from where we need to be, and we are going in the wrong direction. Rhode Island witnessed a 4.2-percent increase in the number of uninsured from 2000 to 2004, coupled with a 7.3-percent drop in those covered by employer-sponsored plans.

Senator CORNYN's amendment proposes to limit the SCHIP program to children under 200 percent of the Federal poverty line. In Rhode Island, that would have meant that almost 2,700 children would not have been able to access health insurance using SCHIP funds during fiscal year 2006. And this number does not even include children under the age of 8 because Rhode Island has covered those children through its Medicaid Program up to 250 percent of poverty.

For my colleagues from larger States, 2,700 might not sound like that many children. But the Cornyn amendment would potentially result in a 7.5-percent increase in the uninsured rate for children in our State. This is unacceptable. And it is particularly unacceptable in light of the fact that 10.1 percent of Rhode Island children under 250 percent of poverty are eligible but not enrolled in Medicaid or SCHIP.

I also oppose the Cornyn amendment because I do not believe that we should use SCHIP reauthorization as a vehicle to limit coverage of parents. First, covering parents is one of the most effective ways to cover children. When States cover parents, children participate in the Medicaid Program at higher rates, they have more contact with medical professionals, and receive more preventive care. Second, kicking parents off SCHIP only increases the number of uninsured individuals in our States, and forces those individuals to seek coverage in more expensive settings like hospital emergency rooms. Lastly, the Bush administration has repeatedly approved waivers to expand insurance to parents of children covered under State Medicaid and SCHIP programs. Covering parents is a value shared on both sides of the aisle.

As we move forward with this budget, and move forward with the ongoing health care debate, we should not be looking for ways to limit the coverage that States can offer their residents,



but ways to expand coverage to new and wider populations. For savings, we should be looking at reforms that improve quality and reduce cost, not throwing kids off health care programs. SCHIP was created in an effort to provide health insurance coverage to vulnerable children. In the spirit of this program, reauthorization should provide us with an opportunity to expand the tools States can use to cover the uninsured, not as an opportunity to hurt those Americans who need help the most.

I want to make a particular point to thank Chairman CONRAD and his staff for their superb work throughout this budget process, and for the chairman's continued support of children's health insurance programs.

The PRESIDING OFFICER. Who yields time? The Senator from Montana.

Mr. BAUCUS. Mr. President, we voted to affirm our commitment to the program. The amendment offered by the Senator from Texas undermines the current program. Many Senators want to expand the Children's Health Insurance Program. This undermines it. It reduces the current program and wreaks havoc with the States. They will lose their flexibility that they currently have in administering the program. It puts a huge financial burden also on States that otherwise want to provide resources for the kids in their States.

I urge strongly we do not adopt the Cornyn amendment because it undermines the current program. It is a step backward, not forward.

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

Mr. CONRAD. Mr. President, I ask for the yeas and nays

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The clerk will call the roll.

The assistant journal clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Arizona (Mr. MCCAIN).

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

The result was announced—yeas 38, nays 59, as follows:

[Rollcall Vote No. 91 Leg.]

YEAS—38

Alexander	Cornyn	Hatch
Allard	Craig	Hutchison
Bennett	Crapo	Inhofe
Bond	DeMint	Isakson
Brownback	Dole	Kyl
Bunning	Ensign	Lott
Burr	Enzi	Martinez
Chambliss	Graham	McConnell
Coburn	Grassley	Roberts
Cochran	Gregg	Sessions
Corker	Hagel	

Shelby	Thune	Voinovich
Thomas	Vitter	Warner

NAYS—59

Akaka	Feinstein	Nelson (NE)
Baucus	Harkin	Obama
Bayh	Inouye	Pryor
Bingaman	Kennedy	Reed
Boxer	Kerry	Reid
Brown	Klobuchar	Rockefeller
Byrd	Kohl	Salazar
Cantwell	Landrieu	Sanders
Cardin	Lautenberg	Schumer
Carper	Leahy	Smith
Casey	Levin	Snowe
Clinton	Lieberman	Specter
Coleman	Lincoln	Stabenow
Collins	Lugar	Stevens
Conrad	McCaskill	Sununu
Dodd	Menendez	Tester
Domenici	Mikulski	Webb
Dorgan	Murkowski	Whitehouse
Durbin	Murray	Wyden
Feingold	Nelson (FL)	

NOT VOTING—3

Biden	Johnson	McCain
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The amendment (No. 511) was rejected.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. 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. REID. Mr. President, there has been some confusion as to how many votes we are going to have during this period of time. There will be one more recorded vote. I think in fairness to some people on both sides of the aisle, we will make it a 15-minute vote rather than a 10-minute vote, because some people left thinking that was the last vote.

AMENDMENT NO. 525, AS MODIFIED

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CORNYN. Mr. President, as the Budget chairman has said repeatedly, this does not direct the Finance Committee how to do this or to consider specific proposals. But I do believe the reforms the President has put on the table would be a good place to start looking. We know a fiscal tsunami is coming. We all talk about the wall of debt, but now is the time to act by passing this amendment. I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Without objection, amendment 525 will be the pending question.

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, this amendment should be opposed very simply because the savings, the \$34 billion the Senator from Texas prescribes, could not be used as offsets to help accommodate other programs. Let's take SCHIP, for example. Because the way the Senator's amendment is written, as reconciliation instructions, the \$34 billion could not be offset. That would be straight deficit reduction.

We are going to need, frankly, some wiggle room in Medicare programs to find revenue to pay for CHIP and for other Medicare adjustments. It makes no sense to straight cut \$34 billion out of Medicare alone, in itself a deep cut,

without some way of shoring up some of the needs we are going to have, especially SCHIP. I strongly oppose this amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 525, as modified. The yeas and nays are ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senator is necessarily absent: the Senator from Arizona (Mr. MCCAIN).

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

The result was announced—yeas 23, nays 74, as follows:

[Rollcall Vote No. 92 Leg.]

YEAS—23

Alexander	Cornyn	Hatch
Allard	DeMint	Inhofe
Bond	Dole	Lott
Bunning	Ensign	Martinez
Burr	Enzi	McConnell
Coburn	Graham	Sununu
Cochran	Gregg	Vitter
Corker	Hagel	

NAYS—74

Akaka	Feinstein	Obama
Baucus	Grassley	Pryor
Bayh	Harkin	Reed
Bennett	Hutchison	Reid
Bingaman	Inouye	Roberts
Boxer	Isakson	Rockefeller
Brown	Kennedy	Salazar
Brownback	Kerry	Sanders
Byrd	Klobuchar	Schumer
Cantwell	Kohl	Sessions
Cardin	Kyl	Shelby
Carper	Landrieu	Smith
Casey	Lautenberg	Snowe
Chambliss	Leahy	Specter
Clinton	Levin	Stabenow
Coleman	Lieberman	Stevens
Collins	Lincoln	Tester
Conrad	Lugar	Thomas
Craig	McCaskill	Thune
Crapo	Menendez	Voinovich
Dodd	Mikulski	Warner
Domenici	Murkowski	Webb
Dorgan	Murray	Whitehouse
Durbin	Nelson (FL)	Wyden
Feingold	Nelson (NE)	

NOT VOTING—3

Biden	Johnson	McCain
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The amendment (No. 525), as modified, was rejected.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, did we move to reconsider?

The PRESIDING OFFICER. We did not.

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

The motion to lay on the table was agreed to.

Mr. CONRAD. Mr. President, have we reconsidered and moved to lay on the table all of the votes this morning?

The PRESIDING OFFICER. There is one—

Mr. CONRAD. Let's have a blanket move to reconsider and move to lay on the table of the votes for this morning.

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

Mr. CONRAD. Mr. President, I ask unanimous consent that the Sanders amendment be considered from now until 1:30; that then Senator ENZI be recognized for an amendment until 2 o'clock; that Senator CARPER be recognized at 2 o'clock; that at 2:15, Senator COLEMAN be recognized—

Mr. GREGG. For an amendment.

Mr. CONRAD. For an amendment; that at 2:45, Senator LINCOLN be recognized for an amendment; and that at 3:15, Senator KYL be recognized for an hour equally divided on his amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CONRAD. Further, as part of that unanimous consent, I ask unanimous consent that the Kyl amendment be voted on before 11 o'clock tomorrow, at a time to be determined by the two leaders; that there be, before the Kyl amendment, 6 minutes evenly divided; that there be a side-by-side amendment reserved on the Democratic side with the Kyl amendment, and that the same rule pertain that there be 6 minutes equally divided.

Mr. GREGG. Further, if the Senator will yield?

Mr. CONRAD. I am happy to yield to my colleague.

Mr. GREGG. That there be side-by-sides reserved for all amendments that are offered in this group, and that the initial amendment be the first amendment voted on.

Mr. CONRAD. Let me just understand that final point.

Mr. GREGG. So the offered amendment would be the first amendment voted on in the side-by-sides.

Mr. CONRAD. That the Sanders amendment would be the first amendment; is that what the Senator is saying?

Mr. GREGG. No. If there is a side-by-side, it would be the understanding that the initial amendment, the underlying amendment, would be the first one voted on.

Mr. CONRAD. No, that would not be typically the order.

Mr. GREGG. It would be an amendment like a second degree.

Mr. CONRAD. The second degree would be voted on first. So our amendment would be, in effect, the second degree, and so in the regular order it would be voted on first.

Mr. GREGG. OK. But side-by-sides reserved for all the amendments.

Mr. CONRAD. Yes, side-by-sides reserved for all the amendments. And votes would be on or in relationship to the subjects that we have identified here.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from North Dakota.

#### AMENDMENT NO. 502

Mr. CONRAD. Mr. President, I would like to now take up Grassley amendment No. 502 in regard to the Smithsonian. We have agreement from Senator

GRASSLEY and others to take that amendment on a voice vote.

The PRESIDING OFFICER. Is there objection?

Without objection, the amendment is the pending question.

Is there further debate on the amendment?

If not, the question is on agreeing to the amendment.

The amendment (No. 502) was agreed to.

Mr. CONRAD. Mr. President, I thank the Chair.

Mr. President, if the Presiding Officer could read back to me the final timing for the unanimous consent agreement we have just entered into—the GOP amendment, which is the Kyl amendment, would be offered at 3:15 this afternoon, and that would be an hour equally divided, and that would leave us at 4:15?

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. Mr. President, I ask my colleague if we could then agree for 10 minutes equally divided on the Bayh amendment.

Mr. GREGG. Mr. President, we have not seen the Bayh amendment.

Mr. CONRAD. We will get a copy, and perhaps we can work that out.

Mr. President, I yield to Senator SANDERS.

The PRESIDING OFFICER. The Senator from Vermont.

#### AMENDMENT NO. 545

Mr. SANDERS. Mr. President, I send an amendment to the desk which has been shared with the other side.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Vermont [Mr. SANDERS], for himself, and Ms. MIKULSKI, proposes an amendment numbered 545.

The amendment is as follows:

(Purpose: To restore the top marginal tax rate to pre-2001 levels on taxable income in excess of \$1 million and use the increased revenue to increase funding for the Individuals with Disabilities Education Act)

On page 3, line 11, increase the amount by \$10,300,000,000.

On page 3, line 12, increase the amount by \$14,600,000,000.

On page 3, line 13, increase the amount by \$14,800,000,000.

On page 3, line 14, increase the amount by \$4,500,000,000.

On page 3, line 20, increase the amount by \$10,300,000,000.

On page 3, line 21, increase the amount by \$14,600,000,000.

On page 3, line 22, increase the amount by \$14,800,000,000.

On page 3, line 23, increase the amount by \$4,500,000,000.

On page 4, line 6, increase the amount by \$10,300,000,000.

On page 4, line 7, increase the amount by \$14,600,000,000.

On page 4, line 8, increase the amount by \$14,800,000,000.

On page 4, line 9, increase the amount by \$4,500,000,000.

On page 4, line 15, increase the amount by \$10,300,000,000.

On page 4, line 16, increase the amount by \$14,600,000,000.

On page 4, line 17, increase the amount by \$14,800,000,000.

On page 4, line 18, increase the amount by \$4,500,000,000.

On page 10, line 9, increase the amount by \$10,300,000,000.

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

On page 10, line 13, increase the amount by \$14,600,000,000.

On page 10, line 14, increase the amount by \$14,600,000,000.

On page 10, line 17, increase the amount by \$14,800,000,000.

On page 10, line 18, increase the amount by \$14,800,000,000.

On page 10, line 21, increase the amount by \$4,500,000,000.

On page 10, line 22, increase the amount by \$4,500,000,000.

Mr. SANDERS. Mr. President, this amendment is being cosponsored by Senator MIKULSKI of Maryland. This amendment is about keeping the promises the Federal Government made to the people of our country 32 years ago. It is about keeping our word to the children of this country, especially those with disabilities. It is about keeping our word to the property tax payers of this country, whose property taxes in Vermont and throughout this country are going up and up and up.

When Congress passed the Individuals with Disabilities Act in 1975, under the leadership of Senator TOM HARKIN, that legislation said the Government would provide up to 40 percent—40 percent—of the national average per-pupil expenditure for special education. Unfortunately, however, the Federal Government has not kept its word. Today, its contribution stands at barely 17 percent. The promise was 40 percent; the reality is 17 percent.

In other words, the Federal Government passed legislation doing the right thing with regard to our children in 1975, but it has not followed through in terms of the kind of funding it promised, and school districts all over this country and children all over this country are suffering from that lack of action.

When Members of Congress on both sides of the aisle talk about unfunded mandates, the inadequate funding for special education is the poster child of that problem. We told school districts we would fund special education at 40 percent, and we are funding it at 17 percent. That is wrong. That speaks poorly of Congress.

In Vermont, and I suspect all over this country, school districts are demanding we rectify that problem, that we keep the promise made so many years ago.

When the Federal Government does not keep its word, school districts in my State, school districts in the Presiding Officer's State and throughout this country are forced to do one of two things: either they do not provide the quality of special education care the special needs kids require—and that is wrong—or else their limited budgets require them to cut back on other educational programs in order to fund the expensive needs of special education

kids. So what ends up happening is we take money from second languages, we take money from athletics, we take money from arts, and we put it into special education, and all of the children suffer as a result of that.

The third option facing school districts—which certainly is taking place in Vermont, and I expect all over this country—is that school districts are forced to ask for higher and higher property taxes. Those property taxes are becoming so high in areas of this country that people who have lived in their homes for their entire lives are now being forced to leave their homes.

The property tax is a regressive form of taxation. It hits working families very hard and unfairly. It hits senior citizens unfairly. More and more communities around this country are forced to raise property taxes, which is putting an increased burden on middle-class families.

The amendment I am offering, which is cosponsored by Senator MIKULSKI of Maryland, is a simple and straightforward amendment. At a time when the wealthiest people in this country are becoming wealthier, at a time when the wealthiest 1 percent have not had it so good since the 1920s, at a time when property taxes on the middle class are soaring all over this country, at a time when school districts are being forced to spend more and more on special education, this amendment increases funding for special education by \$44.2 billion over the next 5 years.

It finally begins to do what this Congress should have done years and years ago. It adequately funds special education. It begins to move away from the unfunded mandate that so many communities around our country are suffering from.

This amendment raises the \$44.2 billion by rescinding the 2001 income tax cuts that were given to millionaires. In other words, it would restore the top income tax rate to 39.6 percent on taxable income exceeding \$1 million per year.

This amendment would only apply to millionaires. Those are the only people who would be asked to pay more because we would be rescinding the 2001 income tax reductions that President Bush and the Congress gave to them.

While we ask the wealthiest people in this country to pay a little bit more, what we would be doing is lowering property taxes for the middle class all over this country and improving the quality of education that our children receive.

By using this revenue for special education, as this amendment does, the Federal Government could begin to live up to its 40 percent commitment in fiscal year 2009. Not only would we be providing a much needed boost for children with disabilities, we would also be providing property tax relief to so many families throughout this country who are in desperate need of that relief.

The bottom line of this amendment is pretty simple. It has a lot to do

about which side we consider ourselves to be on. We hear a lot of rhetoric in the Congress about the importance of education. The Presiding Officer understands the importance of education. I understand the importance of education. I suspect every Member of the Senate understands the need to improve the quality of education in this country. This is an amendment about improving education for all of our children.

We hear a lot of discussion in the Senate and the Congress about the growth of special education needs among our kids—whether it is autism, ADD, or other disorders. This is an amendment which addresses in a very serious way the needs of special education.

We hear a lot about unfunded mandates and the burden of higher and higher property taxes on working families all over this country. This amendment, if passed, takes a giant step forward in rectifying this unfunded mandate and lowering property taxes. Mostly, though, this amendment is about Congress keeping its word, keeping the promise it made so many years ago. We made a promise to school districts all over this country that if they mainstreamed kids into public schools, Congress would provide 40 percent of the cost. We have not kept that promise. We have given hundreds of billions of dollars in tax breaks to millionaires and billionaires, but we have not reached out to school districts to help them with the cost of special education, the result being higher and higher property taxes. The time is long overdue for the Congress to keep the promises it made with regard to special education, and this amendment does just that.

Mr. President, I yield the floor.

Mr. GREGG. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from New Hampshire has 12 minutes. The Senator from Vermont has 2 minutes.

Mr. GREGG. Mr. President, the amendment of the Senator from Vermont, the Senator from across the river, as we say in New Hampshire, a Senator from the State where all our bad weather comes from, actually—the sunshine comes from New Hampshire—this amendment raises taxes by something like \$44 billion. The purpose of it is to spend that money on special education.

Special education is an important program. In fact, it is so important that if you look at the priorities this administration has put in place in the education accounts since it came into office, it has increased special education funding by I think a factor that is three times greater—I believe that is the number—than the Clinton administration increased special education funding. This administration, in the first year in office, jumped special education by \$1 billion. The next year, it jumped special education funding by

another \$1 billion, and so on and so on. The increase in special education funding under this administration has been the largest increase of any administration, both percentage-wise and in dollars, over its term.

But to raise taxes \$44 billion is a pretty big tax increase. You can throw out the word “millionaire.” What we are talking about here are small businesspeople. Eighty-three percent of the people who would be hit by the top rate are small businesspeople. It is all rates.

He is talking about repealing the President's tax cuts that have generated so much economic activity around this country and have created a revenue stream into this Government which exceeds the historical norm. In other words, even though it is counterintuitive to some folks, and especially to some of our editorial boards, such as The New York Times, we have actually seen an increase, a very significant increase in revenues by reducing the tax rates in this country so they are fair, so that people are willing to go out and take risks with their dollars, be entrepreneurial and, as a result, create jobs and economic activity, which is translated into income for the Federal Government.

In fact, in the last 3 years, we have received more income, larger increases in income in Federal revenue than at any time in our history, huge jumps in income, and we are now receiving more income as a Federal Government than is the historic norm—18.5 percent of gross national product in income to the Federal Government. The norm is usually 18.2 percent.

In addition, these tax rates which were put in place which are repealed under this proposal have created a more aggressive tax system. During the Clinton years, the top 20 percent of wage-earners—of income tax payers in this country paid about 81 percent of the Federal taxes. Today, that same top 20 percent—they are not the same people, because the genius of our society is that people go in and out of that group depending on how capable they are. Some people make money and get in; some people lose money and go out. But that same group, that top 20 percent, is paying almost 85 percent of the total income tax burden. So it is more progressive at the top end than it was during the Clinton years.

Even though the tax rates may be lower, the generation of income tax—people who are paying it—is more progressive, and at the lower end, the bottom 40 percent of the people who pay income taxes or who are subject to income tax in this country—they don't actually pay the money; they get money back from the earned-income tax credit—that group of individuals, the 40 percent there, is getting twice as much back under the earned-income tax credit as they did in the Clinton years. So at the top, you have people paying more. At the bottom, you have people getting more back. That is

called progressivity. So we are getting more revenue. We are getting historic highs in revenue. We are beyond the traditional amount we get in revenue, and we have a more progressive tax system.

What is the Senator from Vermont suggesting? Increase taxes by \$44 billion.

Well, I have referred to this budget from the other side of the aisle as tax-and-spend. Very simply, it is a tax-and-spend budget. It adds new spending. It adds \$900 billion in new taxes. It increases the debt by \$2.2 trillion. It does nothing to control spending, either on the discretionary side or on the mandatory side.

If you pass this amendment, I suppose you just supersized it in the tax size. You can go into McDonald's and you can get a regular Coke. This is sort of a "regular" Democratic tax-and-spend bill. There are a lot of new taxes—\$900 billion—but that is sort of out of the mainstream of the party. But the Senator from Vermont has decided we are going to "supersize" this tax increase to \$44 billion. So, obviously, we oppose the amendment.

This concept of expanding funding to IDEA is a good concept, but it should come within the ordering of priorities. It shouldn't come by a dramatic tax increase. In fact, this President has shown he is going to reorder priorities to accomplish that during his term in office.

Mr. President, I reserve the remainder of our time at this point.

Mr. SANDERS. Mr. President, I always enjoy dialoguing with my neighbor from New Hampshire. Let me make just a few points. I think he understands, because if my son who lives in Claremont, NH, is accurate, what he is telling me is what Vermonters are telling me—that property taxes in New Hampshire and in Vermont and all over this country are soaring.

My friend from New Hampshire says the President and Congress are addressing special education needs, more money is going into it. But the reality is that for the last 3 years, the percentage of Federal contributions for special education has gone down. They were at a high of 18 percent. They are moving downward. They are now at 17 percent.

My friend can talk about raising taxes, and let me concede that he is right. We are raising taxes on the upper three-tenths of 1 percent because 99.7 percent of the American people would not see any increase in Federal taxes as a result of this amendment. Tens of millions of American families would see a reduction in their property taxes.

I believe that at a time when the wealthiest 1 percent have never had it so good, when we are seeing that, according to Forbes magazine, the collective net worth of the wealthiest 400 Americans—400—increased by \$120 billion last year to \$1.25 trillion, it is time for this Congress to start worrying about middle-class families that can't

afford higher and higher property taxes, about kids with disabilities who deserve quality education, about all of our children who deserve an education, and not worry about the upper three-tenths of 1 percent.

If my friend from New Hampshire says I am raising taxes on the upper three-tenths of 1 percent, people who are millionaires and billionaires, I concede that point. I am. That is the right thing to do.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, at this point, I believe Senator ENZI is ready to go with his amendment. Rather than tie him up and since he was also the chairman of the HELP Committee, he may have some thoughts on this issue of how we are doing on special education. But in any event, so he can get started, I yield the remaining time so Senator ENZI can go forward.

Mr. CONRAD. Mr. President, before the Senator departs, I wish to again thank him for his unflinching courtesy as we work through this budget resolution. I appreciate very much all of the constructive help he has provided as we have tried to get this done. I thank him very much.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

AMENDMENT NO. 497

Mr. ENZI. Mr. President, I call up Senate amendment No. 497.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Wyoming [Mr. ENZI] proposes an amendment numbered 497.

Mr. ENZI. 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 60 vote point of order for legislation that creates unfunded mandates on small business concerns)

At the end of title II, insert the following:  
**SEC. 2 . RESTRICTIONS ON PRIVATE SECTOR MANDATES.**

(a) POINT OF ORDER.—It shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, or conference report that would increase the direct costs of private sector mandates on small business concerns (as that term is defined in section 3 of the Small Business Act (15 U.S.C. 632)) by an amount that exceeds the threshold provided in section 424(b)(1) of the Congressional Budget Act of 1974 (2 U.S.C. 658c(b)(1)).

(b) WAIVER AND APPEAL.—Subsection (a) may be waived or suspended in the Senate only by an affirmative vote of three-fifths of the Members, duly chosen and sworn. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under subsection (a).

Mr. ENZI. Mr. President, my amendment is very simple. It establishes a 60-vote threshold for legislation that imposes unfunded mandates on small businesses as determined by the Small Business Administration, when it is in

excess of \$131 million, which is established in the Unfunded Mandates Reform Act. As my colleagues may know, small businesses make up 99/10 percent of all U.S. employers and employs 50 percent of the Nation's nonfarm private sector workers. That is according to the Small Business Administration. Congress has an obligation to make sure laws written in Washington don't unfairly burden Main Street.

The Unfunded Mandates Reform Act already requires the CBO to estimate whether Congress imposes mandates on the private sector. Right now there is a 60-vote point of order against legislation if the Federal mandates estimate has not been printed in the committee report or the CONGRESSIONAL RECORD. The fiscal year 2006 budget resolution conference agreement included a 60-vote point of order for imposing unfunded mandates on State and local governments. That is State and local governments, but it doesn't say anything about the engine of the economy: small businesses.

My colleagues will notice that I have left out big business. Big business can usually take care of itself, but small business doesn't have the people or the clout to be able to come here and point out to us the gross burdens we are putting on them. So I think the Senate should have a new 60-vote point of order that applies to legislation that creates unfunded, private sector mandates. It is time for Congress to remember that our actions here in Washington have very real monetary consequences on the small business owners in Buffalo, WY, or Conway, NH, or Main Street, Anywhere.

I came to Washington from Wyoming as a firm believer in what I call the 80/20 rule. I have found you can reach agreement on 80 percent of all the issues. I also know we are probably never going to reach agreement on the other 20 percent. But any unfunded mandates Congress imposes on the private sector should fall into—no, not the 80-percent category; I am just asking for a 60-percent category and receive strong support on both sides of the aisle that way.

This 80/20 rule was the guiding principle for my chairmanship of the HELP Committee during the 109th Congress. Senator KENNEDY and I abided by that. We avoided the highly partisan issues. We worked on the nonpartisan or the bipartisan issues. It turned out to be, instead of the most contentious committee, one of the more agreeable committees. We accomplished a tremendous amount of work. In fact, President Bush signed 27 committee bills into law. Most of those went through by unanimous consent. That is far above the 60-vote threshold I am asking for with this amendment.

We in Washington have to stop thinking our good ideas can be paid for by the wave of a wand. To that end, the Senate needs a procedural tool to remind ourselves that the policies we pass in Washington often translate to

the direct cost increases on the businesses on Main Street.

This is a commonsense proposal. I urge my colleagues to support the amendment. I am sure there are small business supporters on both sides of the aisle who can see the benefit. I will mention that, right now, there is a 60-vote point of order in the Senate on everything. It is a filibuster. With a filibuster, 60 people have to agree before you can move on. That is often a 5-day waste of time. It would be much more convenient if we could get a vote and see that there are 60 people in support and know that even a filibuster isn't going to work against it. That would allow things to move forward faster.

I am not trying to slow the process. I am trying to provide a mechanism that protects small business and allows us to get on with the business of the Senate. It seems to me to be a win-win situation for us. We do protect cities, towns, counties, States, all of their small governments and even some big governments, but we don't protect the small businessman. The small businessman is what keeps this economy moving, keeps us going. I am sure there isn't any issue that falls into that 80 percent that we all can agree on, that we cannot get 60 percent approval to move forward on. It will encourage more bipartisanship, and I think in the last election that was the main message delivered to all of us. It wasn't the base of either party that provided the impetus for any changes.

It was the independents and the folks who said: Come on, guys, get along and get something done in Washington. That is what we are trying to do with this particular measure—move things along at a faster rate and to assure that small businesses can thrive in this country and that we get agreement from 60 percent of the people in this body to move forward. This will provide needed protection to small businesses.

I ask unanimous consent that a letter from the NFIB be printed in the RECORD.

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

March 21, 2007.

Hon. MICHAEL ENZI,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR ENZI: On behalf of the National Federation of Independent Business (NFIB), the nation's leading small-business advocacy group, I strongly support your amendment to the FY 2008 Budget Resolution that would raise the private sector unfunded mandate point of order from a 50 to a 60 vote threshold.

Congress needs a 60 vote threshold to force itself to think twice before adding additional unfunded mandates for several reasons. One, the regulatory burden that small businesses face is already too high. According to recent studies commissioned by the Small Business Administration the regulatory burden in 2004 was estimated to be \$7,647 per employee in small businesses with fewer than 20 employees. And small firms spend 45 percent more than their larger counterparts to comply with federal regulations.

Second, this Congress has either considered or likely will consider mandates that will add to this burden. Among the proposals under consideration include legislation to increase the minimum wage, require small employers to provide paid sick leave, offer family and medical leave, and provide wage insurance.

The critical role that small business plays in our economy is another reason Congress should think before imposing new unfunded mandates. Small business produces roughly half of the private Gross Domestic Product and between 60 and 80 percent of net new jobs. Legislators should be working to strengthen small business's ability to create new jobs and grow their businesses, not working to impede their progress.

Thank you for introducing this important amendment and your continued support of small business.

Sincerely,

DAN DANNER,  
Executive Vice President,  
Public Policy and Political.

Mr. ENZI. Mr. President, I hope my colleagues will support this amendment. I will be happy to address any concerns. We have looked at a number of issues, historically, to see what the effect would be. We think the effect would be good legislation for small business and for the economy of this country.

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

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

Mr. ENZI. Mr. President, I suggest the absence of a quorum and ask that the time be equally divided.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CONRAD. Mr. President, I yield 5 minutes to the Senator from Maryland, Senator CARDIN.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. CARDIN. Mr. President, I thank Senator CONRAD for yielding me this time. I take this time to rise in support of the budget resolution and the work of Senator CONRAD and the Budget Committee. It has been said frequently it is the most difficult job here to try to put together a budget, when you are trying to deal with all the different priorities. Senator CONRAD has done an excellent job in moving the agenda of this Nation.

This budget resolution changes the fiscal priorities of America. First, it provides for fiscal discipline. The pay-go rules are real. There are difficult choices our committees will have to make. But we have made it a priority to get our budget back into balance and say that we have to make tough choices.

Secondly, there are important priority areas. I compliment the committee for making health care truly a priority, to change the direction of

America. It is a national disgrace that we have 46 million people without health insurance in America. We need to do something about it. We need universal health coverage in this country. This budget moves us in that direction by making SCHIP a priority. It gives the committee the ability to expand a very successful program. SCHIP works. It provides health insurance for our children.

Over the last 10 years, we have seen improved health care outcomes as a result of the SCHIP program. We know that if a person is covered by SCHIP, they are much more likely to receive primary care and dental care. They are much less likely to use the emergency rooms and much more likely to be immunized and have preventive health care and access to prescription drugs. Those enrolled in the SCHIP program are going to be better off. This budget allows us to move that issue forward. We often talk about it.

There was a hearing before the Senate Finance Committee and a family from Maryland was there. I will quote from Mrs. Bedford. She has five children in the SCHIP program. What she said is:

Perhaps the greatest impact MCHIP, the Maryland Children's Health Insurance Program, has had on our families medically is that we no longer have to make impossible health choices based on a financial perspective. We no longer have to decide whether a child is "really sick enough" to warrant a doctor's visit. We no longer have to decide whether a child "really needs" a certain medication prescribed by his pediatrician. The face of CHIP is families such as ours, families who work hard and play by the rules, trying to live the American dream.

This budget will allow more families to be able to be in the health program and to live the American dream. Another family in Maryland is the Diver family, where Diamonte Diver died as a result of not getting access to preventive dental care. The toothache became abscessed and spread into his brain. He had emergency surgery costing over a quarter of a million dollars. If he would have had access to preventive oral care, dental care, for \$80 he could have had a tooth extraction and that would have saved money in our health care system.

By expanding the SCHIP program, more children will be covered by dental care. There are so many reasons why this budget will allow us to move forward regarding our health care priorities. In the 109th Congress, we prevented 17 States from running out of money late in the session. This budget versus the President's budget is a clear choice. The President's budget moves in the wrong direction on health care and the SCHIP program. This allows us to make it truly a national priority.

There are other parts of the budget in health care that I support, such as the long-term care reserve fund, so that we can develop a more cost-effective way to take care of long-term care needs, so families can get assisted living help or home health care, and they

don't have to spend as much money in nursing care. I could go through many priorities, whether it is veterans health care, education, or whether it is transportation. All these are important priorities that this budget allows us to move forward on in a fiscally responsible way.

I know we have had budgets that try to pull back from the pay-go requirements. I am glad we have stood up for the pay-go requirements. We have to balance the budget, but we need to change the priorities of America and move forward with health care and education, and we need to move forward with veterans and transportation. This budget allows us to do it.

I urge my colleagues to be cautious on all these amendments that are being offered. They may sound well intended, but they could jeopardize the thrust of the budget. I urge my colleagues to support the underlying resolution.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I thank Senator CARDIN, the Senator from Maryland, an extremely valuable member of the Budget Committee. He came to this Chamber after an extremely well-respected career in the House of Representatives, where he served in the most powerful committee in the House of Representatives, the Ways and Means Committee. Senator CARDIN is known as a Congressman's Congressman. He is somebody who does his homework. We have already seen that on the Budget Committee. He is already an extraordinarily valuable member there. I rely on him heavily. I cannot tell you how pleased I am to have Senator CARDIN on the Budget Committee. He has a wealth of knowledge, which has been put to good use as we have crafted this budget resolution. So I commend him and thank him publicly for the contribution he has made. This is the kind of serious-minded person this Senate needs and the Congress of the United States needs. We are delighted he is on the Budget Committee.

I would like to speak for a minute on the Enzi amendment. Senator ENZI, on the other side of the aisle, is somebody I not only like but I respect. Senator ENZI was an accountant in his private life. He brings those skills and that discipline to his job. He is well regarded on both sides of the aisle because he is serious about the job. I wish to start by saying I do like and admire the Senator from Wyoming, Mr. ENZI.

On his amendment, let me give my reactions. I think it is entirely well intended. What I worry about are the unintended consequences with this amendment. Let me say why. Currently, there is a 60-vote point of order against legislation that would impose unfunded mandates against State, local, and tribal governments above a certain threshold. That threshold right

now is \$66 million in any 1 year. In addition to that point of order, there is a 50-vote point of order against legislation that would have an unfunded private sector mandate above a certain threshold. That, currently, as I recall, is \$131 million in a year. But that is not a 60-vote point of order; it is not a supermajority. It is a simple majority. The amendment that Senator ENZI has presented would make the private sector unfunded mandate point of order a 60-vote one, a supermajority.

I think the Senator would acknowledge that. He has altered it somewhat from what he offered in committee. It applies to the extent that the mandate affects small businesses. So this amendment could result in a budget point of order against legislation that has no Federal, State, local or tribal budget impact; but it would have an effect if a mandate affects small businesses and it has an effect of over \$131 million in any year.

So far, so good. The difficulty I see with the amendment is, first, once again, the Budget Committee does not have the authority to make this kind of policy determination. We don't. I would like to. Many times as the Budget Committee chairman, I wish we had this kind of authority, but we simply don't.

If legislation such as this were adopted—and again, it can't be adopted in a budget resolution—but if it were adopted separately, my staff informs me it could affect legislation in the following areas: It could actually create a 60-vote point of order against the mental health parity legislation of Senator DOMENICI—legislation, by the way, of which Senator ENZI is a cosponsor. It could create a 60-vote point of order against the 2007 Defense authorization bill. It could create a 60-vote point of order, a supermajority hurdle, against minimum wage legislation, bankruptcy reform, pension reform, and a host of other bills.

That is the concern I have about this amendment in terms of a policy. We have not had a hearing. It requires further exploration before we would go forward with this particular amendment.

Again, the desire the Senator has to have unfunded mandates points of order on issues that would affect small business is entirely reasonable, but I am very concerned about the unintended consequences. I am very concerned about creating a 60-vote hurdle, a supermajority vote, that could affect issues such as the mental health parity legislation of Senator DOMENICI, such as the 2007 Defense authorization bill, such as the minimum wage bill, such as the bankruptcy reform legislation, such as pension reform.

I sense there is danger here, and I urge my colleagues to think about it carefully before they vote for the amendment.

I understand we are getting to the end of the time. Does Senator ENZI have time remaining?

The PRESIDING OFFICER. Senator ENZI has 8½ minutes remaining.

Mr. CONRAD. Perhaps Senator ENZI wishes to use his time at this point.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, I appreciate the comments of the Senator from North Dakota. He and I do have a lot in common. My grandparents homesteaded in North Dakota, and he and I both have a degree from the same college. We share a respect for the process of the Senate. I certainly respect him for the way he handles the budget and the fairness with which he has done so.

I hope he and others on the other side of the aisle will take another look at this amendment and not feel any fear. I hate to have people vote on a sense that there might be something sinister. If one looks at my record in the Senate, they will find I do not do things that are sinister, but I do things that protect small business.

As I have pointed out before, a point of order can be waived. If there are 60 votes, that point of order falls, and the issue moves forward. The Senator mentioned mental health parity. Yes, I am a cosponsor of mental health parity legislation. I have helped to bring people together, to find a third way of doing it, to get it into the 80-percent category, and move it forward for the first time. I know Senator DOMENICI has been working on this issue for over 6 years, close to 10 years, to get it to the point where it is now. I certainly wouldn't do anything that would put that bill in jeopardy. It could be in jeopardy because there is already a 60-vote point of order against it we will have to waive in order to go forward.

On a lot of these small business issues, there would be a 60-vote point of order already available on it. As I mentioned before, there is already another 60-vote possibility because anybody in the Senate can filibuster an issue which can cause it to fall into a category of needing a cloture motion. When you file a cloture motion, if you were to file it today, we couldn't vote on it until Saturday, and we would be debating the qualities of that amendment until Saturday. Saturday, when we had the 60 votes to pass it, then there would be another 30 hours of debate before the actual vote on that amendment, if everybody wanted to press the time. That would take up 5 days, maybe 6 days.

Waiving a point of order takes a few moments, and we can see if there is the strength to move the issue forward and discourage filibusters.

There is some real merit to having this point of order, both to show we have a concern for small business and recognize they are the engine that drives the economy of this country and that we do need to watch out for them, protect them, and keep from putting them out of business.

I hope my colleagues will take a careful look at this amendment and see the merit in it instead of sensing that

there could be implications. I do not have any ulterior motives, other than my normal concern for small business and the feeling we need to watch out for them. It doesn't hurt to have a searching for answers, sometimes a third way, to get done what we want to do to allow small business to succeed and for us to do what we wish to do.

I hope my colleagues will take a look at this amendment and vote for it. I sense there are some who are going to vote for it anyway. I hope they follow through and vote for it.

I yield the floor and yield back the remainder of my time.

Mr. CONRAD. Mr. President, we are now awaiting the arrival of Senator CARPER. I ask the staff to call the Senator's office because we are ready to go to Senator CARPER's amendment.

Mr. President, could you give us an update on the time situation?

The PRESIDING OFFICER. At the present time, there is 4 minutes remaining to the Senator from Wyoming and 3 minutes remaining to the Senator from North Dakota on the Enzi amendment.

Mr. CONRAD. We are prepared to yield back all time on both sides of the Enzi amendment.

I see Senator COLEMAN is here. Will Senator COLEMAN be available to go forward with his amendment? Senator CARPER is not in the Chamber.

Mr. COLEMAN. Mr. President, I am ready to go forward.

Mr. CONRAD. Mr. President, I ask the manager on the other side if that is acceptable with him.

Mr. GREGG. Yes.

Mr. CONRAD. Why don't we do that. We thank Senator COLEMAN very much. We will go to Senator CARPER after Senator COLEMAN has completed.

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

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 577

Mr. COLEMAN. Mr. President, I ask unanimous consent that the pending amendment be laid aside so that I may send an amendment to the desk.

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

The legislative clerk read as follows:

The Senator from Minnesota [Mr. COLEMAN], for himself, Ms. SNOWE, Ms. COLLINS, and Mr. ROBERTS, proposes an amendment numbered 577.

Mr. COLEMAN. 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 provide budget levels to extend through 2012 the production tax credit for electricity produced from renewable resources; the Clean Renewable Energy Bonds; and energy tax provisions for energy efficient buildings and power plants)

On page 3, line 12, decrease the amount by \$277,000,000.

On page 3, line 13, decrease the amount by \$634,000,000.

On page 3, line 14, decrease the amount by \$939,000,000.

On page 3, line 15, decrease the amount by \$1,307,000,000.

On page 3, line 21, decrease the amount by \$277,000,000.

On page 3, line 22, decrease the amount by \$634,000,000.

On page 3, line 23, decrease the amount by \$939,000,000.

On page 4, line 1, decrease the amount by \$1,307,000,000.

On page 4, line 7, decrease the amount by \$277,000,000.

On page 4, line 8, decrease the amount by \$634,000,000.

On page 4, line 9, decrease the amount by \$939,000,000.

On page 4, line 10, decrease the amount by \$1,307,000,000.

On page 4, line 16, decrease the amount by \$277,000,000.

On page 4, line 17, decrease the amount by \$634,000,000.

On page 4, line 18, decrease the amount by \$939,000,000.

On page 4, line 19, decrease the amount by \$1,307,000,000.

On page 26, line 16, decrease the amount by \$277,000,000.

On page 26, line 17, decrease the amount by \$277,000,000.

On page 26, line 20, decrease the amount by \$634,000,000.

On page 26, line 21, decrease the amount by \$634,000,000.

On page 26, line 24, decrease the amount by \$939,000,000.

On page 26, line 25, decrease the amount by \$939,000,000.

On page 27, line 3, decrease the amount by \$1,307,000,000.

On page 27, line 4, decrease the amount by \$1,307,000,000.

Mr. COLEMAN. Mr. President, as we all know, budgets are about setting priorities for the Nation. As we continue to work on the resolution today, I offer an amendment to address a key priority for our Nation: providing for our Nation's energy future.

We all know America's energy needs are growing rapidly. We need clean energy, and high energy prices threaten our national security. This is now a national security issue. A few years ago, when I was talking about ethanol, I would get some patronizing pats on the back for taking care of some Midwest corn growers. That has changed today.

Clearly, this is a national security issue. High energy prices threaten our economic security. It is imperative then that Congress work to promote energy technology that will offer clean energy solutions and, if anything, Congress's budget should provide for new opportunities to address these issues.

Yet in addition to seeking new legislative opportunities, we must address the oncoming expiration of current energy tax incentives that promote renewable energy and energy efficiency.

At the end of 2008, tax incentives for wind, biomass, geothermal, hydro-power, solar, and other clean energy technologies will expire, as well as tax provisions for energy-efficient residential and commercial buildings.

In my home State of Minnesota, we take a lot of pride in our leadership on renewable energy issues from biomass

to wind. It has been said southwest Minnesota is the Saudi Arabia of wind. Our State has made a massive investment in renewables and it is paying off. Renewable energy allows Minnesota to diversify and expand. It has reduced Minnesota's carbon footprint, and has also created jobs and put our State on the leading edge of renewable technology. At one point, I believe Minnesota had half the E85 pumps.

We have had success I would like to see continue in my State and replicated across the Nation. The United States should be a leader of renewable energy in this world. But much of the success would not have been possible without a little assistance. The production tax credit, for example, has enabled the wind industry to explode over the last several years. I talked with so many folks involved in the wind energy business, farmers who farm wind today, small-town mayors who are depending on wind energy to help them. We are at the point now where there is a waiting list for wind turbines. This is a great success story that would not have been possible without the production tax credit which is set to expire at the end of 2008.

Another renewable energy incentive that is new but has generated a lot of interest is the CREBs, clean renewable energy bonds. These are enabling local governments and rural electric co-ops to make a contribution to the need for renewable energy. I know there is a case in Minnesota where several school districts actually combined to use these bonds to put up a wind turbine project. There are great renewable success stories waiting to happen, but this wind energy tool, set to expire in 2008, will be short lived if not extended.

A lot of times, we focus on the production side of the energy issue, when, in reality, promoting energy efficiency can do more than anything to lower energy prices and protect the environment in the short term. In fact, the American Council for Energy-Efficient Economy has found if a massive energy efficiency effort were undertaken, we could reduce natural gas use by 1 percent and cut prices by well over 30 percent—in fact, they said a 37-percent potential cut in prices. Energy efficiency is the quickest, cheapest, and cleanest way to bring down energy costs for consumers. Meanwhile, as consumers save money, they also reduce greenhouse gas emissions.

Although we should always look for additional policies that promote energy efficiency, Congress has passed tax provisions for energy-efficient homes and commercial buildings that have made a real impact. One such provision is a deduction for energy-efficient commercial buildings that reduce annual energy and power consumption by 50 percent, while another tax provision provides a credit to eligible contracts for construction of a qualified new energy-efficient home. Unfortunately, these, too, will expire in 2008.

At a time when Congress should be sending clear signals to the marketplace to move forward with renewable energy and energy efficiency, the very tax incentives targeted to these endeavors will expire shortly. Meanwhile, how is business supposed to make long-term, responsible decisions with such little certainty about the existence of these provisions?

That is the point. If you talk to farmers, talk to groups of farmers who are coming together, they can't get the investment, they can't pool investment, work with banks and others unless they know there is a long-term tax incentive in place. That 1 percent per kilowatt is absolutely critical, and it is set to expire in 2008.

The tremendous advantage we are making—and the Senator from North Dakota understands well—is important to our part of the country. There is the possibility of cutting the legs out from under them, and we simply should not let that happen.

From my State, there is a very clear example. My State of Minnesota has adopted—and is setting the standard—a 30 by 20, 25 requirement. In other words, cut emissions by 30 percent.

Yesterday I sat in on a conversation with the head of Xcel Energy, one of the largest energy providers in the State of Minnesota, and I said: How are you going to get to 30 percent? His answer was wind energy. Wind energy will play an important part.

It used to be a boutique form of energy, just a couple of wind farmers, but today it is an important part of the whole package, the whole piece we need to have in place in order to meet the standards that have been set that will provide for a cleaner environment and that will cut our dependence on foreign oil.

Without incorporating these extensions into its fiscal blueprint, I do not believe this budget is setting a responsible course for our Nation's energy policy. As we look for additional ways to promote renewable energy and energy efficiency, I urge my colleagues to recognize the need to ensure that we do not take a step back. If these tax incentives expire, we will be taking a terrible step back. We need to extend these energy tax provisions, and I urge support for my budget amendment.

Mr. CONRAD. Mr. President, the Senator from Minnesota offers an amendment with which I am entirely sympathetic. In fact, these are many things that I strongly support.

I would inquire of the Senator if he would be open to a different pay-for. Let me express why I am concerned about it. The pay-for the Senator has offered is section 920, and section 920 is about, at this point, fully subscribed. We are between \$7 billion and \$7.5 billion a year on section 920 already, I would say to the Senator. That is about as much as we can do realistically. The President, in his package, had \$7.5 billion. The appropriators, in this last bill for the last year, did \$6 billion.

So the concern I have is that we wind up with a circumstance that will not accomplish what the Senator and I very much want to have happen. I would offer for his consideration that we will not be voting on his amendment right now, in any event, so there is some time for us to consider an alternative. If I could quickly offer as an alternative a reserve fund, which would give total flexibility to the committees of jurisdiction as to how to fund them, would the Senator be open to an alternative?

Mr. COLEMAN. I would note, Mr. President, that I think the underlying budget provides about \$36.4 billion in section 920 funding. I think that is the figure. I know, as the Senator from North Dakota knows, that there have been a number of other proposals. I think Senator BINGAMAN's amendment uses section 920. I do think this is a priority that should have been in the underlying budget. I think it is that essential. I believe the Senator from North Dakota understands and knows the importance of the extension of these tax credits.

This will not be voted on now for a couple of hours, but I will certainly go back and explore and look at some of the possibilities. In the end, I believe this needs to be part of this budget. It is important for our Nation's energy security. It is important, certainly, from an economic perspective. And it is a win-win for everyone. So let me explore other alternatives, but I do hope my colleagues support this amendment, either with the 920 section we are looking at or we will explore whether there is another potential.

Mr. CONRAD. I thank the Senator very much.

Mr. President, the Senator is exactly right. I think in section 920, we are at about \$38 billion. That is over 5 years. The \$7 billion I was referencing is for 1 year. The comparison I was making is that the President had given us similar offsets of about \$7.5 billion for 1 year. The appropriators, in the last major bill for last year, did \$6 billion for the year. So what I am trying to communicate is that I think we are pretty close to fully subscribed there.

There is an alternative that would be a deficit-neutral reserve fund that leaves open to the committees of jurisdiction—it actually gives them more flexibility, I would say to the Senator. I would enthusiastically support that, if the Senator would consider a modification.

Mr. COLEMAN. Mr. President, I will certainly work with the Senator from North Dakota and see if we can figure out a way to get this done.

Mr. CONRAD. Mr. President, we are now ready to go to Senator CARPER.

We very much appreciate the patience Senator CARPER has shown in getting time on the Senate floor. We thank him for his valuable contributions as we work these many amendments we have already considered. Senator CARPER has been an especially

constructive member, and we want to recognize him and thank him for that.

Mr. CARPER. Mr. President, I want to convey my gratitude to Senator CONRAD, our chairman, and also Senator GREGG, our former chairman, and say how much I respect and admire the way they have worked together, whether Democrats were in the majority or the Republicans were in the majority. I think they set an example for the rest of us to follow in the way we deal with each other: with mutual respect, always focusing on the issues, sometimes disagreeing, but doing so in an agreeable way, much the way the Presiding Officer handles himself in these matters.

AMENDMENT NO. 538

Mr. President, I ask unanimous consent that the pending amendment be set aside and that it be in order for me to call up one amendment at the desk, and that is amendment No. 538; that once it is reported by number, it be set aside and that I be recognized to speak with respect to this amendment, as already previously provided for.

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

The clerk will report the amendment. The legislative clerk read as follows:

The Senator from Delaware [Mr. CARPER], for himself and Mr. COBURN, proposes an amendment numbered 538.

Mr. CARPER. 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 reduce the deficit by recovering improper payments)

At the appropriate place, insert the following:

**SEC. . . . DEFICIT-REDUCTION RESERVE FUND FOR REDUCTION OF IMPROPER PAYMENTS.**

The Chairman of the Senate Committee on the Budget may revise the aggregates, allocations, functional totals, and other appropriate levels and limits in this resolution upon enactment of legislation that achieves savings by eliminating or reducing improper payments made by agencies reporting improper payments estimates under the Improper Payments Information Act of 2002 and uses such savings to reduce the deficit, provided that the legislation would not increase the deficit over the total of fiscal years 2007 through 2012.

Mr. CARPER. I have three amendments, Mr. President, that I will be talking about which I offered with Senator COBURN. Before I talk about the amendments, though, let me take a moment to say, as a lot of my colleagues do, I have a great deal of interest in the budget, the budget itself and also the budget process.

Part of my interest goes back to my former role as Governor of my State, where we drafted, prepared, proposed, and implemented those budgets for 8 years. During those 8 years, we balanced our budget every year. We even put money, I think almost every year, in a rainy day fund to deal with challenges that might confront my successors someday down the line. We were



able to balance the budget during those years in part because we were guided by a simple, basic principle, and that is if something is worth doing, it is worth paying for.

Balancing the budget doesn't mean sitting on our hands and doing nothing. In Delaware, while I was privileged to serve as its chief executive, we cut taxes in 7 out of 8 years, both individual personal income taxes and business taxes. We also invested in our schools to raise student achievement. We sought to improve health coverage for our children. We put in place a prescription drug assistance program. We helped make welfare pay less than work so that people would be incentivized to go to work. We enhanced our transportation infrastructure and paid down some of our debt.

It wasn't just the Governor, it was the legislature, with Democrats and Republicans working together, sort of our tradition in my little State. We set priorities, we saved money where we could, and when something was worth doing, we paid for it. We paid as we went. We balanced the budget, and we did so year after year.

When I was elected to the Senate in 2000, the Federal budget was balanced as well. In fact, our country was enjoying budget surpluses. When I came to the Senate, we were actually on track to pay off our national debt. We were on track to be debt free, as hard as that is to imagine today. I spent most of my first term in the Senate in the minority. It was a very different experience from being Governor of my State. Over the course of my first term in the Senate, I watched the majority pass budget resolution after budget resolution that ultimately dug us further into debt.

In 2000, the Federal budget was on course to run, I think, a \$5.5 trillion surplus. The size of the national debt had been falling at that point for a couple of years. Over the last 6 years, we have gone, unfortunately, in the opposite direction. We have run record budget deficits and added some \$1.5 trillion to our Nation's debt.

Last year, the American people said enough. This budget resolution responds to the desire of the American people to return to what I call a commonsense approach. There is an old saying—I think it is from Denis Healey, Chancellor of the Exchequer in Great Britain. He had a theory on holes. "When you find yourself in a hole, stop digging." With this budget resolution, we stop digging.

This budget resolution does, once again, what budget resolutions are supposed to do. It not only charts the course to a balanced budget, it also includes enforcement mechanisms to keep Congress's feet to the fire and, I might also add, the executive branch's feet to the fire. A plan on paper to balance the budget is great, but it does no good if we throw that plan out the window as soon as we start passing spending and tax cut bills later in the year.

This budget resolution requires that new proposals to increase spending or decrease revenues be fully offset with counterbalancing cuts in spending or increases in revenue. This pay-as-you-go requirement is something that I have been advocating, along with a number of my colleagues, certainly Senator CONRAD and others, for years. I am very pleased it will soon be adopted, I hope, by the Senate.

This budget resolution takes something called budget reconciliation and restores it to its original purpose. Reconciliation is a special procedure that was created to make it easier to pass legislation that made tough choices to reduce budget deficits. However, reconciliation has been abused in some of these recent years. It has been used to speed the passage of legislation that, far from balancing the budget, actually turned around and busted the budget. It is a little like adding grease to a pig. It makes it exceedingly difficult to get a handle on our out-of-control budget problems.

I offered an amendment a couple of years ago to prohibit the use of reconciliation to expedite passage of measures that do bust the budget. I don't know if that amendment was adopted, but I am glad the Senate will soon take this important step to restore fiscal order.

This budget also includes a new long-term budget point of order. This is vitally important because our short-term budget challenges pale in comparison to our long-term budget challenges. We ought to be taking steps now to prepare for the retirement of the baby boom generation—that is my generation and maybe the generation of several of us on the Senate floor today—preparing for our retirement and preparing for the strain those retirements are going to place on programs such as Social Security, Medicare, and, I might add, Medicaid. The last thing we ought to do is take steps now that will make matters worse in the future.

The new budget point of order created by this resolution requires 60 votes for legislation that would make our long-term budget challenges substantially worse. This forces the Congress to look beyond the present, even past the next election—something we don't always do—to the future we are leaving to our children and to our grandchildren.

I commend the chairman of the Budget Committee, Senator CONRAD. He has inherited a difficult set of circumstances. He has inherited a budget pretty much out of balance. He has inherited a Tax Code that has middle-class tax increases built in, in the form of a rapidly expanding alternative minimum tax. Nonetheless, under his leadership, the Budget Committee has managed to craft what I think is a very sensible resolution. They have provided for our troops in the field. They have provided for investments at home in education, health care for our children, and they have done this in the context

of a plan that holds the line on taxes and charts a course to a balanced budget over the next 5 years.

I particularly thank Senator CONRAD for managing to provide, consistent with a plan to balance the budget, vital support for passenger rail service in this country of ours. It is becoming increasingly evident every day that passenger rail is a good investment, and one I think that is getting better. It is critical to economic growth and mobility. It is necessary to address traffic congestion and to protect air quality, and it is an essential part of reducing our dependence upon foreign oil.

I will just share what I think is a pretty good "gee whiz" factor. We are in Washington, DC, today talking about how rail, passenger rail and freight rail, can help in terms of reducing our dependence on foreign oil. We can take a ton of freight, move it from Washington, DC, to the Northeast corridor, to Boston, MA, with 1 gallon of diesel fuel. Think about that. With 1 gallon of diesel fuel you can move a ton of freight by rail from Washington, DC, to Boston, MA.

There are real economies to be gained, real progress in terms of reducing our dependence on foreign oil. That is about as graphic an example as I can think of.

Mr. CONRAD. Mr. President, will the Senator yield for a question?

Mr. CARPER. I will be happy to yield.

Mr. CONRAD. The Senator shared that statistic with me the other day, and I would like the Senator to repeat it because I think it is very easily overlooked. Would the Senator repeat that statistic?

Mr. CARPER. With pleasure. It is possible to move 1 ton of freight by rail from Washington, DC to Boston, MA, for about a gallon of diesel fuel. That is it. There are similar kinds of efficiencies we could realize by moving people, not just tons of freight by rail but people by rail, especially in densely populated corridors. I am not one who argues—I used to be on the Amtrak board, but I am not one who argues we should run trains in places people don't want to ride them or that we should run them in sparsely populated areas. I don't know that always makes sense. But we have 75 percent of people in this country who live within 50 miles of one of our coastlines. What that does, from the Northeast, the mid-Atlantic, Southeast, gulf coast, west coast, is create a lot of densely populated corridors. They lend themselves to passenger rail, especially for trips of maybe 300 or 400 miles or less.

With respect to Amtrak funding, we need to appropriate levels of capital. That is going to be more important as we consider a comprehensive reauthorization bill for Amtrak, which I hope is going to happen later this year.

I also thank Senator CONRAD and the committee for addressing the tax gap in this bill. That is the difference between the amount of tax that is legally

owed and the amount that is actually being paid on a timely basis. The tax gap is estimated to be some \$345 billion in 2001. The chairman of the Budget Committee has estimated it will amount to as much as \$2 trillion over the course of the 5 years covered by this budget resolution. If we completely closed this tax gap, we would largely eliminate the Federal budget deficit. We are never going to completely close it, but we need to do more to narrow it. It is a matter of basic fairness to the great majority of Americans who do the right thing and pay their taxes they owe on a timely basis.

Together with Senator COBURN, who is the ranking member of the Financial Management Subcommittee I chair, I am offering three amendments to the budget resolution that I believe complement the initiatives in the budget resolution to address the tax gap. Our amendments deal with the spending side of the equation. Based on our work in the subcommittee, our amendments point to ways in which we can and should reduce the deficit by promoting better financial management. I think actually the administration probably agrees with what we are trying to do here.

Our first amendment deals with improper payments. Agencies across the Federal Government spend literally tens of billions of dollars every year on avoidable payment errors.

The most recent Governmentwide estimates from OMB report that agencies made about \$41 billion in improper payments in fiscal year 2006, most of them overpayments. This total is likely only the tip of the iceberg, since many agencies are not in full compliance with the law that requires them to report on their payment errors—the Improper Payments Information Act.

OMB has plans in place to improve agencies' compliance with the Improper Payments Information Act. In keeping with our oversight role, our subcommittee is working with OMB to ensure that agencies comply with these plans and make consistent progress toward OMB's goal of eliminating up to \$20 billion—that's about half the improper payments—in reported improper payments between now and 2011.

The first amendment Senator COBURN and I have submitted would apply such savings as we are able to realize through the elimination of improper payments to deficit-reduction.

The second amendment Senator COBURN and I have submitted touches on recovery audits, a tool at least some agencies use to recover payment errors they make.

Under current law, agencies with at least \$500 million in contracts outstanding must regularly go through their books to find overpayments, double payments, and other errors they may have made in paying their contractors.

According to data released by OMB in January, just 2 months ago, agencies used recovery auditing to identify and

collect millions of dollars in payment errors made to contractors. Frankly, We would like to see more of this kind of auditing work done.

I intend to work with Senator COBURN, OMB, and others to increase the amount of recovery auditing that occurs at the Federal level. The amendment Senator COBURN and I have submitted today would dedicate the savings we achieve by doing that through these efforts to deficit reduction.

Our third amendment touches on the management of Federal property. Senator COBURN and I have learned through several hearings in our subcommittee that agencies are spending a significant amount of money each year maintaining unneeded property—including buildings that are completely vacant.

Part of this problem comes from the fact that agencies still don't really know what property they own, in some cases, despite some admirable efforts undertaken by the administration. Agencies also aren't given the appropriate incentives under current law to dispose of property they no longer need.

Senator COBURN and I have been working on legislation that would give agencies additional tools and incentives that will encourage them to dispose of unneeded and vacant property. In so doing, it will enable the Federal Government and the taxpayers of this country to save the substantial costs that are incurred when we fail to dispose of these excess properties.

OMB has said that the legislation Senator COBURN and I hope to bring forward this year would help agencies unload some \$11 billion in property by 2011. The amendment Senator COBURN and I have submitted today would devote this savings to deficit-reduction.

Again, I commend the Chairman of the Budget Committee and the Full Committee for a job well done. I urge my colleagues to support this budget resolution. And I urge my colleagues to join Senator COBURN and me in our efforts, I hope later today, to reduce the deficit through better financial management, by supporting these 3 amendments.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I see now that Senator LINCOLN has come to the floor. We are running a little bit ahead of schedule, which is very helpful to us. While the Senator prepares, I say this to my colleagues: It is very important for colleagues to get this message because we have agreed between the managers of the bill to the following: In addition to the outline of amendments we have between now and when we start voting, we are then going to stop voting at 6 o'clock tonight. We will then have a period this evening where Senators will be able to speak. They will not be able to offer amendments. They can speak about amend-

ments, but they will not be able to offer the amendments. We will have blocks of 30 minutes. From 6 to 6:30, the time will be under the control of the minority. From 6:30 to 7, it will be under the control of the majority. It will alternate back and forth in that way.

So from 6 to 6:30, the minority will control a 30-minute block. From 6:30 to 7, the majority will control a 30-minute block, and so on. From 7 to 7:30, back to the minority. From 7:30 to 8, the majority. Senators and their staffs need to be aware that time will be available for speaking. You can talk on the amendments. You can talk on the budget resolution. You will not be able to offer an amendment, but you can talk about the amendment you will be offering tomorrow.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. To clarify further from our side of the aisle, in those time slots we have already had requests for 10 speakers. We are basically allocating 15 minutes per speaker so we are well into 2½ hours of our time we will be using on our side of the aisle. If other people wish to speak, it will be after those first 10 who have already gotten in touch with us and told us they need time. Please get in touch with us if people want to say something. At that time it will be a convenient time for people who have an amendment to talk about the amendment so they can get a little more on the record about the amendment because tomorrow on the vote-arama they will be limited to 1 minute to explain their amendments.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Senator. I wish to send the word out to Senators on our side that time will be designated on a first come, first served basis. So Senators need to call the cloakroom or call the Budget Committee to get that time allocated.

Now we have time reserved for the Senator from Arkansas, Mrs. LINCOLN.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

AMENDMENT NO. 542

Mrs. LINCOLN. Mr. President, I ask unanimous consent to call up amendment 542.

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

Mrs. LINCOLN. I also ask unanimous consent to add Senator MCCASKILL as a cosponsor of the amendment.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mrs. LINCOLN], for herself, Ms. SNOWE, and Mrs. MCCASKILL, proposes an amendment numbered 542.

Mrs. LINCOLN. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide the Veterans Benefits Administration with additional resources and staff to more effectively meet their increasing workload and to address the unacceptably large claims backlog that continues to cause undue hardships for veterans and their families across the country)

On page 22, line 12, increase the amount by \$70,000,000.

On page 22, line 13, increase the amount by \$62,000,000.

On page 22, line 17, increase the amount by \$8,000,000.

On page 26, line 12, decrease the amount by \$70,000,000.

On page 26, line 13, decrease the amount by \$62,000,000.

On page 26, line 17, decrease the amount by \$8,000,000.

Mrs. LINCOLN. Mr. President, I have a special thanks to our chairman and ranking member, who have been enormously diligent on this budget issue. Chairman CONRAD has done a phenomenal job in bringing together a budget that reflects values for this country and for the American people. We are grateful to him for spending so much time, along with the members of the Budget Committee, in doing that.

I rise today to offer this amendment with my friend and colleague from Maine, Senator SNOWE. It is an amendment to the budget resolution that would provide an additional \$70 million for the Veterans Benefits Administration. It is not a huge amount, but it is a necessary amount. This very much needed funding would provide the Veterans Benefits Administration with additional resources and staff to more effectively meet its increasing workload and its growing backlog of pending claims.

We have seen a tremendous pressure put on our Veterans' Administration over the last several years. The veterans of this country, who have given so selflessly to this country in their service, in return deserve the services they have been promised. It is so important that the Veterans' Administration is able to process those requests.

Chairman AKAKA and Senator MURRAY have certainly shown tremendous leadership on behalf of our veterans. I thank them from the bottom of my heart. I thank them for all they have done. I also commend my colleague Chairman CONRAD for this budget resolution which does so much in reflecting our Nation's commitment to our veterans. We know the chairman has put in here much needed resources for the VA. Those of us who believe so strongly in our veterans appreciate that.

I am here today to build off of that great work these individuals have done. Delivering timely and accurate benefits to the brave men and women who have served our Nation in uniform should be a priority for each of us. The current backlog of pending disability and compensation claims has been listed as one of the VA's highest management priorities over the past several years. Yet the backlog that exists there is growing each and every day. The number of veterans who are con-

tacting our office, our congressional office in Arkansas, who need help in navigating the disability claims arena at the VA, is so huge. Unfortunately, the time that begins to lag becomes years—not weeks or days but years—that our veterans are not getting the services they need because of this claims process.

With an aging veteran population and more and more service men and women who are returning from overseas, the numbers of these claims will continue to increase, and the problem also becomes that our older veterans who have claims and have had claims existing for a long time, unfortunately, with newer veterans who are returning from Iraq and Afghanistan, they get pushed to the front of the line oftentimes. It is an unreasonable situation for the VA to be in.

The complexity of these claims has also increased as the health of our aging veterans has worsened and we are seeing a growing number of complex new claims that are resulting from complex combat-related injuries, such as PTSD and traumatic brain injuries.

Unfortunately, the increase in the growing complexity of these claims, coupled with the lack of resources by the VA, has contributed to an unacceptably large claims backlog that continues to cause undue hardship for our veterans and their families all across this country.

We all agree the claims process should be more timely and more accurate. While there are a number of fundamental changes that need to be made, the least we can do is better provide the VA with the resources and the staff they so desperately need.

Last year the backlog of pending compensation and pension claims was nearly 586,000. As of last week, the backlog had grown to over 647,000.

The most time-consuming and labor-intensive claims to process are the disability claims which require rating decisions. Last year the backlog of disability claims was nearly 372,000. Today it has grown to 405,000. This amendment would address the growing backlog of pending disability claims by providing \$65 million to hire an additional 600 disability claims processors.

As the VA receives and adjudicates more claims, it results in a larger number of appeals. That backlog of claims also continues to grow, and that is why this amendment would provide \$4 million for the Board of Veterans' Appeals to hire 32 additional full-time staff.

Additional funds are also necessary to increase training for current employees as well as any new employees to ensure consistency of claims processing and to lower error rates. That is why this amendment would provide the 1-year cost for increased training resources and quality measures with \$400,000 for training and performance support systems and \$400,000 for skill certification.

I was taught at an early age about the sacrifices our troops and their fam-

ilies have made to keep our Nation free. My father and grandfathers both served in uniform; my father in Korea as an infantryman, I had both grandfathers who served the Nation in World War I. That is why I am here today.

These veterans have given so much. They have given so much, as have their families. But to sit in waiting for years to get an answer from the VA is absolutely unacceptable, simply because we are not willing to put the staff there that needs to be there to deal with the volume of people who are coming.

I urge my colleagues to support this amendment, which would simply allow the VA to better process and award the benefits to which they are entitled by law. This does not create any new benefits. It simply gives them access to the benefits they already need and deserve.

I would ask my colleagues to check with your staff and check with your offices to see the disability claims you are dealing with for veterans in your State and see how many of them have such a lengthy time that you would love to be able to erase.

The lessons ingrained in me since my childhood have taught me that after a person has served in the military, we should make every effort, absolutely every effort, to care for them and for their families and to honor the benefits they have earned. It is the least we can do for those to whom we owe so much. It is the least we can do to reassure future generations that a grateful nation will not forget them when their military service is complete.

I urge my colleagues to support us on this amendment. We know that, as I said, the Budget Committee has done a good job in putting forth a responsible budget but one that truly recognizes the needs of our veterans. This is one small measure where we can assure the resources will be there to hire the staff, to ensure the backlog in these claims can be taken care of.

I appreciate, again, the chairman and the ranking member of the Budget Committee. I thank them for the incredible job they have done. I encourage my colleagues to support this amendment on behalf of the many veterans, with whom each and every one of us in our offices works, to ensure we can get them a timely response on their claims with the VA.

Ms. SNOWE. Mr. President, I rise today in strong support of an amendment that my friend and colleague from Arkansas, Senator LINCOLN, and myself have offered to the budget resolution, which will help to ensure that our Nation's courageous veterans receive the benefits and compensation that they have earned in a timely and efficient manner from the Department of Veterans Affairs (VA).

Every year, hundreds of thousands of America's finest look to the Veterans

Benefits Administration (VBA) to process their claims for disability compensation, pensions and other entitlements due them as a result of their unselfish and steadfast service to our Nation. However, according to a VBA Workload Report in 2006, the total number of pending compensation and pension claims increased nearly 17 percent over 2006, from 517,574 to 604,308 cases—and as of last week, the backlog had grown to 647,405 cases. On top of this, our country's aging veterans' population and influx of service men and women who will enter the VA system after returning from Iraq and Afghanistan will inexorably lead to an increase in the VBA's workload.

The lengthy delay that many veterans endure to receive their benefits from the VA is simply unacceptable. Therefore, I believe it is vital for the Department of Veterans Affairs to have the resources necessary to promptly deliver benefits to veterans by adjudicating and processing their claims in a timely and accurate fashion. Given the critical financial importance of disability payments for veterans and their families, the VA has an undeniable responsibility to maintain an effective delivery system and to take decisive and appropriate action to correct deficiencies as soon as they become evident.

On March 7, 2007, the Senate Committee on Veterans' Affairs received testimony from Rick Surratt, the Deputy National Legislative Director of the Disabled America Veterans, who highlighted the staffing shortages that have hindered the VA's ability to process claims. Surratt stated:

Past Reductions in staffing levels degraded VA's ability to process and decide disability claims in a correct and timely manner. After falling behind, it never fully recovered. With continued growth in the volume and complexity of claims for disability benefits, VA has not requested the resources necessary to overcome the existing backlog and stay abreast of that growth. . . .

On December 4, 2006, Senator LINCOLN and I joined with 33 of our colleagues to send a letter to the President, respectfully requesting that his fiscal year 2008 budget submission to Congress includes adequate funding for additional staff and resources necessary to address the growing backlog of pending claims at the VBA. According to the President's fiscal year 2008 budget, the average length of time to process a veteran's disability claim has dropped to 177 days, and the President's new budget will lower that processing time to 145 days. Although Senator LINCOLN and I applaud the President's recent efforts to improve the veterans' claims process, we still feel that our Nation's veterans deserve much better.

Therefore, our amendment will directly address the staff and resource shortages at the VBA by providing \$64.5 million in order to hire an additional 600 disability claims processors. Additionally, the Board of Veterans Appeals, whose workload has increased by 82.5 percent since 2001—to an estimated

40,000 cases by the end of 2007—has seen decreases in staff levels during the same period. As a result, a GAO report found that it took an average of 657 days to resolve these appeals. Our amendment will provide the Board of Veterans Appeals with \$4.1 million to hire an additional 32 processors in order to expedite the adjudication process to acceptable levels.

I also believe that comprehensive training and skill certification programs must be implemented in order to reduce the claims backlog and ensure that processing personnel make accurate decisions. The prevalence of new and complex disability claims resulting from posttraumatic stress disorder, PTSD, and traumatic brain injury, TBI, provide further evidence of the VA's need for a larger and more advanced processing staff. Thus, our amendment will provide a 1-year cost for increased training resources and quality measures with \$400,000 for training and performance support systems and \$400,000 for skills certification.

I have nothing but the utmost respect for those brave Americans who served in uniform with honor, courage, and distinction. The obligation our Nation holds for its veterans is enormous, and it is an obligation that must be fulfilled every day. At a time when over 600,000 courageous men and women have returned from combat in both Iraq and Afghanistan, and over 24,000 servicemembers have been wounded since the onset of Operation Enduring Freedom and Operation Iraqi Freedom, Congress must now do everything in its power to answer our veterans' call, to ensure that they receive the benefits that they rightly earned and rightly deserve. I strongly urge my colleagues to support this amendment. Our veterans deserve nothing less.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I wish to thank Senator LINCOLN for this amendment. We all know there is a claim backlog that is absolutely unacceptable. According to the General Accounting Office, between fiscal years 2003 and 2006, the backlog of veterans waiting on ratings claims grew by almost 50 percent, including those filed by veterans of the Iraq and Afghanistan conflicts.

Similar problems have been cited at the Department of Defense. That is an unacceptable backlog. I wish to thank the Senator for offering this amendment, which I might add is paid for. I especially thank the Senator for that.

We now have the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I would suggest that we settle up the post-6 o'clock period, if the chairman is agreeable with that at this time, with a unanimous consent request along the lines of what the chairman earlier outlined.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I ask unanimous consent that we next go to the Senator from Wyoming, Mr. THOMAS, for 10 minutes. Is that acceptable to the Senator? We then go back on the previous schedule. At 4 o'clock, we recognize Senator BAYH for 10 minutes.

Mr. GREGG. The previous schedule assumed Senator KYL.

Mr. CONRAD. We would stay with the schedule we had, but at 4 o'clock we would go to Senator BAYH for 10 minutes. Then after the votes are completed, that we have the first half hour dedicated to the minority, for people with the right to speak on amendments for up to 15 minutes each. That from 6 to 6:30, the time is under the control of the minority; from 6:30 to 7, the time is under the control of the majority; from 7 to 7:30, the time is under the control of the minority, back and forth in those half-hour blocks of time. Senators would be permitted to speak. They would be able to speak on amendments but not to offer amendments during that period.

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

Mr. GREGG. Mr. President, also I would note, for the edification of our side of the aisle, our first group of speakers will be in this order: Senators DOMENICI, SPECTER—they will go 15 minutes each—starting at 6; Senator GRASSLEY and Senator HATCH, second half hour; Senator VOINOVICH and Senator BROWNBACK, the third half hour; Senator CHAMBLISS, Senator THOMAS, the fourth half hour; Senator GRAHAM, Senator BURR, the fifth half hour.

If there are Members, additional Republican Members, who wish to get time in this post-6 o'clock period, I wish they would get in touch with us.

If any of these Members whom I just listed who had gotten in touch with us—we basically listed them in the order they got in touch with us—wish to adjust their time, we will try to work with them. But that is the game plan at the moment, so everyone is on notice.

Mr. CONRAD. I say to the Senator, we may want to think about interspersing Senators because it would be unfortunate if Senators did not appear and there was a large block of time where people were waiting. We are probably going to want to work out some mechanism where Senators, if they are here, we allow them to go forward.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENT NO. 464 WITHDRAWN

Mr. GRASSLEY. Mr. President, I ask unanimous consent to withdraw my amendment dealing with payment limitations on farm programs.

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

Mr. CONRAD. I thank the Senator very much. He has, as always, been very courteous and very helpful in allowing the budget resolution to proceed.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 498

(Purpose: To strike the reserve funds)

Mr. THOMAS. Mr. President, I have an amendment numbered 498 at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wyoming [Mr. THOMAS] proposes an amendment numbered 498.

On page 48, beginning with line 17, strike all through page 62, line 7.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. The reason we are here, of course, is to deal with the budget. I think that is a very important part of what we do in this Congress. It has to do with funding programs, but it has also to do with determining what our spending is going to be in the year.

Frankly, for many of us, having some idea, some control over spending is one of the key issues we face. The amendment I am offering would bring some transparency, restraint, and I hope discipline to this budgeting process. The budget resolution is supposed to provide the blueprint for Government spending and allocate dollars for appropriators in the future. That is what it is for. That is why we do it in the budget, so that for this year we will have a budget that says: Here are the programs, here are the dollars, this is what we do.

To be sure, it is a difficult task. It is always difficult, and there are limited resources and always unlimited demands and infinite requests. It is a tough job putting together a budget. However, it requires hard choices. I understand that. It is a time when we make choices among the competing priorities, and that is what budgeting is for. That is, in fact, the purpose of the budget.

I am concerned, in this budget, about the reserve funds that are placed there. This budget abdicates responsibility in a number of areas and fails to even set a cap on overall spending. The primary mechanism by which this happens is because of the so-called reserve funds.

This budget contains 22 separate funds, the purpose of which is to allow spending beyond the limits specified in the budget decision. In a vast majority of cases, the additional spending authority is totally unchecked. Not only is spending unchecked, there is actually no money in any of these reserve funds.

Of course, each of them is specified to be deficit neutral. What does that mean? What it means is that, in a budget that includes not a single penny of net spending restraint, taxes can be raised to pay for any reserve fund

spending. This could be an additional \$1 trillion in tax increases already assumed in the budget.

So that is the opportunity that is provided because of this reserve provision. Now, I know we have designated reserve funds in the past for various things, but the practice is not one we should encourage or continue or proliferate.

The American people sent a message last November. They want fiscal discipline. I could not agree more. And no more "business as usual" when it comes to spending. So we have a budget but then we have a way to say: I want to expand the budget. And we pay for it by increasing taxes. So we really say: We do not have a budget at all until we are through with the year. I cannot understand that. So I hear the folks who are saying we need to control spending.

Perhaps my friends on the other side of the aisle are not quite as conscious of that as we are. Even if we do make a miscalculation in the budget resolution, we need to move funds from one area to another, and that should be spending neutral. In other words, we should make hard choices, decrease spending in one area if we have to increase it in another.

As it is currently constructed, these reserve funds are the equivalent of a blank check signed by the American taxpayer. So these tax-and-spend funds need to be eliminated. I urge my colleagues to join me in support for this amendment.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CONRAD. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. CONRAD. Mr. President, it is a quarter to 3. Next up is Senator KYL, to be recognized for an hour, equally divided, on an estate tax amendment. Then we will have Senator BAYH at 4 o'clock. Those are pending matters.

These are the votes which are now in order, I advise my colleagues: the Hutchison sales tax amendment, the Ensign means testing Part D, the Sanders amendment to provide additional funding for education, the Enzi amendment that involves small business, the Coleman amendment on energy, the Carper amendment, and the Lincoln amendment on veterans. Those are amendments which have already been offered. At 3 o'clock, we will be going to the Kyl amendment for an hour, equally divided.

Let me again say to colleagues and staffs who might be listening, we will be going to votes at roughly 4:15. We will then be voting until 6 o'clock. We would like to get as many of these votes concluded as we can this evening

because that will reduce vote-arama tomorrow. Again, colleagues should be aware, starting at 6 o'clock, in half-hour blocks of time, there will be opportunities for colleagues to talk about their amendments they may offer tomorrow or to talk about the budget resolution itself. We will go fairly late tonight with Senators having an opportunity to speak. When we are done today, all but a half hour will be yielded back. Senator GREGG and I will have that time to wrap up. Then we will be going into vote-arama tomorrow. I believe that starts at 9:30 tomorrow morning.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Does the debate start at 9:30 on the half hour that is reserved?

Mr. CONRAD. We should start at 9 o'clock.

Mr. GREGG. That is fine.

Mr. CONRAD. I think we would want to start at 9 o'clock with our half hour to be equally divided between the two of us and then go right to the voting starting at 9:30. It is our intention to try to conclude by 4 o'clock. It is very important that Senators give notice to the managers about amendments they seek to have considered during vote-arama.

Let me break this down. From 9:30 to 4—that is 6½ hours—we can do about three votes an hour. We would be talking about 19 votes. We could probably get in 19, perhaps 20 votes in that time. That is realistic. That is hard, but it can be done.

It is going to be incredibly important, for us to finish this budget resolution tomorrow, that colleagues show restraint with amendments they insist on considering. We have already considered many amendments. Senators have had a full opportunity for debate and discussion. Goodness knows, we took dozens of Senators' suggestions in drafting this budget resolution. I am asking—I am speaking to my side of the aisle—Senators to show real restraint in terms of the amendments they insist on because we must conclude our business by 4 o'clock tomorrow. If we do not, it is going to go on into some other time, either on into tomorrow tonight or on into Saturday. Maybe we could stay here all Friday night. Wouldn't that be fun? Please, this is the time to show discipline.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I have agreement with Senator THOMAS that his amendment will be voted on on Friday. That is not a part of the next tranche of votes. It will be in order on Friday to be voted on. He therefore no longer wishes to speak this evening. He made his points just now.

I would advise Senator GRAHAM and Senator BURR that they have both moved up on the list. It looks to me that we will have seven votes, maybe eight or nine potentially in order starting at 4:15.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CONRAD. I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENTS NOS. 538 AND 542

Mr. CONRAD. Mr. President, I ask unanimous consent to agree to the Carper amendment No. 538 and the Lincoln amendment No. 542.

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

The amendments (Nos. 538 and 542) were agreed to.

Mr. CONRAD. I thank the Chair and my colleagues. That helps us make progress. It reduces the number of votes that will have to be considered when we get to votes in the 4:15 time range.

This may be a good time to again alert colleagues that we are looking to a series of votes starting at roughly 4:15. Votes will end at 6 o'clock. There will then be half-hour blocks of time available to the minority and the majority in alternating half hours for people to speak on their amendments or on the budget resolution.

We now are awaiting Senator KYL for his amendment. At the end of that hour, which will be evenly divided between the sides, we will have Senator BAYH recognized for 10 minutes.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. KLOBUCHAR). Without objection, it is so ordered.

Mr. GRASSLEY. Madam President, lately we have heard a lot about the alternative minimum tax. It is a problem around here we have talked about and not done much about over a long period of time, whether Republicans have controlled this body or Democrats have controlled this body. Most often, we talk about the difficulties of really fixing the alternative minimum tax. Obviously, then, it is not a new problem. It has been with us for several decades.

The individual minimum tax, the precursor to the alternative minimum tax, as we call it now, dates from 1969. Congress then discovered, somehow, 155 taxpayers with incomes greater than \$200,000 a year were not paying any taxes because they could legally avoid those taxes. So it was calculated that everybody ought to be paying a little minimum tax, and that is where the alternative minimum tax comes from. At that particular time, it was affecting about one taxpayer in half a million. Now, clearly, the situation has changed in the last 38 years.

Although not its only flaw, the alternative minimum tax's most significant defect is it is not indexed for inflation. This failure to index the exemption and

rate brackets—the parameters of the alternative minimum tax system—is also a bipartisan problem. Though \$200,000 was not an incredible amount of money in 1969, the situation is different today. I am not saying \$200,000 is not a lot of money today, because it is, but \$200,000 today will not buy what it would buy in 1969.

In 2004—the most recent year for which the Internal Revenue Service has complete tax data—instead of having 155 people paying this tax, more than 3 million families and individuals were hit by the alternative minimum tax. This chart I have in the Chamber has the numbers for every State in the Union. I am not going to go down those numbers now because we do not have time. But you can see, State by State by State, there are tens of thousands of people paying the alternative minimum tax who were never intended to pay it, even though we have taken some action in recent years so yet more people are not paying the alternative minimum tax.

This does not even begin to hint at what will happen if we do not continue to protect taxpayers from the alternative minimum tax. Barring an extension of the hold harmless contained in the 2006 tax bill, the alternative minimum tax exemptions will return to their pre-2001 levels. At the end of 2006, provisions allowing nonrefundable personal tax credits to offset AMT tax liability expired. If further action is not taken, it is estimated the alternative minimum tax will claim 35 million families and individuals by the end of this decade.

Now, think of that: A tax originally conceived to counter the actions of just 155 taxpayers could hit 35 million filers in just a few years, and I am talking about just around the corner. Some analyses show that in the next decade, it may be less costly to repeal the regular income tax than it would be to repeal the alternative minimum tax.

The AMT is a problem that has been developing for almost 40 years. On numerous occasions, Congress has made adjustments to the exemptions and the rates, though not as part of a sustained effort to keep the AMT from further absorbing our Nation's middle class until 2001. We did repeal it in 1998, but President Clinton vetoed it. We never, then, were able to get it repealed. So I am arguing for repeal.

Despite the temporary measures we have taken, the alternative minimum tax is still a very real threat to millions of taxpayers who were never supposed to be subject to the minimum tax. That the AMT has grown grossly beyond its original purpose, which was to ensure the wealthy were not exempt from an income tax, is indisputable, and that the AMT is inherently flawed would seem to be common sense.

Despite widespread agreement that something needs to be done about the AMT, agreement on what exactly to do is not very widespread. A major factor in the disagreement relates to the mas-

sive amount of money the AMT is supposed to be bringing into the Federal Government over the next few years—but remember, supposed to be bringing in from taxpayers who were never supposed to pay it in the first place. In 2004, AMT filers paid more than \$12.8 billion into the Treasury.

If we do not extend the most recent AMT hold-harmless provisions that expired at the end of 2006, that number is projected to balloon to a much greater amount, and long-term budget forecasts currently show this greater amount coming into the Treasury.

When forecasters put their projections together, they are working under the assumption that the hold harmless which was extended in last year's tax bill will not be extended, that we will not take care of this problem. So they are guessing there is a whole bunch of revenue coming in from people who were never intended to pay it in the first place. Because of this, budget planners make the assumption that revenues will be much higher than everyone who is frustrated with the AMT thinks they ought to be. The reason for this is that the AMT "balloons" the revenue base, as it is projected to increase revenues as a percentage of gross national product. There is a great deal of evidence to support this.

Now, the nonpartisan Congressional Budget Office has consistently forecast the ballooning of AMT revenues year after year. This chart I have in the Chamber shows that with the red line. It takes into consideration that we are going to bring revenue in from people who were never supposed to pay it in the first place.

I just want to note that although the Tax Increase Prevention and Reconciliation Act of 2005 was signed into law after this analysis was published, the 2006 tax bill extended the AMT hold harmless only through December 31 of last year, and this chart shows Federal revenues all the way to the year 2050. It is important to note the long-term effects of the AMT on the revenue base because that is what is at issue: the basic idea that we are going to receive a lot of revenue from middle-income taxpayers who were never intended to pay it—which is part of that red line we have to get rid of because why tax people if they were not supposed to be taxed? The law is corrected from time to time to keep it from happening.

There may be some doubters who hesitate to attribute this ballooning of revenues to the AMT. But this next chart illustrates the drastic expansion of the AMT under current law over the next 43 years.

The Congressional Budget Office's report also states:

[B]y 2050, roughly 15 percent of individual income tax liability would be generated by the AMT, compared with about 2 percent today.

This is what will happen if we do not do anything.

The problem with all of the projections showing the AMT ballooning revenues is that these projections are used

to put together the budget we have before us. Now, this is not a Senator CONRAD problem. This is not a Democratic problem. This is a bipartisan problem. Republican and Democratic budgeteers rely on the same source of revenue—or I should say a source of revenue the Congressional Budget Office says is going to come in from people who were never intended to pay it.

This means the central problem in dealing with the alternative minimum tax is money. There are some people who say we can only solve the AMT if we offset the revenue and it can be found elsewhere to replace the money the AMT is currently forecast to collect. But we never intended to collect it from the people who we suppose are going to pay it. Anyone who says this sees the forecasts showing revenues being pushed up as a percentage of gross domestic product and wants big government to keep them up there.

These arguments are especially ridiculous when one considers that the alternative minimum tax was never meant to collect so much revenue. It is a failed policy in many ways.

The alternative minimum tax has even failed in its objective to ensure no citizen, no matter how wealthy, was able to completely avoid the Federal income tax, because in 2004, the Commissioner of IRS, Mr. Everson, informed the Finance Committee that the same number of taxpayers, as a percentage of the tax-filing population at large, continues to pay no Federal income tax. It boils down to the fact that the class of 155 people the law was set up for in the first place, in 1969, is even finding ways out of getting hit by the alternative minimum tax, and doing it legally because we have 2,366 taxpayers with incomes of \$200,000 or more who do not use the medical and dental deduction had no income tax and no alternative minimum tax. The AMT has failed in every way except the ability to make Government bigger, or at least make it look bigger, and for those who think you ought to have an offset, to keep it big. The AMT has failed. While it may be hard for some to turn down taxpayers' money, whether we are supposed to collect it or not, no one has trouble spending the money—even the blue smoke money that is in that red line there.

It is simply unfair to expect taxpayers to pay a tax they were never intended to pay, and it is even more unfair to expect them to continue to pay for that tax once we get rid of it. The reform or repeal of the AMT should not be offset because it is money we were never supposed to collect in the first place.

The way to solve this problem is to look on the other side of the ledger, to the spending side. Budget planners need to take off their rose-colored glasses, because that never materializes, and if it does, you are going to ruin the middle class. So take off your rose-colored glasses when looking at long-term revenue projections and read the fine print.

In general, it is a good idea to spend money within your means, and this is true in this case for the Government as well. If we start trying to spend revenues we expect to collect in the future because of the alternative minimum tax, we are living beyond our means. We need to stop assuming record levels of revenue are available to be spent and recognize the alternative minimum tax is a phony revenue source.

As we consider how to deal with the alternative minimum tax, we must first remember we do not have the option of not dealing with it. The problems will only get worse every year and make any solution even more difficult. We must also be clear the revenue the AMT would not collect as a result of repeal or reform should not be offset as a condition of a repeal or reform. We shouldn't call it lost revenue because it is revenue we never had to begin with.

A few weeks ago I presented to this body a joint tax estimate of how various proposed fixes to the AMT will impact revenues expected to be collected under current law. I noted at that time that full repeal aside, each of these proposals will still allow the alternative minimum tax to bring in hundreds of billions of dollars into the Treasury. If you consider any proposal aside from full repeal, you are saying hundreds of thousands, if not millions, of taxpayers out there deserve to bear the burden of the AMT. In other words, the middle class that is so talked about on this floor of this Senate to protect, the only way they are going to be protected is the extent to which we do away with this tax.

Suppose we are able to continue enacting 1- or 2-year temporary patches, as we have done. First, this strategy assumes Congress will have the time and the inclination to spend time dealing with the alternative minimum tax every year or two. This means whatever the issue of the day might be—Iraq, unemployment, natural disasters—Congress will have to stop dealing with those other problems and return to a problem we should never have had to deal with in the first place. Is the alternative minimum tax an issue that we as a legislative body want to revisit every year? Wouldn't it be better to solve it once and for all, particularly since it is phantom revenue, taxing middle-class Americans who were never supposed to pay it in the first place? Remember, only 155 taxpayers were targeted with this tax in 1969.

Second, every time Congress attempts to enact or extend a temporary fix, the same revenue issues are going to come up. Budget projections create the illusion of forgone revenues given up because of an alternative minimum tax hold harmless. Every time a patch is considered, there is another chance for taxpayers to be subject to this stealth tax increase.

Clearly, there is only one way to fix the AMT so no taxpayer is subjected to what has become a complete policy failure. We must completely repeal the

individual AMT. There is a bipartisan consensus that only complete repeal is an adequate solution to this problem. Chairman BAUCUS, along with this Senator, Senator CRAPO, Senator KYL, Senator ROBERTS, Senator SCHUMER of New York, and Senator SMITH last month introduced the Individual Alternative Minimum Tax Repeal Act.

We must repeal the AMT and we must do it without offsetting any revenue the AMT is expected to collect in the future. I have made this point before, but it is important. The alternative minimum tax was never intended to be a significant source of revenue. It was only meant to hit a few people who could legally avoid paying the tax with the idea that everybody living in America ought to pay a little bit of income tax for the privilege of benefiting from this great economy we have. Despite this, the alternative minimum tax will balloon revenues to historically high levels if something isn't done, as my colleagues can see right there on the chart.

If we consider the AMT to be a fundamentally unfair tax, any tax that would replace it would be equally unfair. Anyone who wants equity to be a fundamental value represented in our Tax Code and who wants fair treatment for this country's middle-class taxpayers must support my amendment for complete repeal of the individual income tax.

I filed an amendment that repeals the AMT. I am going to push this body to speak on this proposal for these reasons: We need to get Members who say they support AMT repeal to show their support for the record; second, to eliminate the mythical budgeting that results from assuming current levels of AMT revenues; third, to show the American people we will walk the walk on the AMT repeal and not just talk the talk.

I know some who oppose my amendment will argue two points: that there is \$180 billion in the budget for tax relief; and secondly, we can't afford the repeal of AMT.

As to the first point, the purpose of the Baucus amendment, which I supported yesterday, was to deal with less than half of the tax relief that expires in the year 2010. In a sense, Members have indicated where they want that money to go, and that revenue loss is built into the post-2010 period.

As to the second point, we can afford to repeal the AMT because revenues remain at or above record levels in the outyears with the AMT gone. Honest budgeting would recognize it as fictional in any event.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

AMENDMENT NO. 583

Mr. KYL. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Arizona [Mr. KYL] proposes an amendment numbered 583.

Mr. KYL. I ask that further reading of the amendment be dispensed with.

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

The amendment is as follows:

AMENDMENT NO. 583

(Purpose: To reform the death tax by setting the exemption at \$5 million per estate, indexed for inflation, and the top death tax rate at no more than 35% beginning in 2010; to avoid subjecting an estimated 119,200 families, family businesses, and family farms to the death tax each and every year; to promote continued economic growth and job creation; and to make the enhanced teacher deduction permanent)

On page 3, line 11, decrease the amount by \$20,000,000.

On page 3, line 12, decrease the amount by \$388,000,000.

On page 3, line 13, decrease the amount by \$886,000,000.

On page 3, line 14, decrease the amount by \$17,390,000,000.

On page 3, line 15, decrease the amount by \$14,602,000,000.

On page 3, line 20, decrease the amount by \$20,000,000.

On page 3, line 21, decrease the amount by \$388,000,000.

On page 3, line 22, decrease the amount by \$886,000,000.

On page 3, line 23, decrease the amount by \$17,390,000,000.

On page 4, line 1, decrease the amount by \$14,602,000,000.

On page 4, line 7, increase the amount by \$10,000,000.

On page 4, line 8, increase the amount by \$40,000,000.

On page 4, line 9, increase the amount by \$472,000,000.

On page 4, line 10, increase the amount by \$1,246,000,000.

On page 4, line 16, increase the amount by \$10,000,000.

On page 4, line 17, increase the amount by \$40,000,000.

On page 4, line 18, increase the amount by \$472,000,000.

On page 4, line 19, increase the amount by \$1,246,000,000.

On page 4, line 24, increase the amount by \$20,000,000.

On page 4, line 25, increase the amount by \$398,000,000.

On page 5, line 1, increase the amount by \$926,000,000.

On page 5, line 2, increase the amount by \$17,862,000,000.

On page 5, line 3, increase the amount by \$15,848,000,000.

On page 5, line 7, increase the amount by \$20,000,000.

On page 5, line 8, increase the amount by \$418,000,000.

On page 5, line 9, increase the amount by \$1,345,000,000.

On page 5, line 10, increase the amount by \$19,207,000,000.

On page 5, line 11, increase the amount by \$35,054,000,000.

On page 5, line 15, increase the amount by \$20,000,000.

On page 5, line 16, increase the amount by \$418,000,000.

On page 5, line 17, increase the amount by \$1,345,000,000.

On page 5, line 18, increase the amount by \$19,207,000,000.

On page 5, line 19, increase the amount by \$35,054,000,000.

On page 25, line 16, increase the amount by \$10,000,000.

On page 25, line 17, increase the amount by \$10,000,000.

On page 25, line 20, increase the amount by \$40,000,000.

On page 25, line 21, increase the amount by \$40,000,000.

On page 25, line 24, increase the amount by \$472,000,000.

On page 25, line 25, increase the amount by \$472,000,000.

On page 26, line 3, increase the amount by \$1,246,000,000.

On page 26, line 4, increase the amount by \$1,246,000,000.

Mr. KYL. Madam President, let me discuss this amendment briefly. It is cosponsored by Senator THUNE from South Dakota. It is called the Kyl-Thune death tax reform amendment.

Yesterday we had a vote on an amendment that included several items, including death tax reform, and I believe some people might have voted against that because items in the bill included a continuation of the current rates for the capital gains tax and the tax on dividends. Because of that fact, we decided to make this basically a clean vote.

The only thing this bill deals with other than death tax reform is the continuation for teachers of the teacher tax deduction which we make permanent. This is the deduction that allows a teacher, when she pays or he pays for some items that are then taken to school to help the kids with their lessons, when they pay for those out of their own pocket—we think there should be a \$250 deduction to help defray the cost of those items. That is all that is in this amendment now.

This Kyl-Thune amendment provides room in the budget resolution to enact meaningful tax reform. Obviously, I still believe repeal of the death tax is the best option. We have been trying to find agreement on a permanent reform, because planning for death tax now is a nightmare for families, and it is a nightmare right now because of the way this law is being phased out and then comes back with a vengeance to its previous form. It is a bonanza for the insurance companies, to be sure, and they are leading the opposition to the death tax reform. But they are wrong.

As a matter of fact, when the lobbyists for the insurance industry came to my office to argue this, I said: Before you make your argument, let me ask you to assume for a moment we have found a way to eliminate death. Now, you represent the undertakers; go ahead and make your case. That is the case with the insurance companies. They are making a lot of money on the backs of people who have to spend money to plan against the death of the person in their family who runs the farm or has the small business.

There is a far better way to use all of that money that is spent each year on avoiding the tax or preparing to pay for it. As a matter of fact, what we have found is there is almost an equal amount of money that is spent complying with the avoidance costs as

there is in collection for the Government. Alicia Munnell, who was a member of President Clinton's Council of Economic Advisers, estimated the costs of complying with the estate tax laws are roughly the same as the revenue raised. The estate tax is expected to raise about \$28 billion in fiscal year 2006. If the estate tax generates a dollar in compliance costs for every dollar in revenue, then obviously the aggregate cost of the tax is about \$56 billion. The point is, for every dollar of revenue raised by the estate tax, another dollar is simply wasted to comply with or avoid the tax. Maybe I shouldn't say "wasted." It does go to the insurance companies. So let me strike "wasted."

But the bottom line is we can do better. What this amendment does is to allow the budget to accommodate estate tax reform. I didn't pick my bill, even though I happen to think it is the best reform bill; I took a bill that has been provided by the senior Senator from Louisiana and has been supported by people on the other side of the aisle such as the junior Senator from Arkansas. What the budget would do is accommodate that particular death tax reform. It could accommodate other death tax reform as well, so long as it was within the amount of money we have provided here. The amount of money in this amendment is a total of about \$32 billion over 5 years, and that needs to be added to the amount the Baucus amendment already provides for estate tax reform which would be a total of about \$61.7 billion over a 5-year period.

The bill that was provided or written by the senior Senator from Louisiana provides a \$5 million exemption indexed for inflation, which I think is a perfectly appropriate amount, a family business carve-out, which is very difficult to do legally, and a 35-percent top rate. That is where I differ, because 35 percent is still a very high top rate. It also recaptures the benefit of the \$5 million exemption for estates valued over \$100 million. The revenue provided for the death tax reform in the 5-year budget window is about \$31.7 billion, as I said. The teacher deduction is about another \$400 million, for a total of about \$32 billion.

As I said, the amendment is structured so when it is combined with the Baucus amendment approved yesterday, the total amount of revenue would be sufficient to accommodate the Landrieu reform bill. If you take both amendments together, the Baucus amendment and Kyl-Thune, as I said, the total amount is about \$61.7 billion, not offset with additional revenues. As a matter of fact, I don't believe existing law extensions—and, indeed, this is precisely what we would be talking about here—should have to be offset, particularly where they are actually provisions that enhance economic activity, just as extensions of existing mandatory spending need not be offset.

The amendment approved yesterday included an estate tax provision that



frankly I very strongly disagree with. In fact, some would say it is an insult to every family business or every family farm that is seeking relief. Not surprisingly, it is strongly endorsed by the insurance industry, because it provides for a 45-percent rate. Now, if you have a 45-percent rate, you are going to want to plan against that. You do not want to have to pay that rate on the estate that is left after your death. As a result, since the Government has taken about half your property above the exempt amount, you are going to want to plan against that. That is why I think we can do better than that, and this proposal does that.

Remember, the budget that has been proposed here allows increases on taxes on almost every single taxpayer, a total of about \$736 billion over 5 years, which is, I believe, about 3 times larger than the biggest tax increase ever enacted in our history. The amount adopted yesterday by the chairman of the Finance Committee took the budget out of balance. It created a deficit, in other words, of about \$6 billion in the year 2012. We believe the spending restraint we are capable of, combined with a very strong economy, will enable us to balance the budget by 2012 without increasing taxes.

Now, it is true the budget before us makes it impossible, because of the amount of spending in it, to balance the budget without a record level of tax increase. Unfortunately, that includes a confiscatory tax on thousands of American families. The budget resolutions don't dictate policy to the Finance Committee, but it would certainly be our intention to work with Senator LANDRIEU, Senator PRYOR, and Senator LINCOLN, who has been very much a leader in this area, and others to craft an estate tax reform proposal that would provide an exemption of at least \$5 million indexed for inflation and provide workable relief for the smallest estates and farms, and a top rate that is no higher than 35 percent—hopefully lower.

We believe that this can be accomplished and that, as a result, my colleagues who might have opposed this amendment yesterday because it included the capital gains and dividend tax rates should be in a position to support the resolution that will be voted on today because of the fact that it accommodates a proposal supported by Members of both the majority and minority. It will be voted on tomorrow; I misspoke. I would like to have it voted on today.

A couple of other items, and I see my colleague, the Senator from South Dakota is here. I want him to speak to this. There are a couple of misconceptions I wish to address. According to the Joint Tax Committee, the total number of estate tax returns projected for 2011 alone is 131,000. By 2015, about 177,000 estates will file tax returns in that year alone. These are the numbers for each year. Some people had the idea that these were the numbers over 5 or 10 years; no, this is for each year.

The first misconception is that it doesn't apply to that many people. An awful lot of people need to file these returns. Secondly, the death tax, similar to other taxes, is very sensitive with respect to economic growth. When businesses can put this money back into their business and create jobs, rather than pay the estate planning to insurance companies, it helps our economy as well as helping the business grow. An entrepreneur or an investor will have a very big disincentive to grow their business, regardless of the amount of the exemption, above that exempted amount if the tax rate imposed on new growth over and above the exemption is too high.

We can argue about what the tax rate ought to be. But I think almost everybody would agree the tax rate of 45 percent is confiscatory. What incentive does somebody have to grow his business beyond the exempt amount if the Government will take nearly half of everything over that exempt amount?

A couple of other points. We have historical evidence that the estate tax reduces capital stock in the U.S. economy. This is part of the reason we have grown so well in recent years, because of the downward projection on the estate tax and the hope that it will be eventually eliminated.

In a report by the Joint Economic Committee, they projected the estate tax reduced the stock of capital in the economy by approximately \$847 billion, or 3.8 percent, over the last 60 years. That is a ton of money. By comparison, it has raised, during that same period, less than that—only \$761 billion. So it has taken far more out of the private sector and hasn't added that much to the Government sector. This is money that could have been put to productive use.

I mentioned the fact that the avoidance costs are about equal to the take for the Government as well. That is another reason for this reform.

I will close with this point: Americans understand the rates now are confiscatory, that it is unfair; and even people who understand that they will never be subject to the estate tax appreciate its effect on others and understand it is an unfair tax. In a Gallup Poll from an April 2006, 58 percent of respondents said—and they called it the “inheritance tax” and didn't use the words “death tax.” They said the inheritance tax is unfair, and this confirms results of polls taken in both previous years. It is always called “the most unfair tax” when you list it among all the other taxes.

What is interesting about the Gallup Poll is that even though it was taken in April while Americans were filing their taxes, the death tax was called unfair—or the “inheritance tax”—by more people than the despised alternative minimum tax that was discussed by the ranking member of the Finance Committee. Only 42 percent of respondents said the AMT was unfair. Yet it is affecting a lot more people

than the estate tax. One reason people say it is unfair is because of the confiscatory rate, which is 46 percent this year. In the 2005 poll, when the rate was 47 percent, 81 percent of respondents said the estate tax is “an extreme form of taxation” and that the rate was unfair.

Finally, I note—and this was interesting to me as somebody who has studied politics a little bit—after the last election in the exit polls, voters were asked whether they thought the death tax was somewhat unfair or very unfair. They were broken into Kerry voters and Bush voters. Not unsurprisingly, 89 percent of Bush voters believed the death tax is somewhat unfair or very unfair. But 71 percent of Kerry voters also found the death tax at least somewhat unfair or very unfair.

So this is a view shared by most Americans of all political stripes, and it is time for us to reform the death tax, if not repeal it.

What we have done with this amendment—the Kyl-Thune amendment—is accommodate that reform in the budget. I hope my colleagues, when we have an opportunity to vote on it, will support it. I want the Senator from South Dakota to speak, but I would like a minute at the conclusion to talk about the support also coming not just from other small business organizations but from minority business organizations and others, to demonstrate the breadth of support around the country for reform of this very unfair tax.

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

Mr. CONRAD. Through no fault of the Senator from Arizona, we are actually into my time on his amendment. As I said to the Senator from Arizona, I am prepared to yield some of my time so that some of his other speakers have a chance. Also, I don't want to completely give away my time because I need to respond. Maybe we can work out an agreement so that those people who are here can speak, and I would like to have 10 minutes. I was supposed to have a half hour, but I would like to retain at least 10 minutes.

Senator GRASSLEY indicated he would like a minute. He is not here at the moment, so perhaps we can go to Senator THUNE. We have 22 minutes. If I am to retain 10, that leaves 12 minutes. I don't know how the Senator wants to divvy up that time.

Mr. KYL. I appreciate the courtesy of the chairman of the committee. If Senator GRASSLEY takes a minute, and we have three other Senators who take 4 minutes, that gives me a minute to say thank you and that would do it. I propose that as a unanimous consent request.

Mr. CONRAD. Can we identify the Senators? Senator GRASSLEY for a minute, Senator THUNE for 4 minutes, Senator DEMINT for 4 minutes, and Senator GRAHAM for 4 minutes, and a minute to Senator KYL. That would leave me 8 minutes. That is fair enough.

Mr. KYL. I thank the Senator.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from South Dakota is recognized.

Mr. THUNE. Madam President, I thank the Senator from North Dakota for accommodating us. I thank the Senator from Arizona for his leadership on this issue. I have supported his efforts for some time to get rid of the death tax. I have supported getting rid of this unfair tax going back to my days as a Member of the House of Representatives.

Last year, I came down to the Senate floor and gave examples of real-life family farms that are facing the effects of the death tax. I wanted to remind Senators of two of those family farms. I think sometimes it gets lost. We think we are dealing with these concepts in the abstract, but they affect real people. These stories are real, and the effect of the tax is real as well.

The first example is a 3,000-acre family farm operation in central South Dakota. In my State, that is a medium-sized operation. A death occurred in this family and, as a result, \$750,000 will likely be paid in taxes. This is a huge amount of money for a farm operation in my State, where land values can make an operation look a lot more valuable on paper than they are in reality.

In other words, farmers such as this can often be described as "land rich" but "cash poor." All their value is in the land. When a massive death tax bill comes due, the only option is often to sell the land to pay the unfair and unjust tax. Thus, a family legacy comes to an end.

The second example is a 10,000-acre operation in north central South Dakota. Similar to so many farms and ranches in my State, the parents who have run the place for decades are getting older. Their kids would like to continue in the business, but the death tax on that farm would likely be \$1.5 million. That would make it virtually impossible for the kids to stay on the farm and keep that family farm operation going. I find it extremely disturbing that our Federal Tax Code could influence a family's ability to keep their family farm from being broken up and sold off.

The budget resolution is more than a list of numbers. It is a statement of our priorities. These priorities are going to impact real people. I believe our budget should show we are prioritizing family farms, family ranches, and small businesses. We can show that these family small businesses are a priority by making room in the budget for permanent, meaningful death tax reform.

The death tax is a completely unfair tax because Americans pay their fair share of taxes throughout their life on what they earn, what they own, what they buy, only to see the IRS take one last bite when they die.

It is also unfair because the Donald Trumps and Paris Hiltons of the world

have teams of lawyers and accountants to make sure they pay little or no death tax. But the family-owned operations and small businesses I talked about are the ones that end up paying.

It is for these reasons that Congress acted a few years ago to repeal the death tax, but because of some strange rules that can only be devised in a place such as the Senate, the death tax comes back to life in the year 2011.

I believe we need to enact permanent, meaningful death tax reform this year. This amendment takes us down that path. I hope my colleagues on both sides will support it. I credit the Senator from Arizona for drafting this in a way that is consistent with the proposal offered last year by a colleague on the other side. I hope Members on both sides can support this, and I hope, once and for all, we will get rid of this unfair and unjust tax.

I yield back whatever time I have.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. DEMINT. Madam President, I rise to speak in support of Senator KYL's amendment. A few years ago, Congress did something that was very helpful to America. We voted to completely phase out the death tax. I think we have discovered in the debate that this is not about just rich people, it is about people who own small businesses and small farms. I had a number of examples to give, but we are short on time. There is one family that had a printing business for 97 years; they have already paid the death tax once. They are getting ready to pay it again. We have the opportunity to change that.

Now that we have voted to phase this out, it is not fair that in 2010, if a small business owner dies, that person can leave their family their entire business without any estate taxes; but if that same person died in 2011, they could lose up to half their estate. We don't need for this to happen. I certainly support Senator KYL's compromise idea. But tomorrow I will call up amendment No. 576—I will not call it up today—which will completely eliminate the death tax for another 5 years. So that what happens in 2010 will continue to 2015. I hope all my colleagues will consider this and do the right thing for small businesses and farms.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. GRAHAM. Madam President, we had the same discussion yesterday when Senator KYL made a very articulate argument as to why we as a Congress need to act, and this budget is a good opportunity to act, to get the death tax resolved in a way that will allow people to plan for their families and their businesses.

America is in a terrible spot. If you die New Year's Eve 2010, right now, there is no estate tax liability for those who die on that day. If you live until January 1, 2011, unless we act, the estate tax comes back in full force. That

is an unconscionable place to put the American public. Total repeal is apparently not possible. I would love to do that.

Senator KYL's proposal would allow us to buy some more time. He has taken a Democratic proposal—about a \$5 million exemption and a 35-percent top rate—to see if we can get the body to allow it within our budget resolution to accommodate the extension of the death tax on those terms.

My good friend from North Dakota, who is a joy to work with, is very concerned about the debt, and he should be concerned about it. But when you talk about the tax cuts and tax relief that we provided in the capital gains area and dividends area, I would argue that the revenue being generated to this Government is on par with historical averages, that the Government is not being deprived of revenue, that the tax cuts since 2003 have helped keep this economy humming, and that we are getting a lot of revenue because we cut taxes. And if we raise taxes or we take the extenders off the table, which this budget will do unless we change it, then we are going to cripple an economy that has created a lot of jobs and make ourselves less competitive.

The death tax side is what kind of society we want. There has been a budget submitted by the President that is balanced, that has an extension of the death tax—under OMB, I think it is \$50 billion out of balance 5 years from now—but you can accommodate these tax provisions and balance the budget.

I urge my colleagues, if we don't do this now before the end of this year, sooner rather than later, let's see if we can come together as a body to come up with a compromise on the death tax that will give Americans the certainty they need when it comes to planning their affairs and come up with a compromise that will reward those who have done well, who have worked hard, and they can leave their money behind to their families and their communities rather than it all be sent to Washington or a lot of it be sent to Washington and people they don't know.

I think Senator KYL's amendment is a great opportunity for this body to address a real problem, a growing problem, and that is the fact that no one in America can with certainty plan for their demise and take care of their family because the Congress is refusing to act in a responsible manner. This amendment will help solve that problem.

I yield the floor.

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

Mr. CONRAD. Madam President, the Senator has accurately described a situation that makes no earthly sense with respect to the estate tax. There is no death tax in America. There is none. There is an estate tax that applies to estates of over a certain value. Right now, less than 1 percent of estates are affected. By the time we get to 2009, in

which the exemption level will rise to \$3.5 million per person—so a couple with \$7 million in an estate, anything below \$7 million will pay absolutely nothing—it will be down to three-tenths of 1 percent of estates paying any tax.

Then we have this truly bizarre situation in which the next year, the estate tax is repealed in 2010, and then in 2011 it snaps back and the exemption, instead of the \$3.5 million we had in 2009, falls to \$1 million.

The amendment by Senator BAUCUS that was adopted yesterday prevents the amount of the estate tax exemption from shrinking to \$1 million per person. He at least puts a floor and says it will not drop below the \$3.5 million, and that \$3.5 million will be adjusted for inflation.

He also had the extension of the middle-class tax cuts—the marriage penalty relief, the 10-percent bracket, the childcare credit. That left us with no money left in 2012.

The problem with the amendment that is now offered by our colleague from Arizona, Senator KYL, is that it is not paid for. That is the problem. It puts us back into deficit in 2012. Here we have spent all this time and all this work digging out of the deficit ditch, and this amendment puts us right back in, to the tune of about a \$16 billion deficit in 2012.

We have had speeches all week about how important it was to show some fiscal discipline and to stop deficit spending, to balance the books, to balance the budget. We are there. We have a budget now that is balanced in 2012. But this amendment offered by Senator KYL, as meritorious as it may be in the eyes of some colleagues, as high a priority as they have said it is, wasn't a sufficiently high priority for them to pay for it. It wasn't of enough importance for them to offer the offsets, whether it is spending offsets or revenue offsets, to cover the cost. The result is they have put us back into deficit in 2012.

For that reason, I will strenuously oppose the Kyl amendment, and I give notice to colleagues that, I am told, there will be an alternative to accomplish much the same purpose, but one that is paid for, and I understand that will be offered tomorrow when this amendment is voted on.

We have had hours and hours of speeches on the floor about the need to address the fiscal condition of the country, about the need to first balance the budget and then deal with the long-term entitlement challenges.

Look, this is going the other way. This is going the other way. This is additional loss of tax revenue without any offset, without any replacement, either in spending cuts or alternative revenue. So what it does is balloons the debt by over \$30 billion and puts the budget of 2012 back into deficit. That would be a mistake.

I reserve the remainder of my time.

I yield 3 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, I rise also to oppose this amendment. The first point that comes to mind for me is, here they go again. I say that with all due respect to my friend from Arizona. But we are seeing more, as the Budget chairman has said, of the strategy that got us into the hole that this budget is trying to dig us out of.

It is important to emphasize again what the Budget chairman has said. Here is what has happened in terms of numbers of estates that even qualified as taxable estates back in 2000. It was 50,000. It has dropped to 13,000, and as of 2009, it will be 7,000 estates in the entire country that will even qualify for this tax.

How much is that? We are talking about only .2 percent of estates, 7,000. The Baucus amendment that we adopted yesterday says that for those, it is not going to change. That number is not going to go back up. There will be a continuation of the current exemption level. So we are talking about .2 percent of the estates being taxed.

I think almost without exception—I can't speak for every colleague on the Senate floor, but I know on this side of the aisle, colleagues are very sympathetic and support our family farmers. I have a lot of them in my State, and I know you do, Madam President, in your State as well, small businesses, family-owned businesses. They build up the business, and they want to be able to pass that business on. With great pride, the families are engaged and involved. We are not interested in seeing anybody lose their family farm or their family business. That is why we have supported extending the exemptions so that less than .2 percent of estates are taxed or eligible to be taxed.

Frankly, there have been some of us on this side of the aisle who have had amendments over the years—I have co-sponsored amendments—that would exempt family-owned enterprises. If that is what people want to do, I think there would be a lot of interest in doing something like that.

But I think behind all the talk of our family farmers and small businesses is another picture of a few extremely wealthy families in this country whose children or aunts, uncles, sisters, brothers—someone may benefit through an inheritance. They may have not contributed at all to building that wealth and may never have to work a day in their life or contribute to this country. The question is, Should they have to contribute in some way with the only tax, for instance, they might pay is the estate tax?

I see my time is coming to a close. I want to share one more chart. What we are concerned about, what I am concerned about, is the fact that last year, the tax cuts that have already been given have already disproportionately affected the very wealthy, the most blessed people in this country. Anyone earning more than \$1 million a year

last year, in 2006, had a tax cut of over \$118,000, which is more than what the average person in Michigan or anyone in this country makes in a year.

So what we are objecting to is this is not helping family farmers and small businesses. This is about a tax system and a series of tax cuts that are out of whack that have created the situation where, if you are working hard every day on that family farm, in that small business, or if you are working every day building great American automobiles, such as a lot of folks in my State, you didn't see any tax cut or not much of a tax cut. But if you are somebody who would benefit in that top .2 percent who gets the estate tax cut we are talking about, you are already being given some pretty big gifts from the current tax system.

I urge a "no" vote.

Mr. GRASSLEY. Madam President, this budget proposal does not allow the Senate to address the unfair burden of the death tax. By 2011, the tax will affect all farms and businesses worth more than \$1 million at a tax rate as high as 55 percent. In the State of Iowa alone, according to the USDA, we have more than 20,000 farms worth more than \$1 million. Those families may be land rich, but they are cash poor, and they have to spend too much money today to plan on how to survive the unfair death tax. These are not big farms. With land prices today, you can have as few as 350 acres in Iowa to have a million dollars in value.

If the Senate fails to put money in the budget today and we leave the death tax in place in its punitive form, our failure to amend this budget will create the economic uncertainty that could dismantle our farms and small businesses in rural America. I will be voting "yes" on the Kyl amendment. It puts money in the budget. It is the responsible thing to do.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Madam President, if I may take 1 minute to make two quick points. I note that the chart of the Senator from Michigan uses the figures for the last year of the Bush tax cuts to show in the very best light the impact of reductions of a number of estates that pay the estate tax. It is a fairly low number, a relatively low number, and it will continue to be low if Republicans have their way.

Unfortunately, the next 2 years, years after which the Bush tax cuts expire, in the year 2011, the number goes back up to 131,000 and in the year 2015, according to the Joint Tax Committee, nearly 177,000 estates will file estate tax returns.

The second point is that the bottom line is that the 1 year cited by the Senator from Michigan does get down to a fairly low number because of the Republican tax cuts. Then they expire, and the number shoots back up.

The only other point I wish to make is our budget amendment is designed to accommodate a bill offered by the senior Senator from Louisiana which was

not offset at all because those of us who support reform of the death tax appreciate its significance in the lives of Americans and the priority to eliminate or to reduce that tax.

Ms. STABENOW. Madam President, will my friend yield for a question?

Mr. KYL. I suspect I am out of time, but I am happy to yield.

Mr. CONRAD. What is the time situation?

The PRESIDING OFFICER. The Senator from Arizona has 3 minutes 34 seconds.

Mr. KYL. Off your time.

The PRESIDING OFFICER. The Senator from North Dakota has no time remaining.

Mr. CONRAD. No, no, no. Somehow the timekeeping is not correct. I think the Senator had 1 minute remaining, which I think he has used.

Mr. KYL. Madam President, I think that is correct.

The PRESIDING OFFICER. We are looking at the time clocks. You both seem to agree, so that is fine.

Mr. CONRAD. Madam President, let me conclude on this matter.

First, I thank Senator KYL. Second, let me make clear, the reason the estate tax is going to run out is because of the Bush tax cuts. The Bush tax cuts, as passed by the Congress, led to this bizarre situation where it is a \$3.5 million exemption in 2009, and then it is fully repealed in 2010. Then it goes to \$1 million a person in 2011. That was the action of the Republican Congress in conjunction with the Bush administration. They are the ones who created this problem.

We adopted, as part of this resolution, the Baucus amendment yesterday that will prevent in 2011 the exemption from falling to \$1 million a person and will instead keep it at \$3.5 million per person, which means \$7 million for a couple can be shielded without paying any taxes. That is indexed for inflation. So just in terms of who did what, the fact is, the Republican Congress is the one that constructed this bizarre circumstance in which the estate tax is repealed in 2010 and then comes back in 2011 with only \$1 million per person shielded.

Let me conclude by saying this: Look, the problem with this amendment, they say it is a priority, but they have no money to pay for it. The result is that we are faced with a circumstance in which it all gets added to the deficit and the debt.

We addressed this in the Baucus amendment yesterday, the problem with the estate tax, but this amendment is not paid for. This amendment will take us back into deficit in 2012.

Mr. CONRAD. Madam President, I see that the Senator from Indiana is on the Senate floor. He has the time at 4 p.m. under his control. I wish to thank the Senator from Indiana for his graciousness in accepting a change in the time. We had earlier told him he would be up for 3 p.m., and he very graciously accepted this change to 4 p.m., which I appreciate very much.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. BAYH. Madam President, first, let me say to my colleague that I have learned over the years that flexibility is an important attribute around the Senate. Punctuality is, on the other hand, too rare, so I am glad we could combine both today.

AMENDMENT NO. 526

Madam President, I call up amendment No. 526, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Indiana [Mr. BAYH], for himself, and Ms. SNOWE, proposes an amendment numbered 526.

Mr. BAYH. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: Makes permanent the tuition tax deduction and is fully offset by closing a portion of the tax gap through enhanced information reporting requirements)

On page 3, line 11, decrease the amount by \$120,000,000.

On page 3, line 12, decrease the amount by \$776,000,000.

On page 3, line 13, decrease the amount by \$178,000,000.

On page 3, line 14, increase the amount by \$349,000,000.

On page 3, line 15, increase the amount by \$742,000,000.

On page 3, line 20, decrease the amount by \$120,000,000.

On page 3, line 21, decrease the amount by \$776,000,000.

On page 3, line 22, decrease the amount by \$178,000,000.

On page 3, line 23, increase the amount by \$349,000,000.

On page 4, line 1, increase the amount by \$742,000,000.

On page 4, line 24, increase the amount by \$120,000,000.

On page 4, line 25, increase the amount by \$776,000,000.

On page 5, line 1, increase the amount by \$178,000,000.

On page 5, line 2, decrease the amount by \$349,000,000.

On page 5, line 3, decrease the amount by \$742,000,000.

On page 5, line 7, increase the amount by \$120,000,000.

On page 5, line 8, increase the amount by \$896,000,000.

On page 5, line 9, increase the amount by \$1,074,000,000.

On page 5, line 10, increase the amount by \$725,000,000.

On page 5, line 11, decrease the amount by \$17,000,000.

On page 5, line 15, increase the amount by \$120,000,000.

On page 5, line 16, increase the amount by \$896,000,000.

On page 5, line 17, increase the amount by \$1,074,000,000.

On page 5, line 18, increase the amount by \$725,000,000.

On page 5, line 19, decrease the amount by \$17,000,000.

Mr. BAYH. Madam President, as you and I have discussed just as recently as today, the cost of a college education is

an increasingly important challenge to middle-class families across Minnesota, Indiana, and the rest of our country. Unfortunately, it is a challenge that too many families today cannot meet, but it is an important one that we equip them to meet.

For example, 80 percent of the new jobs that will be created over the next decade are estimated to require some level of higher education. The estimates also show us that a college graduate can expect to make fully 75 percent more than someone with only a high school diploma. Yet the escalating cost of a college degree is putting it beyond the ability of middle-class families to afford.

Just as an example, over the past 4 years alone the cost of a private college education has gone up 28 percent. Over that same period of time, the cost of a 4-year public university has gone up 55 percent. Regrettably, this will, the estimates show, lead 4.4 million qualified students across our country to give up their dream of pursuing a college education. That is simply not right, and we need to do something about it. Today, we have that opportunity.

If we don't act, the college tuition deduction currently in place will expire at the end of next year, making matters even worse than they are today. We can't let that happen. We must act now. Congress acted so late last year to extend the college deduction another year that the IRS was unable to include it on this year's tax forms, meaning that possibly tens of thousands of American families and students who qualified for the credit will get out their tax form, not see it there, and not get the relief to which they are entitled. We have to do better than that, and under our amendment we will.

Our amendment will make permanent the \$4,000 deduction for college tuition and fees, and it is flexible, applying to both undergraduates, 4-year institutions, as well as 2-year institutions. It is squarely targeted at the middle class. Individuals making up to \$65,000 a year and families making up to \$130,000 a year will qualify for the full \$4,000 deduction. Individuals making up to \$80,000 a year and families making up to \$160,000 a year will qualify for up to \$2,000 in assistance.

It is also fully paid for. It will cost \$5.6 billion over the next 5 years, but it is offset by a variety of provisions to close the tax gap included in the President's budget. So it meets a pressing national need facing our middle class, but it does so in a way that is fiscally responsible.

In conclusion, at a time when too many of our middle class are asking who in Washington speaks for them, at a time when they realize full well that the wealthy can take care of themselves and that we have many programs targeted to the less fortunate but nothing really targeted for the middle class, this effort squarely meets a major challenge confronting middle-

class families and says to them that we speak for their concerns as well.

At a time when too many of our citizens are saying that Washington is irrelevant, that there is too much political fighting and partisanship and procedural bickering, and all that kind of stuff, this is something that speaks directly to one of their major concerns, and it is about time we did something about it. Today, we have that opportunity.

I thank all those who have helped bring us to this moment. One of our colleagues, Senator SCHUMER, has been a relentless champion of making college more affordable for middle-class families for many years now. We wouldn't be here without his leadership. I thank also Senator SNOWE, who is the principal cosponsor of this legislation, and I know full well of your personal concern about this as well, Madam President.

So Democrats and Republicans alike, this is something we can work on together, make the government relevant, help the middle class, and do it in a fiscally responsible way. I urge its adoption.

Madam President, I yield the floor.

Mr. GREGG. Madam President, what is the Senator's offset for this? As I understand it, it is money selected from the tax gap; is that correct?

Mr. BAYH. That is correct.

Mr. GREGG. Well, obviously, I agree with the Senator's initiative relative to the education tax credit. That was in the original Bush tax cuts, which have done so much good for this economy and for people who have benefitted from them, and tuition tax credits is a big part of that benefit. People going to college are more readily able to afford it as a result of the President putting that in his plan, and I think we should extend it.

I regret that the amendment we offered earlier, which did extend it, was voted down, the Kyl amendment. The Senator has now come forward with a rifle shot on this item. The tax gap is an illusory number. It doesn't exist. We have already more than used it. It has sort of gotten to be like Customs fees around here, where a few years ago they just kept getting used over and over again.

As a practical matter, however, we are certainly going to be supportive of this proposal, and if the Senator doesn't need a vote on it, we will take a voice vote.

Mr. CONRAD. Madam President, I would inquire of the Senator, would he be willing to take a voice vote?

Mr. BAYH. I would.

Mr. CONRAD. Madam President, I ask unanimous consent that we go to a voice vote on the Bayh amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

If not, the question is on agreeing to amendment No. 526.

The amendment (No. 526) was agreed to.

Mr. CONRAD. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. CONRAD. Madam President, I thank the Senator from Indiana. I thank him for working with us to get this amendment worked out, and I want to also thank my colleague, the ranking member of the committee, for his cooperation once again.

We now are prepared to start voting, are we not?

Mr. GREGG. I was going to suggest, Madam President, that if the chairman was ready, we should start voting now. Why wait?

Mr. CONRAD. Madam President, let me note that we might need to get an agreement on how we proceed. However, I think we should put colleagues on notice that very shortly we are going to start voting.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### AMENDMENT NO. 545, AS MODIFIED

Mr. CONRAD. Madam President, I ask unanimous consent that the Sanders amendment, No. 545, be modified with the changes at the desk.

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

The amendment, as modified, is as follows:

On page 3, line 11, increase the amount by \$10,300,000,000.

On page 3, line 12, increase the amount by \$14,600,000,000.

On page 3, line 13, increase the amount by \$14,800,000,000.

On page 3, line 14, increase the amount by \$4,500,000,000.

On page 3, line 20, increase the amount by \$10,300,000,000.

On page 3, line 21, increase the amount by \$14,600,000,000.

On page 3, line 22, increase the amount by \$14,800,000,000.

On page 3, line 23, increase the amount by \$4,500,000,000.

On page 4, line 6, increase the amount by \$10,300,000,000.

On page 4, line 7, increase the amount by \$14,600,000,000.

On page 4, line 8, increase the amount by \$14,800,000,000.

On page 4, line 9, increase the amount by \$4,500,000,000.

On page 4, line 15, increase the amount by \$10,300,000,000.

On page 4, line 16, increase the amount by \$14,600,000,000.

On page 4, line 17, increase the amount by \$14,800,000,000.

On page 4, line 18 increase the amount by \$4,500,000,000.

On page 4, line 8, increase the amount by \$14,800,000,000.

On page 4, line 9, increase the amount by \$4,500,000,000.

On page 4, line 15, increase the amount by \$10,300,000,000.

On page 4, line 16, increase the amount by \$14,600,000,000.

On page 4, line 17, increase the amount by \$14,800,000,000.

On page 4, line 18, increase the amount by \$4,500,000,000.

On page 17, line 12, increase the amount by \$10,300,000,000.

On page 17, line 13, increase the amount by \$10,300,000,000.

On page 17, line 16, increase the amount by \$14,600,000,000.

On page 17, line 17, increase the amount by \$14,600,000,000.

On page 17, line 20, increase the amount by \$14,800,000,000.

On page 17, line 21, increase the amount by \$14,800,000,000.

On page 17, line 24, increase the amount by \$4,500,000,000.

On page 17, line 25, increase the amount by \$4,500,000,000.

Mr. CONRAD. Madam President, I ask unanimous consent that we proceed to vote in relation to the following amendments in the order listed; that there be 2 minutes equally divided prior to each vote; and that after the first vote, time be limited to 10 minutes on each succeeding vote, with no second-degree amendments in order to any of the amendments covered under this agreement, except where we might have a side-by-side, as indicated.

The first amendment would be the Hutchison amendment No. 517, as modified; the second amendment would be the Ensign amendment No. 472; the third amendment would be the Sanders amendment No. 545, as modified; and the fourth amendment would be the Enzi amendment No. 497.

Mr. GREGG. Reserving the right to object, and I don't expect to object, but I want to be sure Senator HUTCHISON has signed off on the modification.

Mrs. HUTCHISON. I have.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and, it is so ordered.

Mr. CONRAD. Madam President, let's do this. The Hutchison amendment we don't have at the desk as modified, so we need to revise the unanimous consent to make the Ensign amendment No. 472 the first amendment in the tranche to be voted on, then going to the Sanders amendment, and then the Enzi amendment. Hopefully, momentarily, we will have worked out getting the Hutchison amendment, as modified, to the desk.

So that would mean we would first proceed to the Ensign amendment, and I notice that Senator ENSIGN is here.

The PRESIDING OFFICER. Is there objection to the plan, as modified?

The Chair hears none, and it is so ordered.

The Senator from Texas is recognized.

#### AMENDMENT NO. 517, AS MODIFIED

Mrs. HUTCHISON. Madam President, I have the modification to my amendment, and I would send it to the desk and ask that it be the replacement for my amendment.

Madam President, we can have a vote on my amendment or we can have a voice vote, at the pleasure of the chairman.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

At the appropriate place insert the following:

**SEC. \_\_\_\_ DEFICIT-NEUTRAL RESERVE FUND FOR EXTENSION OF THE DEDUCTION FOR STATE AND LOCAL SALES TAXES.**

The Chairman of the Senate Budget Committee may revise the aggregates, allocations, and other levels in this resolution for a bill, joint resolution, motion, amendment, or conference report that would provide for extension of the deduction for State and local sales taxes, provided that such legislation would not increase the deficit over the total of fiscal years 2007 through 2012.

Mr. CONRAD. Madam President, I will modify the unanimous consent request so that we go immediately to the Hutchison amendment on a voice vote.

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

Is there further debate on the amendment?

If not, the question is on agreeing to amendment No. 517.

The amendment (No. 517), as modified, was agreed to.

Mr. CONRAD. Madam President, I would like to at this moment thank the gentlewoman from Texas for working with us to get this amendment modified. It was very helpful to the work of the committee. We appreciate very much her cooperation.

Mrs. HUTCHISON. Madam President, I would say to the distinguished chairman that I appreciate his willingness to work with us. It is a very important amendment to eight States in this country. Senator CANTWELL was very much a part of the whole negotiation, and I commend her and her staff for helping us to do this, and I appreciate the fact that it has passed and is now a part of the budget. I would also like to thank the other cosponsors of this amendment, Senator CORNYN, Senator ENZI, Senator MURKOWSKI, Senator CORKER, Senator ALEXANDER, and Senator ENSIGN.

Mr. CONRAD. Madam President, I, too, thank Senator CANTWELL. She was very helpful to us in getting this so that we didn't have to have a vote and so the amendment could be adopted. I thank the two Senators.

AMENDMENT NO. 472

We now proceed to the Ensign amendment.

Mr. GREGG. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered. Is there a sufficient second?

There appears to be a sufficient second.

Who yields time?

Mr. ENSIGN. Madam President, am I correct, there is 1 minute on each side?

The PRESIDING OFFICER. The Senator is correct. There is 1 minute on each side.

Mr. ENSIGN. Madam President, very simply, this amendment is the same as the means testing on Part B. Part D of

Medicare seniors never paid for during their lifetime. This is a brand new entitlement, something they never paid for. We are asking the younger workers to pay basically for millionaires to be able to get prescription drugs. What my amendment says is we should means test those so wealthier seniors will have to pay more of their fair share for prescription drugs. That is very simply what this amendment does.

I think 59 Senators voted before to make sure Part B was means tested—once again, a benefit they never paid for. This amendment does the same thing for Medicare Part D. Let's not ask a schoolteacher or a firefighter to pay for millionaires to have prescription drugs. Let's do something fiscally responsible and call on the Finance Committee to enact this very important amendment to the prescription drug program.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, this amendment fails to distinguish between Part B premium and Part D. This amendment calls for means testing Part D. What does that honestly mean? It will create massive confusion among seniors. Why? The Government sets the Part B premium. The private sector sets the Part D drug premium. There are 1,500 plans and each of them is different. Some premiums are a few dollars, some are \$100.

You think seniors were confused with Part D when it first came out? That is a picnic compared to the confusion this amendment is going to create. Think of all the confusion the seniors are going to have to face, trying to figure out is their premium means tested compared to their friends' premium next door? This is massively complex for seniors. There is so much confusion for seniors that the amendment should not be agreed to.

I urge Senators to vote against this confusion.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 472. The yeas and nays have been ordered and the clerk will call the roll.

The assistant journal clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. INHOFE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "yea."

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

The result was announced—yeas 44, nays 52, as follows:

[Rollcall Vote No. 93 Leg.]

YEAS—44

Alexander	Crapo	Lugar
Allard	DeMint	Martinez
Bennett	Dole	McConnell
Bond	Domenici	Murkowski
Brownback	Ensign	Roberts
Bunning	Enzi	Sessions
Burr	Graham	Shelby
Chambliss	Grassley	Stevens
Coburn	Gregg	Sununu
Cochran	Hagel	Thomas
Coleman	Hatch	Thune
Collins	Hutchison	Vitter
Corker	Isakson	Voinovich
Cornyn	Kyl	Warner
Craig	Lott	

NAYS—52

Akaka	Harkin	Obama
Baucus	Inouye	Pryor
Bayh	Kennedy	Reed
Bingaman	Kerry	Reid
Boxer	Klobuchar	Rockefeller
Brown	Kohl	Salazar
Byrd	Landrieu	Sanders
Cantwell	Lautenberg	Schumer
Cardin	Leahy	Smith
Carper	Levin	Snowe
Casey	Lieberman	Specter
Clinton	Lincoln	Stabenow
Conrad	McCaskill	Tester
Dodd	Menendez	Webb
Dorgan	Mikulski	Whitehouse
Durbin	Murray	Wyden
Feingold	Nelson (FL)	
Feinstein	Nelson (NE)	

NOT VOTING—4

Biden	Johnson
Inhofe	McCain

The amendment (No. 472) was rejected.

AMENDMENT NO. 545, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there will now be 2 minutes of debate equally divided on amendment No. 545, as modified.

The Senator from Vermont.

Mr. SANDERS. Madam President, in 1975, Congress made a promise to provide 40 percent of the funding for special education. Congress has not kept that promise on that unfunded mandate. Today, we are providing a little over 17 percent of the costs of special education, and that percentage has gone down over the last 3 years. The result is higher and higher property taxes for the middle-class and working families of our country.

This amendment is very simple. It rescinds the 2001 personal income tax reduction that was given to people with at least \$1 million in income—the wealthiest three-tenths of 1 percent of the population—and puts the \$44 billion raised over 5 years into special education.

Madam President, 99.7 percent of Americans would see no increase in their Federal taxes from this amendment. But it would lower property taxes for millions of middle-class and working families, improve the quality of education and, most importantly, keep the promise made to school districts all over this country.

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

Mr. GREGG. Madam President, in a bill which is already a big-spending, big-tax bill, this would supersize the tax element of the bill. This is sort of like when you go into McDonald's, you

can order a regular, a large, or a super size. This is a supersized tax increase, \$44 billion of new taxes, and 83 percent of the people who are going to pay it are small businesspeople, small businesspeople across this country.

We have done a great—not a great job; we have done a strong job in the area of IDEA. This administration has had larger increases in IDEA spending than any administration in history, dramatic increases. We still need to go further, but you do not go further by increasing taxes by \$44 billion on America's workers.

I hope we will vote down this amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to amendment No. 545, as modified.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. INHOFE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "nay."

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

The result was announced—yeas 38, nays 58, as follows:

[Rollcall Vote No. 94 Leg.]

YEAS—38

Akaka	Feingold	Menendez
Bayh	Feinstein	Mikulski
Bingaman	Harkin	Murray
Boxer	Inouye	Obama
Brown	Kennedy	Pryor
Byrd	Kerry	Reed
Cardin	Klobuchar	Reid
Casey	Kohl	Rockefeller
Clinton	Lautenberg	Sanders
Conrad	Leahy	Schumer
Dodd	Levin	Stabenow
Dorgan	Lieberman	Whitehouse
Durbin	McCaskill	

NAYS—58

Alexander	Dole	Nelson (NE)
Allard	Domenici	Roberts
Baucus	Ensign	Salazar
Bennett	Enzi	Sessions
Bond	Graham	Shelby
Brownback	Grassley	Smith
Bunning	Gregg	Snowe
Burr	Hagel	Specter
Cantwell	Hatch	Stevens
Carper	Hutchison	Sununu
Chambliss	Isakson	Tester
Coburn	Kyl	Thomas
Cochran	Landrieu	Thune
Coleman	Lincoln	Vitter
Collins	Lott	Voinovich
Corker	Lugar	Warner
Cornyn	Martinez	Webb
Craig	McConnell	Wyden
Crapo	Murkowski	
DeMint	Nelson (FL)	

NOT VOTING—4

Biden	Johnson
Inhofe	McCain

The amendment (No. 545), as modified, was rejected.

Mr. GREGG. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 497

The PRESIDING OFFICER. Under the previous order, there will now be 2 minutes of debate equally divided on amendment No. 497.

The Senator from Wyoming.

Mr. ENZI. Madam President, my amendment is very simple. It establishes a 60-vote threshold for legislation that imposes an unfunded mandate on small businesses which exceeds \$131 million, as determined by the Small Business Administration.

We do it for municipalities. We do it for States. We do it for tribes. We do not do it for small businesses. Small businesses make up 99.7 percent of all U.S. employers and employ 50 percent of the Nation's nonfarm private sector workers. We have an obligation to make sure laws written in Washington do not unfairly burden Main Street.

Now, checking back, I found that bills that adversely affect small business usually get hung up on cloture, which is a form of point of order but a very lengthy one. The ones that take care of small business frequently get a huge vote.

Now, it is possible to mention there will be things coming up, such as mental health parity—I am a cosponsor on that one; I can assure you that is one where small business will not be given a bad deal—the Department of Defense. We can override any waiver. In this body, it takes 60 votes to do cloture. This will speed up the process.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, this amendment is absolutely well intended, but it will create unintended consequences. This will give the Budget Committee authority over nonbudgetary matters. This amendment, if it were adopted, would create a supermajority point of order against Senator DOMENICI's mental health parity bill. It would give a supermajority point of order against the Defense authorization bill. It would give a supermajority point of order against the minimum wage bill, against bankruptcy reform, against pension reform.

This amendment should not be adopted. I urge my colleagues to vote no.

Mr. ENZI. Madam President, do I have time remaining?

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

Mr. CONRAD. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to amendment No. 497.

The clerk will call the roll.

The assistant journal clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. INHOFE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "yea."

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

The result was announced—yeas 47, nays 49, as follows:

[Rollcall Vote No. 95 Leg.]

YEAS—47

Alexander	DeMint	McConnell
Allard	Dole	Murkowski
Bennett	Domenici	Nelson (NE)
Bond	Ensign	Roberts
Brownback	Enzi	Sessions
Bunning	Graham	Shelby
Burr	Grassley	Smith
Chambliss	Gregg	Snowe
Coburn	Hagel	Specter
Cochran	Hatch	Stevens
Coleman	Hutchison	Sununu
Collins	Isakson	Thomas
Corker	Kyl	Thune
Cornyn	Lott	Vitter
Craig	Lugar	Warner
Crapo	Martinez	

NAYS—49

Akaka	Feinstein	Nelson (FL)
Baucus	Harkin	Obama
Bayh	Inouye	Pryor
Bingaman	Kennedy	Reed
Boxer	Kerry	Reid
Brown	Klobuchar	Rockefeller
Byrd	Kohl	Salazar
Cantwell	Landrieu	Sanders
Cardin	Lautenberg	Schumer
Carper	Leahy	Stabenow
Casey	Levin	Tester
Clinton	Lieberman	Voinovich
Conrad	Lincoln	Webb
Dodd	McCaskill	Whitehouse
Dorgan	Menendez	Wyden
Durbin	Mikulski	
Feingold	Murray	

NOT VOTING—4

Biden	Johnson
Inhofe	McCain

The amendment (No. 497) was rejected.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 498

Mr. CONRAD. Mr. President, I ask unanimous consent that the Senate proceed to consider the Thomas amendment No. 498 and that there be 2 minutes of debate equally divided and the vote time be limited to 10 minutes, with no second-degree amendment in order.

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

Under the previous order, there will now be 2 minutes of debate equally divided on amendment No. 498.

The Senator from Wyoming is recognized.

Mr. THOMAS. Mr. President, the amendment I am offering will bring some transparency—

Mr. GREGG. Could we get order, Mr. President?

The PRESIDING OFFICER. May we have order in the Senate, please.

The Senator from Wyoming.

Mr. THOMAS. The amendment will bring transparency and discipline, but not order, to this budget process. The budget resolution is supposed to provide a blueprint for Government spending and allocate dollars for appropriators to spend in particular areas. However, this budget goes away from that responsibility in a number of areas and fails to even set up a cap for overall spending. It does so by including a number of unlimited reserve funds that amount to no more than a blank check signed by the American taxpayer. There is no end to what can be spent.

My amendment would strike these reserve funds from the budget. We owe it to the American people to give them a budget that means something, that let's them know up front how much we are spending and how we are going to pay for it. I urge my colleagues to support this amendment.

Mr. President, I yield back the remainder of my time.

Mr. CONRAD. Mr. President, there are no blank checks here. Reserve funds simply say that the committee of jurisdiction has to report a bill, and they have to pay for it. Nothing happens unless the committee reports and unless they pay for it.

Now, this amendment would knock out every reserve fund—every one that has been put in by Republican Senators, every one that has been put in on this side. It would knock out the reserve fund for SCHIP, children's health care. It would strike the reserve fund for veterans. It would strike the reserve funds for tax relief, for education, for energy, for the farm bill, for Medicare, for housing, for childcare, for mental health parity. It would knock out Senator CORNYN's reserve fund for immigration, and on and on.

I urge a "no" vote on this amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to amendment No. 498.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. INHOFE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "yea."

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

The result was announced—yeas 29, nays 67, as follows:

[Rollcall Vote No. 96 Leg.]

YEAS—29

Allard  
Bennett  
Bond  
Brownback  
Bunning  
Burr  
Coburn  
Cochran  
Corker  
Craig

Crapo  
DeMint  
Ensign  
Enzi  
Graham  
Grassley  
Gregg  
Hagel  
Hatch  
Kyl

Lott  
Martinez  
McConnell  
Murkowski  
Sessions  
Shelby  
Thomas  
Vitter  
Voinovich

NAYS—67

Akaka  
Alexander  
Baucus  
Bayh  
Bingaman  
Boxer  
Brown  
Byrd  
Cantwell  
Cardin  
Carper  
Casey  
Chambliss  
Clinton  
Coleman  
Collins  
Conrad  
Cornyn  
Dodd  
Dole  
Domenici  
Dorgan  
Durbin

Feingold  
Feinstein  
Harkin  
Hutchison  
Inouye  
Isakson  
Kennedy  
Kerry  
Klobuchar  
Kohl  
Landrieu  
Lautenberg  
Leahy  
Levin  
Lieberman  
Lincoln  
Lugar  
McCaskill  
Menendez  
Mikulski  
Murray  
Nelson (FL)  
Nelson (NE)

Obama  
Pryor  
Reed  
Reid  
Roberts  
Rockefeller  
Salazar  
Sanders  
Schumer  
Smith  
Snowe  
Specter  
Stabenow  
Stevens  
Sununu  
Tester  
Thune  
Warner  
Webb  
Whitehouse  
Wyden

NOT VOTING—4

Biden  
Inhofe

Johnson  
McCain

The amendment (No. 498) was rejected.

Mr. CONRAD. Mr. President, I would have preferred not to have to offer this amendment, but Senator COLEMAN has an amendment that would extend several energy tax incentives, including the clean, renewable energy bond program, and tax incentives for energy-efficient buildings and powerplants.

I am in entire agreement with the Senator on that matter. The problem is, he has paid for it out of section 920, and the 920 pool of money is about evaporated. So the effect of his amendment would be to cut veterans, homeland security, and law enforcement; and I can assure colleagues that will be dropped in conference if it is adopted here.

Instead, to try to accomplish the goal, I have offered those same provisions, paid for by a deficit-neutral reserve fund. That gives the committees of jurisdiction the widest latitude to pay for the initiatives that are deserving and important.

AMENDMENT NO. 598

Mr. CONRAD. I send the amendment to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside.

The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota (Mr. CONRAD) proposes an amendment numbered 598.

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

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

The amendment is as follows:

(Purpose: To create a deficit-neutral reserve fund for extending certain energy tax incentives)

At the end of title III, insert the following:

**SEC. \_\_\_\_ DEFICIT-NEUTRAL RESERVE FUND FOR EXTENSION OF CERTAIN ENERGY TAX INCENTIVES.**

The Chairman of the Senate Committee on the Budget may revise the aggregates, allocations, and other levels in this resolution for a bill, joint resolution, motion, amendment, or conference report that would extend through 2015 energy tax incentives, including the production tax credit for electricity produced from renewable resources, the Clean Renewable Energy Bond program, and the provisions to encourage energy efficient buildings, products and power plants, provided that such legislation would not increase the deficit over the total of fiscal years 2007 through 2012.

Mr. CONRAD. The Senator from Minnesota has a minute.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. COLEMAN. Mr. President, we agree on the goals. We need clean energy. We need clean energy. We need renewable energy, wind energy, biomass, and geothermal. The problem is, with the reserve fund there is no certainty. You cannot take the reserve fund to the bank. That would only say if we find offsets in the future to make the extension, we can do that. It is as if I give you \$15, and if you find \$15 for me some day, you can pay me. If you want the projects to go forth and you believe in wind and biomass and other renewables and you want them to be financed, you need certainty. The 920 fund can provide you the certainty.

This doesn't move the ball forward. We are still at ground zero. If you believe in renewables and clean energy, I urge you to vote against this and support my amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I wish my colleague was right. The 920 offset is a fantasy. This will never survive conference because the 920 pool is gone.

I urge colleagues to vote for the first amendment, the Conrad amendment, that provides a funding mechanism that will survive conference.

I ask unanimous consent that we go to the vote.

The PRESIDING OFFICER. Is there objection?

The Senator from New Mexico.

Mr. DOMENICI. What was the manager's request?

Mr. CONRAD. I was asking that we pay for these very worthwhile initiatives with a deficit-neutral reserve fund instead of using section 920.

Mr. DOMENICI. I heard all of that, and I know what the Senator from Minnesota is trying to do because I encouraged him to do it. Rather than let him lose by making a mistake, I wonder if we could look at the amendment of the Senator from North Dakota. I looked at it, and I didn't see a reserve fund. Can we take 1 minute and look at it? I would like to encourage Senator COLEMAN to accept the Senator's proposal.



Can the Senator from North Dakota tell me again what he thinks he did?

Mr. CONRAD. Yes. What I have done is I have tried to convince my colleague—we absolutely share the same goal.

Mr. DOMENICI. Yes.

Mr. CONRAD. What I have done is offered a deficit-neutral reserve fund that gives the committees the greatest latitude to actually fund it. Mr. President, 920, which is his offset, is over-subscribed, and if we go to conference with it, we will be dropped like a hot rock.

Mr. COLEMAN. Mr. President, I note that there are 235 reserve funds in this budget with over \$200 billion over 5 years. The problem is, again, if we believe in getting this done, and we adopt it with the reserve fund, there is no way we can go to the bank and say we are going to have this because it is simply a promise without anything.

The reality of the 920 can give certainty if we can get it through conference. Let's fight for it in conference. Let's not do anything that has no effect.

Mr. CONRAD. Mr. President, let's be clear. What 920 means is that we will cut veterans, we will cut homeland security, we will cut law enforcement. That is a losing proposition for us, I say to my colleague, especially given the fact that we are already at over \$7.5 billion a year in section 920. The President, when he identified the possibilities, only identified \$7.5 billion available. That is the money that has already been used.

I urge my colleagues to vote yes on the Conrad amendment so we can fund these important priorities.

I urge we go to the vote. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to amendment No. 598. The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. INHOFE) and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "nay."

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

The result was announced—yeas 54, nays 42, as follows:

[Rollcall Vote No. 97 Leg.]

YEAS—54

Akaka	Byrd	Collins
Baucus	Cantwell	Conrad
Bayh	Cardin	Dodd
Bingaman	Carper	Domenici
Boxer	Casey	Dorgan
Brown	Clinton	Durbin

Feingold	Lieberman	Reid
Feinstein	Lincoln	Rockefeller
Harkin	Lugar	Salazar
Inouye	McCaskill	Sanders
Kennedy	Menendez	Schumer
Kerry	Mikulski	Smith
Klobuchar	Murray	Stabenow
Kohl	Nelson (FL)	Tester
Landrieu	Nelson (NE)	Thune
Lautenberg	Obama	Webb
Leahy	Pryor	Whitehouse
Levin	Reed	Wyden

NAYS—42

Alexander	Crapo	Martinez
Allard	DeMint	McConnell
Bennett	Dole	Murkowski
Bond	Ensign	Roberts
Brownback	Enzi	Sessions
Bunning	Graham	Shelby
Burr	Grassley	Snowe
Chambliss	Gregg	Specter
Coburn	Hagel	Stevens
Cochran	Hatch	Stununu
Coleman	Hutchison	Thomas
Corker	Isakson	Vitter
Cornyn	Kyl	Voinovich
Craig	Lott	Warner

NOT VOTING—4

Biden	Johnson
Inhofe	McCain

The amendment (No. 598) was agreed to.

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

The motion to lay on the table was agreed to.

Mr. GREGG. Mr. President, I ask unanimous consent that there now be 2 minutes equally divided, that we go to the vote, and that the yeas and nays be deemed ordered on the Coleman amendment.

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

There are 2 minutes of debate equally divided.

The Senator from Minnesota.

Mr. COLEMAN. Mr. President, if you voted for the Conrad amendment before, if you believe in wind energy and biomass and renewables, then you should vote for my amendment. The argument of the Senator from North Dakota is this will never make it out of conference committee, but that is not an argument against what we are trying to do. So let's put that to the test.

If you believe this is the right policy and you want to tell those folks who want to do wind energy and who want to do biomass that you are going to support them, you should support my amendment.

Ms. SNOWE. Mr. President, I thank Senator COLEMAN for offering this amendment because it is critical that the Federal budget prioritizes the energy policy initiatives that are working for our Nation.

This amendment would include budget authority for the extension of the tax incentives for energy efficient commercial buildings, which has been estimated that by 2010 will save 7 trillion cubic feet, Tcf, of natural gas. To put this figure in context, the United States imported 4.3 Tcf of natural gas in 2005.

Furthermore, we must recognize that investments into commercial and residential buildings provides cost savings for decades. The life of an average

American vehicle is roughly 12 years, for commercial buildings the estimated lifetime is 75 years and for residential buildings the lifetime is 100 years. It is vital that we encourage the investment into energy efficiency for these buildings in order to receive the aggregate energy savings.

Recently, Senator KERRY and I, as chair and ranking member of the Senate Committee on Small Business and Entrepreneurship, heard small business representatives articulate the success of these incentives. However, it is clear that businesses need sufficient lead time to make these investments, reduce risk, and ensure that businesses adopt the most energy efficient infrastructure. This budget must affirm and reflect upon the fact that energy efficiency is the most cost-effective solution to our energy crisis. As the former Assistant Secretary for Energy and Energy Efficiency and Renewable Energy and current director of Google's Climate Change and Energy Initiatives, Dan Reicher, stated to the Finance Committee last month, "Energy Efficiency is the real low-hanging fruit in the U.S. and global economy."

Furthermore, I am encouraged that this amendment would include a 5-year extension for the renewable production tax credit. On December 14, 2006, I joined Senators BINGAMAN and DOMENICI and 39 other Senators, in writing the President to request that he include a 5-year extension of the renewable energy production tax credit, PTC, for 5 years. The current PTC is due to expire on December 31, 2008, and this does not allow renewable energy businesses to adequately prepare for the long-term. This problem was analyzed in a special report in the Economist, which stated that "America's incentives for clean energy" are "relatively modest compared to Europe's." Furthermore, the article illustrates that "what one politician can mandate, another can terminate—and therein lies one of the biggest risks for clean energy. American politicians have periodically allowed a tax break for wind generation to expire, for example. This caused the industry to falter several times, before the credit was renewed again."

This country must make a long-term commitment to energy policies that are effective. I am pleased to support this amendment.

Mr. CONRAD. Mr. President, all those who voted "yes" on the Conrad amendment should now vote "no" on the Coleman amendment, since we have funded it and done it in the right way.

The Coleman amendment would fund these priorities by cutting veterans, by cutting homeland security, by cutting law enforcement. You better vote "no" on the Coleman amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 577. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Delaware (Mr. BIDEN) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

Mr. LOTT. The following Senators are necessarily absent: the Senator from Georgia (Mr. CHAMBLISS), the Senator from Oklahoma (Mr. INHOFE), and the Senator from Arizona (Mr. MCCAIN).

Further, if present and voting, the Senator from Oklahoma (Mr. INHOFE) would have voted "nay."

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

The result was announced—yeas 42, nays 53, as follows:

[Rollcall Vote No. 98 Leg.]

YEAS—42

Allard	DeMint	McConnell
Bennett	Dole	Murkowski
Bond	Ensign	Roberts
Brownback	Enzi	Sessions
Bunning	Graham	Shelby
Burr	Grassley	Smith
Coburn	Gregg	Snowe
Cochran	Hagel	Specter
Coleman	Hatch	Stevens
Collins	Hutchison	Thomas
Corker	Isakson	Thune
Cornyn	Lott	Vitter
Craig	Lugar	Voivovich
Crapo	Martinez	Warner

NAYS—53

Akaka	Feingold	Murray
Alexander	Feinstein	Nelson (FL)
Baucus	Harkin	Nelson (NE)
Bayh	Inouye	Obama
Bingaman	Kennedy	Pryor
Boxer	Kerry	Reed
Brown	Klobuchar	Reid
Byrd	Kohl	Rockefeller
Cantwell	Kyl	Salazar
Cardin	Landrieu	Sanders
Carper	Lautenberg	Schumer
Casey	Leahy	Stabenow
Clinton	Levin	Sununu
Conrad	Lieberman	Tester
Dodd	Lincoln	Webb
Domenici	McCaskill	Whitehouse
Dorgan	Menendez	Wyden
Durbin	Mikulski	

NOT VOTING—5

Biden	Inhofe	McCain
Chambliss	Johnson	

The amendment (No. 577) was rejected.

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

The motion to lay on the table was agreed to.

Mr. GREGG. Mr. President, we are now going to go to a period we have discussed before, where people will be speaking on various amendments but not offering them. The speaking order on our side, and we are presuming this is going to start about 6:30, will be a half hour on our side, then a half hour to the majority, then a half hour to our side, and then the majority, back and forth. The people we expect to speak are in this order: Senator SPECTER, as soon as we start, and Senator DOMENICI after Senator SPECTER. Then, after the majority response or period, it will be Senator HATCH, probably around 7:30, and then a combination of Senator MURKOWSKI and Senator ALLARD

around 7:45. Then the majority position. Then it will be Senator CHAMBLISS and a group around 8:30; Senator BROWNBACK around 9:30, and Senator VOINOVICH around 9:45. All those times may move up depending on what happens, with Members either coming or going or not showing up, but that is the present lineup.

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

Mr. CONRAD. Mr. President, because we are now 20 minutes past the time we anticipated being able to start the discussions and the debate, obviously everything is moved back 20 minutes. Previously, the GOP time was to run from 6 to 6:30. That will need to now run from about 6:25 to 6:55. That will be the time in which our side would start. First will be Senator MENENDEZ, then Senator SALAZAR, and then Senator DURBIN, each one of them for 10 minutes. Then we will go back to the Republican side. Then we will come back to our side at roughly 8 o'clock with Senator LIEBERMAN and Senator CASEY.

I hope it is recognized that if Senators who have time are not here and there are other Senators who are here, that will be worked out and the Senators who are available will go ahead and use the time and be reasonable with others so we can accommodate as many Senators as possible this evening.

The other important thing to say is, tomorrow morning we are going to start at 9 o'clock. We will have a half hour equally divided between Senator GREGG and myself. Then we will start voting at 9:30. That is going to be a series of 10-minute votes after the first one. In addition to that, we need to indicate to Members, there are 75 votes pending. We can do about 3 votes an hour. That means 25 hours of voting. If everyone insists on their amendment, we will be here until 9 o'clock the next morning. That is the reality. Senators can decide their own fate. If every Senator insists on every amendment they have noticed, that is 75 amendments, we will be voting for 25 straight hours. I hope colleagues understand the consequences.

I thank the Chair.

Mr. GREGG. Mr. President, I wish to reinforce the point made by the chairman, which is there has to be reason in this process. We have been through these vote-a-thons before. We know they tend to be a little chaotic. Quite honestly, there are a lot of people who come in late with ideas that are good ideas, but let's be reasonable and make sure there is an orderly process, and let's cut this list down to something that is manageable so we can all get back to our districts or our homes and enjoy the weekend with our families.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

AMENDMENT NO. 506

Mr. SPECTER. Mr. President, I have sought recognition to discuss briefly two amendments to the budget resolu-

tion. The first amendment, which I offer on behalf of Senator HARKIN and myself, relates to funding for the National Institutes of Health. The NIH has undertaken miraculous research which has led to breakthroughs on many maladies confronting this country and which benefit the world. Dr. Zerhouni testified on Monday of this week and brought forth statistics showing there has actually been a decrease in cancer in the last 2 years, a decrease in heart disease, and a decrease in strokes. We could go through the long list of ailments where the NIH research has been overwhelmingly successful.

I ask unanimous consent at the conclusion of my comments that the list of the diseases be printed in the CONGRESSIONAL RECORD.

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

(See exhibit 1.)

Mr. SPECTER. The budget constraints have led to a cut in NIH funding in recent years. The proposed budget by the administration would cut NIH funding by more than \$500 million. In one of the recent budget cuts, the National Cancer Institute, illustratively, was cut by some \$50 million.

In 1970, President Nixon declared war on cancer and, had that war been prosecuted with the same intensity as our other wars, cancer would have been cured.

My chief of staff, Carey Lackman, a beautiful young woman of 48, died of breast cancer. One of my best friends, a very distinguished Federal judge, Edward Becker, of Philadelphia, chief judge emeritus, died within the year of prostate cancer.

As is fairly well known, I suffer from Hodgkin's. I made a good recovery. All the tests are said to be symptom free. But I was for increasing NIH funding long before I had a personal problem. I have been on the Appropriations Subcommittee of Labor, Health and Human Services, and Education since I was elected to the Senate in 1980 and have had the opportunity to chair the subcommittee. With the leadership of Senator HARKIN and myself, NIH funding has been increased from some \$12 billion to almost \$30 billion.

We are offering this amendment simply to restore NIH funding to where it would have been had there been an accommodation for biomedical inflation. The cuts have been tremendous, but we have restored the 4.5-percent biomedical inflation rate for fiscal year 2006, which costs \$1.3 billion; for fiscal year 2007, which costs \$1.1 billion; for fiscal year 2008, which costs another \$1.1 billion.

We also provide increases for the Centers for Disease Control and Prevention and restored health professional training programs for nurses and doctors to the 2005 level.

This, in the aggregate, when reduced by the assumption for health care programs in the budget resolution, comes to an increase in funding of \$2.183 billion.

I ask unanimous consent this schedule be printed at the conclusion of my remarks, along with the chronology of funding amendments offered on the increase of NIH funding.

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

(See exhibit 2.)

Mr. SPECTER. I would say that this is absolutely minimal to not fall backward. Earlier this week, in addition to Dr. Zerhouni's testimony, we heard testimony from research applicants, and they are falling off. We are losing the best and the brightest of the talent. So this is minimal, just to tread water.

AMENDMENT NO. 505

I now turn to a second amendment which I propose to offer, and that is an amendment which deals with legislation to reform asbestos litigation. There have been efforts made to deal with the avalanche of asbestos injury cases, with the attendant bankruptcies and with tens of thousands of people left unable to collect for very serious, sometimes deadly, injuries because companies have gone into bankruptcy.

On a number of occasions, the Supreme Court of the United States has urged Congress to deal with this problem. In the 109th Congress, the Judiciary Committee undertook an enormous job, reported out a comprehensive reform bill after many hearings and complicated markups—all of that is part of the record, which I will not repeat now.

In the intervening period of time, \$140 billion that had been available for a trust fund has been reduced very substantially by the formation of bankruptcy trusts. So we are now compelled to recast the legislation. We are now looking at a reduced trust fund, and we are looking at dealing only with victims of mesothelioma, which is a deadly ailment.

Last year, notwithstanding the humongous effort of the Committee, asbestos legislation was defeated on a technical point of order requiring 60 votes. We got 59. Senator INOUE had stated he was going to vote with us, but his wife was ill, and we did not survive the challenge on the budget point of order.

The very heavy, crowded calendar precluded our being able to bring it up again. This year we have offered an amendment to the budget resolution which would establish a reserve fund for asbestos legislation, eliminating a point of order under section 302 of the Budget Act. And we have restructured the legislation to make it ironclad that the Federal Government will not have to pay anything because we are creating a fund, which we did not do last year, so that the only money contributed will be from the trust fund.

That trust fund is established by the manufacturers who are interested in avoiding the crush of litigation and the attendant costs. We have found that the so-called transaction costs, attorneys' fees, amount to about 58 cents on the dollar, and only 42 cents are going to people who are injured.

We have restructured the bill to defer cases where people do not have tangible damages, and we are looking at those with mesothelioma. We are dealing with an award—without a showing of liability, simply the damages of mesothelioma—of \$1,100,000, an amount that was established last year after considerable negotiation, and I think it is fair to say it has been accepted as a reasonable figure.

So that what will be presented to the body—I am hopeful we can yet work this out. We have gotten consent from staff on one side of the aisle, we are working with staff on the other side of the aisle, and we think we have answered conclusively the concerns that were raised.

Senator LEAHY was a cosponsor last year when I was chairman and he was ranking. He is the chairman of Judiciary now and has agreed to be a cosponsor as we move this bill forward. So I think we have the votes to get this resolved, but doubtless there will be a necessity for a cloture vote. We are going to have to get 60 votes to carry this bill forward.

What I am looking for, what the sponsors are looking for, is not having so many hurdles that it becomes a practical impossibility to have the Senate consider this issue on the merits. But we are long past due, having been tangling with this issue for some 25 years. Legislation was defeated last year on a technicality. I hope we can eliminate the technicalities this year, and the amendment will address one. Then we will face the 60-vote threshold on cloture.

We will seek to structure a bill that will meet with the approval of the Senate and the House of Representatives.

EXHIBIT 1

DISEASES

- Aids
- Autism
- Stroke
- Obesity
- Alzheimer's
- Parkinson's
- Spinal Muscular Atrophy
- Scleroderma
- ALS
- Muscular Dystrophy
- Diabetes
- Osteoporosis
- Cancers:
  - Breast, Cervical and Ovarian
  - Lymphoma
  - Multiple Myeloma
  - Prostate
  - Pancreatic
  - Colon
  - Head and Neck
  - Brain
  - Lung
  - Mesothelioma
- Pediatric Renal Disorders
- Multiple Sclerosis
- Deafness and Other Communication Disorders
- Glaucoma
- Macular Degeneration
- Sickle Cell Anemia
- Heart Disease
- Spinal Cord Injury
- Sudden Infant Death Syndrome
- Arthritis

- Schizophrenia and Other Mental Disorders
- Polycystic Kidney Disease
- Hepatitis
- Cooley's Anemia
- Primary Immune Deficiency Disorders

EXHIBIT 2

BUDGET AMENDMENT TALKING POINTS

Your amendment: Would add \$2.2 billion to Function 550—Health—for increases in NIH, CDC and Health Professions Training Programs. This increase would be offset by an across-the-board cut of 0.23 percent.

Budget Resolution: The budget resolution assumes the FY'07 funding level for NIH and provides an unspecified \$1.637 billion increase for all health programs.

Amendment assumptions:

NIH increases required: to restore NIH plus FY'06 biomedical inflation—4.5%, \$1.3 billion; to restore NIH plus FY'07 biomedical inflation—3.7%, \$1.1 billion; to restore NIH plus FY'08 biomedical inflation—3.7%, \$1.1 billion.

NIH funding: \$28,948,845,000—FY'07 comparable appropriation; \$28,948,845,000—Budget resolution assumption for the NIH or the same as the FY'07 amount; \$32,448,845,000—FY'08 with your amendment, +\$3.5 billion over the FY'07 comparable appropriation.

Year	Appropriation	Over previous fiscal year	Percentage
1995	\$11,299,522,000	\$362,000,000	
1996	11,927,562,000	628,040,000	5.6
1997	12,740,843,000	813,281,000	6.8
1998	13,674,843,000	934,000,000	7.3
1999	15,629,156,000	1,954,313,000	14.3
2000	17,820,587,000	2,191,431,000	14.0
2001	20,458,130,000	2,637,543,000	14.8
2002	23,296,382,000	2,838,252,000	13.9
2003	27,066,782,000	3,770,400,000	16.2
2004	27,887,512,000	820,730,000	3.0
2005	28,495,157,000	607,645,000	2.2
2006	28,311,848,000	-183,309,000	-0.6
2007	28,948,845,000	-636,997,000	-2.2
2008			
Request	28,621,241,000	-327,604,000	-1.1
Budget Res	28,948,845,000	0	0
Amended	32,448,845,000	+3,500 billion	12

SEQUENCE ON NIH FUNDING

In 1981, NIH funding was less than \$3.6 billion. For FY04, NIH funding totals \$28 billion.

A substantial investment in the NIH is crucial to continue the progress we have made over the last several years to turn our investment into cures for diseases over the next decade. We have seen innumerable breakthroughs in the knowledge of and treatment for diseases such as cancer, Alzheimer's disease, Parkinson's disease, severe mental illnesses, diabetes, osteoporosis, heart disease, and many others.

In FY'98, you and Sen. Harkin sought to add \$1.1 billion to the health function during the Budget Resolution. The amendment was defeated 63-37. Despite this, you were able to provide a \$1 billion increase for the NIH in FY'98.

In FY'99, you and Sen. Harkin again offered an amendment to the Budget Resolution to add \$2 billion to the health function. The amendment was again defeated, this time by a vote of 57-41. But, you still provided an additional \$2 billion to the NIH for FY'99, which at the time was the largest increase in history.

In FY'00, you and Sen. Harkin offered an amendment to the Budget Resolution to add \$1.4 billion to the health function, over and above the \$600 million increase which had already been provided by the Budget Committee. The amendment was defeated by a vote of 47-52.

In FY'01, you and Senator Harkin offered an amendment to the Budget Resolution to add \$1.6 billion to the health function. This amendment passed by a vote of 55-45. This victory brought the NIH increase to \$2.7 billion for FY'01. However, after late night negotiations with the House, the funding for

NIH was cut by \$200 million below that amount, bringing the total increase to \$2.5 billion.

In FY'02, you and Senator Harkin, along with nine other Senators offered an amendment to add an additional \$700 million to the resolution to achieve your goal of doubling. The vote was 96-4. The Senate Labor-HHS Subcommittee reported a bill recommending \$23.7 billion, an increase of \$3.4 billion over the previous year's funding. But during conference negotiations with the House, we fell short of that amount by \$410 million.

The FY'03 omnibus appropriations bill contained an increase of \$3.7 billion, which achieved your doubling effort.

In FY'04, you and Senator Harkin offered an amendment to the budget resolution to add \$2.8 billion in additional funding for Public Health Service programs as follows: \$1.8 billion for NIH, \$600 million for CDC, and \$400 million for the Health Resources and Services Administration. The vote was 97-1.

On September 10, 2003, during floor debate on the Labor-HHS bill, you and Senators Harkin and Feinstein offered an amendment to the FY04 Labor-HHS bill to provide a \$2.5 billion increase for the NIH. The amendment was defeated by a vote of 52-43—the amendment required 60 votes because the increase was designated as an emergency. The final conference agreement contained \$27.9 billion for NIH, an increase of \$1 billion over the FY'03 appropriation.

In FY'05, you, Senator Harkin, and Senator Collins offered an amendment to the budget resolution to add \$2,000,000,000 to discretionary health spending, including NIH—the amendment passed 72-24. The final conference agreement for NIH included \$28.6 billion, an increase of \$800 million.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I might say to the distinguished Senator from Pennsylvania, little did I know when I agreed tonight to switch places and follow him, instead of the reverse order, that I would hear about, once again, this never-ending litigation that is once again brought to the Senate floor by the distinguished Senator from Pennsylvania. What a distinguished stalwart you are, Senator.

Never give up. Never say no. Never say die. Just keep on keeping on. Sure enough, even the big, giant elk fall. That is what they talk about in the forest, as they look out there among the great pines and the great big, giant elk, that sooner or later the tree will fall and the elk will fall.

Frankly, I do not know of anybody better than you to say, if you are after them, you will get them, whatever it is. In this case, I listened to you, like I have listened and expressed willingness last time, with no interest, no big interest in my State to give you a Senator on your side, by saying I want to be part of trying to get this solved. I await your presentation to us, to have an opportunity to see if we can sign up now.

Having said that, Senator SPECTER, I am going to speak for a very few minutes about this budget that is before us. I had kind of sworn I would not get involved very much in budget activities on the floor. I think you probably, as much as anyone, have noticed a real

lack of—or an absence of—Domenici verbiage on budgets. Because I have done it for so many years, I decided others ought to take over and take charge, and they would have plenty without me having to stick myself in the middle of it.

But I did think, if I were going to look at this year at what happened, what is the difference between the Democrats and Republicans being in control, which is essentially what everybody ought to know is the big difference. And then you ought to say: Well, what difference is there in the budget because the Democrats took over? And it is their budget, there is no doubt about it.

They may claim they did not inherit what is in this budget, but the truth of the matter is, they are going to fix it, if it is going to be fixed. They are not going to do nothing, they are going to try to do something. You are going to look and see what it is they tried to do, and from that you are going to have to try to draw some conclusions.

So it is a very difficult time to put a budget together. I do not stand here tonight as a superpolitical criticizer or criticizer of the Democrats who are trying to put this together. But I do think, from time to time, it is important that somebody like me who has been through this for about 25 years—I think that is about the minimal that I was involved in putting budgets together—and during much of that time I was either ranking or chairman having to put it together and learn about it.

I believe we must continue to look at things and expose and express, which is what I am doing. I am not being critical, I am exposing and expressing what I see vis a vis what the leadership on the other side has claimed they have done.

I believe we must continue to protect the middle class. The middle-class working families must have our help and our protection. They are the backbone of our country. It is the middle class that distinguishes America from all other democracies, and that is why we are able to remain so strong as a living democracy, is because we have such a large, powerful majority of Americans who belong to the middle class, the middle-class working families.

Unfortunately, the budget we are presented this year will do very little for the hard-working middle class. The budget we are presented does little for the hard-working middle class. If enacted, the budget would allow tax breaks that we gave to the middle class to expire, causing an enormous tax burden to be placed on these families.

You do not have to do much, if you have tax cuts that are running along and the tax cuts are going to expire. Then all you have to do is not extend them and sometime later on the taxpayers are going to find out that their taxes are different because, in fact, what had happened to them under the tax structure before will not happen to them come the end of the tax year.

If enacted, the budget would allow the tax breaks we gave to the middle class to expire, causing an enormous tax burden to be placed on these families. Simply put, the budget increases taxes on the middle class. I realize we made a step in the right direction by adopting the Baucus amendment yesterday. That was planned by the majority that it take place in that way.

He offered a tax amendment, and I was happy to vote in favor of that, which permanently extended the tax relief for the 10-percent tax brackets and extended the child tax credit, the adoption credit and dependent care credit and the marriage penalty relief.

However, there is still a great deal of work left to be accomplished. While we have provided tax relief for the lowest brackets, we have not addressed the middle class, which faces a tax increase and a loss of some substantial deductions such as the education tuition deduction.

The budget does not extend the capital gains tax and the dividend tax relief. If we do not extend the capital gains deduction, we will be creating a dangerous situation that may prevent the economy from progressing. This might be a very good test of whether those kinds of taxes, capital gains and dividends tax relief, have anything positive to do with the economy.

Obviously, so far in this process it is obvious that the other side is not going to do anything to extend those taxes, which many think were very important to the continuation of the growth at a steady pace for part of the last 5 years. If we do not extend the capital gains reduction, we will be creating a dangerous situation that may prevent the economy from progressing in a normal manner.

I am not predicting that. I learned a long time ago not to predict too much because I predicted how bad things would turn out when certain taxes were changed, and it didn't happen at all.

But I do believe there is too big a change in this budget resolution that it will not have any effect upon the taxpayers of the United States and ultimately on the economy and on the growth of the economy.

Business owners need certainty so they can focus on long-term planning instead of shooting from the hip on a yearly basis. If we do not extend the capital gains relief, we are putting America's business in the position I have described. One can clearly see that on a national level, the middle class stands to lose the most under this proposal. In New Mexico, the impact of repealing the current tax relief would be felt widely by the middle class. More than 93,000 New Mexico investors, including senior citizens, would pay more because of an increase in the tax rates on capital gains and dividends.

I am also sorry to say that this budget resolution does not thoroughly address the alternative minimum tax. I am sure the proponent of the budget knows that. The alternative minimum

is a devil of a tax. It grew from a little tiny thing with a few people affected to a monster that affects millions of people. With each year, it gets bigger in number. Instead, this budget provides a 2-year alternative minimum patch, not a cure. The 2006 alternative minimum tax applied to 3.5 million taxpayers. Absent legislative action, the AMT will affect significantly more middle-income taxpayers. By 2007, up to 23 million taxpayers could be subject to the AMT.

Maybe I am just telling them what they already know and they plan to fix it. They better think about it. It is an awful big number, and it is rather ominous. There will be plenty of Americans who will note it come tax-paying time, there is no question. Today, they don't know, but in about 6 months, they will know. About a year after that, they will know again. Absent legislative action, the AMT will affect significantly more middle-income taxpayers. By 2007, up to 23 million taxpayers could be subject to the alternative minimum tax.

This is another tax which the middle class will bear the brunt of. The reverberations of this inaction will be seen all over the country and will especially be evident in a State such as New Mexico. This budget does not provide any permanent type of tax relief for America's middle-class people. I believe we still have time and a great opportunity to address this issue right now in a bipartisan manner. I am willing to continue to work to see what we can do to help the middle class in this budget.

Added to the nonexistent middle-class tax relief, this budget fails to address the 800-pound gorilla in the room—otherwise known as entitlement spending. After 2010, spending related to the aging and the baby boom generation will begin to raise the growth rate of total outlays. The annual growth rate of Social Security spending is expected to increase from about 4.5 percent in 2008 to 6.5 percent by 2017. In addition, because the cost of health care is likely to continue rising rapidly, spending on Medicare and Medicaid is projected to grow even faster, in the range of 7 or 8 percent annually. Total outlays for Medicare and Medicaid are projected to more than double by 2017, increasing by 124 percent, while nominal GDP is expected to grow by only 63 percent. The budget currently under consideration does not offer solutions, much less address entitlement spending or reform.

In the area of energy policy, this budget is a mixed bag. On the positive side, I am pleased that it assumes \$1.6 billion for the Department of Energy's Energy Efficiency and Renewable Energy Program—a \$440 million increase above the fiscal year 2006 enacted level.

This is a critical program within DOE where our Nation's work on next-generation fuels is put to the test. Increasing our fuel diversity and fuel efficiency is a top priority for me this year, as it was in the Energy bill of

2005. In that bipartisan bill, we passed the first-ever renewable fuel standard. This has literally brought thousands of jobs to the American people and billions of gallons of homegrown renewable fuel to the American fuel tank. I will be seeking to further these advancements through legislation with Senator BINGAMAN and the Energy Committee.

I am also relieved and pleased that the budget includes an increase for fossil energy research and development. This is key to many small producers, geologists, and to the overall fiscal strength of my home State. It is a mistake to misinterpret this funding as an unnecessary incentive for the oil and gas industry. This research and development helps advance technologies to recover more domestic oil and gas, and that is a good thing.

I am disappointed, however, that this budget rejects the President's proposal to permit oil and gas leasing in the Arctic National Wildlife Refuge and does not assume savings from the proposal. We all agree that we should reduce our dependence on foreign oil. Many of us agree that we should do that by conserving energy, increasing fuel efficiency, and using homegrown biofuels. Where we often disagree is that I believe, in the near term, we should also be producing more domestic oil and gas.

I have proposed and passed the idea of domestic energy in the form of an offshore bill dealing with the Gulf of Mexico. I believe we should be doing more offshore. I believe this budget should include ANWR. The chairman of the Budget Committee has indicated he is concerned that our Nation depends on imports for 60 percent of our oil. It concerns me, too. But it equally concerns me that we are locking up billions of barrels of American resources while relying on foreign, volatile regions for our oil.

I cannot support this budget in its current form because it will increase taxes on the middle class and does not offer any meaningful solution for entitlement spending and it offers an incomplete energy policy. I remain willing to work hard to address areas of concern and am confident that if others will come to the table and talk and negotiate, we could strengthen this budget.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, I have a different view than my distinguished colleague from New Mexico. This week, what we are seeing is the proof of new leadership in this Congress. I am proud, as a member of the Budget Committee, that we have a budget resolution before us that provides a blueprint for how we can build a stronger nation—a nation that will not be drowning in debt but can save for its children's future, a nation that will not undermine the education of its young people but that invests in build-

ing global competitiveness from start to finish, a nation that will not abdicate its responsibility to provide health insurance to those most in need but that is committed to covering every child, and a nation that will not neglect the needs of its soldiers and veterans but that will provide the level of care their sacrifices deserve.

Our budgets are indicative of the values we hold, individually and collectively. In this budget, one thing is very clear: We see a different set of priorities and values for our Nation. From health care to education to our veterans to the safety of our communities, Americans will see that this budget charts a new course. Perhaps most importantly, however, this budget reaches all of these priorities in a framework that is fiscally responsible. With this budget, we will end the days of spending now and figuring how to pay for it later. Instead of making lofty promises we cannot afford, instead of pretending we can have it all while we are sinking deeper and deeper into debt, instead of leaving a multibillion-dollar mess for our grandchildren to clean up years from now, with this budget we make a clear declaration: We must pay for what we spend as we go along, not push it off for another day. This is something Americans do every day. It is how all of us conduct our personal daily lives. Yet, until recently, it is something which Congress has been incapable of. With this budget, we have a chance to change that.

Without question, one of our highest priorities is the health care of our Nation's most vulnerable children. I find it embarrassing that some in Washington, those who have some of the best health care coverage in the world, have proposed to cut coverage to America's neediest children. Yesterday, we defeated an amendment that would have jeopardized the health care of children and parents all over America. I know the battle is not over, but let me assure my colleagues, we will win the fight so children across this country will have the health insurance they deserve. I applaud the Budget Committee chairman for working to make this funding a priority in the resolution.

I am proud of the Senate's support for the Baucus amendment to increase funding for SCHIP. I am proud that a majority of this Chamber realized we had a responsibility to fix the shortcomings of the President's budget that would have had millions of children across the Nation not insured and that we ensured America's neediest children have the care and health coverage they need.

In this budget, we make it clear who our focus is. We will no longer follow blindly down the President's path to provide costly tax breaks for the wealthiest Americans while we rack up trillions in debt for future generations to pay off. That is why I am proud this

budget includes an amendment by Senator BAUCUS to extend key tax provisions which will benefit millions of students and hard-working families but which do not drown us in debt. The message is clear: We Democrats believe we can extend tax credits that help students afford college. We can ensure families continue to claim the child tax credit. We can provide income tax relief, and we don't have to do it while sweeping the cost under the rug for another day.

In this budget, we provide a light at the end of the tunnel for so many children, teachers, and administrators who have been strained to meet requirements without resources, who have seen promises broken year after year. With this budget, we start to fix the many holes in our education funding. This budget funds education \$9.2 billion above the President's request. We increase grant aid so that students who rely on Perkins loans, work study, and other grants will continue to have the extra assistance that will help them earn their degree.

For me, this is not a policy debate; it is real life. I would not be here in the Senate today without the help of Pell and Perkins when I was trying to go to college. Having grown up poor, in a tenement, and being the first of my family to do so, that educational opportunity created a foundation that helped me achieve what I have today. I want to make that a birthright for each and every one of our children who has the ability and is willing to work hard and give something back to their country.

We provide the largest increase in elementary and secondary education since 2002. We will have done more in this budget resolution in 3 months than has been done by the administration in the past 4 years so that we can start to fill the massive shortfalls that have plagued our schools and denied opportunities to students. We restore programs such as Safe and Drug-Free Schools, education technology, and other critical investments that have been on the chopping block year after year.

Our budget also marks a turning point for an area which has been shamefully neglected—the care of our Nation's veterans. I recently visited veterans at the VA hospital in East Orange, NJ, and soldiers who have returned from Iraq and Afghanistan currently at Fort Dix and service men and women from across the country, not just New Jersey. I have seen how without adequate funding our VA system has become overloaded, new veterans hang in limbo, and soldiers who have made unimaginable sacrifices are left wondering just how much the Nation values their services.

Too many of our soldiers are trapped in a system that keeps them in limbo. They are too injured to serve, yet they cannot be fully discharged until their paperwork has been processed and their health determinations have been de-

terminations. The time they spend waiting can grow from weeks to months and, yes, even years. It is appalling. It is unacceptable. We have to work to improve this process.

This budget allows for that. It would increase veterans funding \$3.5 billion above and beyond the President's request. It will ensure funding is dedicated to improving the claims backlog that is plaguing our discharge process.

Mr. President, I ask unanimous consent for an additional 2 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MENENDEZ. I worked to include language in the markup that ensures improving this backlog is a top priority, and I commend the effort by Senator LINCOLN to dedicate funding to fixing the flawed claims process. This budget will do what should have been done long before our troops began coming home from Iraq and Afghanistan—begin to repair a broken system that has failed our veterans.

Our budget will also ensure that as we wage a war abroad, we do not forget our fight here at home to protect our Nation. This budget not only rejects the President's shortsighted proposal to slash more than \$1 billion from first responder programs, but it provides much needed increases for homeland security grants, including enough to fund port security grants at their authorized level of \$400 million, doubling rail and transit security, and doubling chemical security funds.

We also restore the President's cuts to the COPS Program, which would have left almost no funds to help law enforcement hire additional officers and improve technology. We reject the President's proposal to slash firefighter grants in half and eliminate SAFER grants. This budget means the difference between shortchanging our police and fire departments and providing them the resources to meet the challenges in our communities.

Finally, the bottom line is our Nation will see a difference when we pass this budget. They will see a brighter outlook down the road. The Nation is watching. They have called on us to focus and change the priorities and values we have seen in previous resolutions by the previous majority. This budget ultimately encompasses the values of Americans across this country.

I commend Chairman CONRAD for his work on crafting this budget. It was difficult. It is a careful balance. But at the end of the day, it accomplishes the key investments that are most important to the Nation's future, to its vitality, to the human capital, to our children—our greatest asset and also our most fragile asset.

I urge my colleagues to continue to reject the amendments that undermine the ability for this new blueprint and to adopt the resolution tomorrow so we can build a stronger Nation.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. SANDERS). The Senator from Colorado.

Mr. SALAZAR. Mr. President, I rise to discuss the budget resolution that is currently before the Senate today. This is my third year in the Senate, and this is the third budget resolution I have had the opportunity to consider. But this is the first time I can say I am proud of the resolution before us. It is long overdue. We have not had a budget for 2 years, and we are still operating under the budget resolution passed in 2005.

The circumstances surrounding the budget are not ideal. Our fiscal situation in this country has deteriorated significantly year after year over the past 6 years. We know we cannot fully fund every good program, and we are still facing deficits even as we move closer and closer to the demographic tidal wave that will soon overtake the Social Security and Medicare Programs. But, to their immense credit—to the immense credit of the chairman of the Budget Committee, Senator CONRAD—they have crafted a very good, strong budget resolution. The budget resolution before us provides a blueprint that will enable us to fund our most important Federal programs, provide new tax relief and extend expiring tax provisions, and bring the budget into balance within 5 years. It will do all that without raising taxes.

Still, one of the most important parts of this budget is not a program or a tax cut; it is a simple principle: If you want to take money out of the budget, either by increasing funding for Federal programs or by cutting taxes, you have to pay for it. You have to pay for it—it is a simple principle but a very important principle that will assure we restore fiscal discipline to the Congress. This pay-go provision is one I have long supported and one I am very proud to support with Senator CONRAD and other Members of this body.

The budget resolution would create a 60-vote point of order against any new spending for tax cuts that are not fully paid for—that are not fully paid for. The simple rule is essential if we are to exercise the fiscal restraint that will be necessary to restore sanity to the budgetary process and to set our Nation's fiscal circumstances back on the right path.

I believe this budget strikes the right balance for America—between the fiscal restraint that is embodied in pay-go and the need to fund our Government and between the need to keep taxes on middle-class families low and the importance of facing up to our looming budgetary challenges from a position of fiscal strength. This budget accomplishes those important goals.

On the spending side, I am particularly pleased the budget resolution provides adequate funding for a wide range of programs that are important to the people of America and to the people of Colorado. Some of those priorities include children's health, education, veterans health, and law enforcement.

These issues have never been more important to America than they are today.

On children's health, an estimated 9 million children in America do not have health insurance today. This is a staggering statistic: 9 million children in America are without health insurance. They do not have health insurance; therefore, they do not have access to quality health care. These children will be denied the opportunities of learning, to grow up in stable family environments, and to become productive members of our communities.

On education, America is quickly losing ground to other nations in this global economy. The Federal Government must help local schools provide students with the skills they need to compete on a national and international basis.

On veterans health, we are all familiar with the consequences of the failure to provide our veterans with the quality care the Nation owes them. We currently have over 630,000 veterans of both Iraq and Afghanistan. We owe it to them as a nation to ensure they receive the best care our Government can provide because that is what we promised to each and every one of them and their families.

On law enforcement, we all know how important it is for our citizens to feel safe and to be secure in the fact their Government is doing everything it can to protect them in their homes and in their communities. That means more effective Federal homeland security programs, and it means more police officers in our neighborhoods.

The budget resolution before us gives these and a range of other critical national priorities the full support they deserve.

For example, this budget provides \$552 million for the COPS Program. The COPS Program itself has helped put 1,300 police officers on the streets in communities of my State of Colorado.

This budget provides \$43.1 billion for veterans programs, including veterans health—with a \$3.5 billion increase over the President's budget request.

This budget provides \$9.2 billion in discretionary education spending above the President's budget request.

This budget provides \$50 billion for the State Children's Health Insurance Program, SCHIP. That is 10 times what the President has proposed, and it starts us effectively down the road of making sure all the children of America, in fact, have health insurance.

This budget protects our communities and our cities and our counties by making sure the community development block grants, which are so important, are provided \$3.8 billion. This represents a very significant increase over the President's budget request, which slashed the community development block grants.

This budget provides \$1.6 billion for the Department of Energy account that, among other things, will fund the

National Renewable Energy Lab at a level \$385 million above what the President requested.

The budget also provides a \$15 billion increase for agricultural funding between 2008 and 2012 to give our farmers and our ranchers in the forgotten part of America—our rural communities—the assistance they need to remain vibrant.

The budget also rejects the President's proposed cuts to the Payment In Lieu of Taxes Program, the PILT Program, restoring PILT funding to fiscal year 2006 levels.

On the revenue side, this budget sets the stage for meaningful middle-class tax relief and for aggressive action to close the tax gap. As a new member of the Senate Finance Committee, I will do my part to help make the chairman's goals a reality. For example, I strongly support the chairman's decision to include 2 years of AMT relief for middle-class households. That is 1 more year than was set forth in the President's budget request. This will ensure that 20 million—20 million—middle-class taxpayers are not unfairly subjected to the AMT for the next 2 years. I am also especially encouraged that Chairman CONRAD has made a point to emphasize the need to go after corporate tax shelters and offshore tax havens as a way of reducing the tax gap. It is simply not fair to ask hard-working, middle-class Americans to pay their fair share in taxes while we allow large corporations to consistently abuse the Tax Code for their own profit. I commend Chairman CONRAD and the members of the Budget Committee for their vigilance in this arena.

Finally, I believe the budget's deficit-neutral reserve fund for tax relief provides an excellent mechanism for extending several critical tax credits and deductions that will expire in coming years in a fiscally responsible way. The renewable energy production tax credits are an example of that in an amendment we just successfully adopted.

At the end of the day, in 2012, this budget will be balanced. A dramatic reversal of our fiscal fortunes will occur because of the resolution that is before us today. We need a responsible budget blueprint for Congress, and we need it now. This resolution provides that blueprint, and I am proud to stand behind it. I will vote for it. I urge my colleagues to also support it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, it is my understanding that the majority has until 7:25 under a previous order entered into; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DURBIN. Mr. President, I rise today to support the budget resolution that Senator CONRAD has so ably put together. Working with his colleagues on the Budget Committee, Chairman CONRAD has brought to us a budget

that puts America's priorities first, and he has done so in a responsible way.

As I have said many times before, a budget is an expression of values: you choose what to spend your money on and you choose how much of it to spend now instead of later. As families all across America sit down at the kitchen table to create their own family budgets, they decide what they have to pay for now—the house, the car, the electricity, the gas—and then how much they can spend on other things without going too far into debt.

Creating a budget for the Federal Government is really quite similar in many ways: this week the Senate will decide what we have to pay for now—the war, our veterans, health care, education—and then how much we can spend on other things without making our record-shattering debt situation any worse.

I will take a few moments to describe what I think are these key investment priorities, and then I will talk for a moment about how I think we are addressing these priorities in a responsible way.

This budget includes substantial funding for many of America's top priorities, but I will take the time to highlight just three: veterans, health care, and education.

The Senate budget resolution allocates \$43.1 billion for veterans in fiscal year 2008 alone. That is \$3.5 billion more than President Bush recommended in his budget request. With more and more weary soldiers returning from the wars in Iraq and Afghanistan, with the deplorable conditions in Walter Reed waiting for the injured when they return, and with ongoing issues in States like Illinois where veterans benefits are lacking, supporting the troops when it really counts—when the checks are being cut—is something that we simply must do. This budget gets it right.

This budget also gets it right when it comes to paying for health care, both here and around the world.

For health care around the world, there is no greater funding need than for the fight against global HIV/AIDS. In this area, I commend President Bush for showing real leadership over the course of his Presidency. But his budget request neglected one of our most cost effective tools against this plague—the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Senate budget resolution includes \$940 million for the Global Fund, an increase of \$640 million over the President's request. Even more is needed, but this is a good start. To fight HIV/AIDS or make progress on other critical health and development challenges, we must make these necessary investments.

Here at home, the budget resolution provides for up to \$50 billion for is the SCHIP program over 5 years. The Bush budget request is \$2 billion. It is clear that the Bush administration has not

made affordable health care for our Nation's neediest children a real priority. The Democrats have.

Since the creation of the SCHIP program 10 years ago, more than 6.2 million children have been covered by this vital program, including over 290,000 children in my home State of Illinois.

As the first State to provide health insurance to all children, Illinois has been a leader in the fight to change the course of health care in this country. Since 1993, SCHIP and other Federal programs have helped make it possible for Illinois to provide health insurance to more than 313,000 children who didn't have it before.

How big is the need for better investments in our children's health? In a study of over 20 developed nations released last week by UNICEF, the United States ranked as one of the worst places to be a child. What does that say about us as a country and our commitment to our children—our future? What does it say about this Government's priorities over the last 6 years?

UNICEF looked at six dimensions of child well being. Of the five categories for which the United States was ranked, our country ranked in the bottom third in four categories. In fact, we were next to last in the "family and peer relationships" and "behaviors and risks" categories. And we were dead last in "health and safety."

We must make the commitment and investment in the health and well-being of our children to ensure their success—not create circumstances that make it more difficult for them to realize their potential. I think that this budget starts to correct our course, providing more investment in our kids where it is desperately needed.

This budget also proves that the Democrats in Congress believe that there are few better investments in the future of this country—in the future of our children—than education. The budget resolution includes \$62.3 billion for education in fiscal year 2008. That is \$6.1 billion more than the Bush request. We absolutely must make this investment now in order to reap the benefits in the future. Our kids deserve nothing less.

As we have allocated robust funding for our Nation's top priorities, we have done so in a fiscally responsible way. Under Chairman CONRAD's leadership, this resolution would take us several steps down the road towards fiscal sanity after years of endless deficit spending that placed today's tax cuts for the wealthy on the future credit cards of our children.

First, the resolution would create an annual budget surplus by 2012. Since we currently find ourselves with more debt than the Nation has ever accumulated before—just as the baby boomers are getting ready to retire—balancing the budget is fundamentally important.

Second, the resolution reduces both spending and the debt as a share of

GDP over the 5-year life of the resolution. We have a long way to go towards paying off our \$9 trillion in debt, but this is a good start.

Third, the resolution restores a strong pay-go rule that the Republicans had allowed to expire. Congress will be able to spend money on critical needs if it chooses to, but we will have to pay for that spending at the same time. Likewise, we will be able to cut taxes if we want to, but we will have to pay for that as well.

Fourth, the resolution provides 2 years of middle-class tax cuts through continued relief from the alternative minimum tax. Whereas the President's budget called for a huge tax increase on the middle class in 2009 by refusing to provide AMT relief for more than 1 year—a decision that would lead to a substantial tax increase for 25.7 million middle-class Americans—this budget extends that relief for another year to ensure that the middle class does not become ensnared in this tax that was meant to ensure the wealthy paid their fair share of taxes.

In total, this budget provides a valuable blueprint that should help guide the Senate in providing funding for our Nation's priorities while ensuring that we do so responsibly. I urge my colleagues to support it.

Mr. HATCH. Mr. President, I understand the time until 8 is relegated to us. I ask unanimous consent that the distinguished Senator from Colorado be given up to 7 minutes and then the rest of the time be turned over to me.

The PRESIDING OFFICER. Is there objection?

Mr. HATCH. Mr. President, I intend to reserve some time for the distinguished Senator from Alaska.

Ms. MURKOWSKI. I thank the Chair. I wanted to make sure I was still in the queue.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, I thank the Senator from Utah for yielding. I appreciate his work and the leadership he brings forward here in the Senate from the great State of Utah.

I am going to vote against the budget, and this is the main reason why: It raises taxes by \$900 billion over 5 years and a projected \$3.3 trillion over 10 years. That translates into a tax increase of \$2,641 per household annually over the next decade.

It includes 22 reserve funds that could be used to raise taxes by hundreds of billions of dollars more. It increases discretionary spending by nearly 9 percent in fiscal year 2008, and does not terminate one single program. It completely ignores the impending tsunami of Social Security, Medicare, and Medicaid costs. It encourages rules that bias the budget toward tax increases.

I had an amendment earlier today that we voted on which looked at ineffective programs as described by the Office of Management and Budget. This was in response to legislation we

passed over a decade ago, and we instructed the agencies to look at setting goals and objectives and then coming forward and seeing how they met these. OMB looked at these and said there were 26 out of over 1,000 programs where they didn't meet those goals. If you took these 26 programs, we were looking at \$88 billion over a 5-year period of time.

I had an amendment that said: Let's give instructions to the appropriators to go into these various areas and see if we can't come up with \$18 billion of reduced spending and programs that have been classified by OMB. These are civil servants working for the Federal Government. They don't have a political agenda, just strictly looking at the program objectively. I was disappointed the amendment did not pass.

Tomorrow I plan on introducing an amendment that is going to call for reconciliation for a 1-percent elimination of fraud, waste, and abuse in a number of mandated programs which does not include—does not include—armed services, veterans, and Social Security. The purpose is to improve the economy, efficiency, and effectiveness of Federal programs and to reduce the Federal debt.

The other amendment, on the savings we voted on earlier this year, was money that was directed toward reducing the Federal debt. This amendment tomorrow will instruct the authorizing committees to reduce spending by 1 percent by eliminating waste, fraud, and abuse. The amendment reduces waste, fraud, and abuse in mandatory programs by \$13 billion in the first budget year, and \$71 billion over 5 years. All of the savings will be used to reduce the debt.

This amendment carries across the finish line work that Congress started in 2003. In the fiscal year 2004 budget resolution, the Congress directed the Comptroller General to submit a comprehensive report identifying instances in which the committees of jurisdiction may make legislative changes to improve the economy, the efficiency, and effectiveness of Federal programs within their jurisdiction.

In compliance with our request, GAO—again staffed by professionals who do not carry a political agenda—submitted a 300-plus page report chock full of specific examples of legislative changes with the potential to yield budgetary savings. What have we done with that 300-page report that we requested? Nothing, absolutely nothing.

My amendment picks up where we left off and encourages the authorizing committees to improve the economy and the efficiency and effectiveness of programs under their jurisdiction. So in my effort to eliminate waste and to bring about good stewardship of taxpayer dollars, I ask the Members of this body to support it. It is not a partisan issue. Oversight is a key function of Congress, and when we set up these pieces of legislation to set up reasonable oversight as Members of the Senate, we need to be prepared to carry



those recommendations forward when they come to our attention. I hope this amendment will enjoy broad and bipartisan support. Both amendments were supported by Citizens Against Government Waste. I think it is one small step we can do to at least bring about an effort to reduce fraud, waste, and abuse, and these programs have been clearly identified by both this particular amendment, by GAO, and the previous amendment by OMB.

I ask my fellow Senators to join me in voting for this amendment.

Mr. President, I yield the remaining time to the Senator from Utah.

Mr. HATCH. Mr. President, I would like to take a few minutes to talk about an amendment I will offer tomorrow to ensure that as the budget debate continues, Congress works to protect Medicare beneficiaries' coverage choices, especially coverage choices for those beneficiaries living in rural areas and low-income Medicare beneficiaries.

My amendment is simple. It would establish a budget-neutral reserve fund so that if Congress implements improvements to Medicare, Medicaid, or CHIP, it may not do so in a way that leads to fewer coverage choices for Medicare beneficiaries. It also may not reduce the benefits of those beneficiaries who are enrolled in Medicare Advantage plans.

Let me give my colleagues a little bit of history on the Medicare Advantage program which was established by the 2003 Medicare law.

Under Medicare Advantage, health plans receive a monthly payment to provide beneficiaries all of the benefits covered by traditional Medicare.

But Medicare Advantage plans provide a lot more to beneficiaries.

Medicare Advantage plans provide a range of additional benefits not available in traditional Medicare—benefits such as vision and dental care, physical exams, and hearing aids.

Medicare Advantage plans also have chronic care management programs to help beneficiaries with chronic illnesses such as diabetes or congestive heart failure better manage their conditions and stay healthy.

Now, health plans participating in Medicare is not a new thing.

They've served Medicare beneficiaries for many years going all the way back to the 1970s through programs authorized by Congress.

For the most part though, up through the late 90s, Medicare health plans were largely available only in urban areas.

Going back now for a decade, back to the Balanced Budget Act of 1997, the fact that beneficiaries in rural areas had few, if any, choices, led Congress to take actions to promote plan availability in those areas.

Yes, these actions included increasing payment rates to address the fact that Medicare payments in urban areas were higher—in some cases a lot higher—than payments in rural areas.

I know my home State of Utah had difficulty keeping Medicare+Choice plans in the state primarily because payment rates were too low.

Ironically, many Utahns wanted to participate in these plans because they were the only ones offering supplemental benefits such as vision care, preventive benefits and prescription drugs to Medicare beneficiaries at the time.

But due to low payments and adverse selection, both Medicare+Choice plans dropped Utah beneficiaries and as a result, my constituents had limited choices for Medicare coverage until the Medicare Modernization Act created the Medicare Advantage program.

So let me show you what beneficiary choices look like today.

The top map shows where plans were available in 2003.

The white space means that only traditional Medicare was available.

In 2007, beneficiaries—whether they live in an urban area or rural area—could choose from different Medicare Advantage plans, and all beneficiaries have more choices.

All beneficiaries can now choose a Medicare Advantage plan that offers them important additional benefits and lower out-of-pocket costs.

Now here is a good example of the benefits of Medicare Advantage—all beneficiaries may choose a plan that has no cost-sharing for breast cancer screening.

We all know the importance of breast cancer screening.

Beneficiaries with diabetes can choose a plan that offers them diabetes self-management services without any cost-sharing.

On cost sharing, according to CMS, millions of beneficiaries can enroll in a plan that limits their out-of-pocket costs to \$1,000 a year.

For low-income beneficiaries, protection from high out-of-pocket costs, which they don't have in fee-for-service, is a valuable benefit.

We know that many low income beneficiaries rely on their plans for this protection.

According to CMS, 57 percent of Medicare Advantage beneficiaries have incomes between \$10,000 and \$30,000 compared to 46 percent of fee-for-service beneficiaries.

Another area I want to talk about is quality. Data from the Medicare Current Beneficiary Survey show that Medicare Advantage beneficiaries are more likely to obtain preventive services, including flu and pneumonia shots and cancer screenings.

Surveys also show that beneficiaries are satisfied with their plans.

So let me conclude by urging my colleagues to keep in mind the following:

Beneficiaries across the nation—whether they live in a rural state like Utah or an urban area like New York City—now have more coverage choices.

These choices offer beneficiaries more benefits and lower out-of-pocket costs.

Beneficiaries are satisfied.

Let's not forget that it was through policy decisions supported by Members on both sides of the aisle that helped achieve those results, and those results, in my opinion, are worth protecting for beneficiaries' sake.

I urge my colleagues to support my amendment.

Mr. President, today we are debating the size and composition of the Federal budget for fiscal year 2008.

This is a critical debate. And it is one that future generations will look to in order to determine where we went wrong or where we went right. Just as adherence to a budget can make or break a family or small business, so too can Congress's development of and adherence to a budget make or break our economy.

Whether it is a family budget, or the congressional budget, it must be based on an honest assessment of the facts. The budget must make reasonable projections about what money is coming in and what money is going out.

A budget must face hard facts, not hide from them.

When I hear from my constituents in Utah, they talk about the need for tax cuts that benefit families and small businesses.

They talk about fixing Social Security and Medicare.

The 2006 annual reports for those programs showed their unfunded liabilities to be \$84 trillion in today's dollars. That was up \$7 trillion over the previous year.

With 77 million baby boomers about to retire, this is a serious problem.

We need a budget that is serious about the challenges we face, the revenues we can anticipate, and the expectations of the American people.

We need a budget that swings for the fences, but this budget is playing small ball.

It is big spending, without any big ideas, and the result will be big tax hikes on the American people.

After reviewing the bill before us today, I must candidly admit this budget falls short of realistic spending and revenue projections. You could even go so far as to say it's filled with deception and fantasy.

Simply put, this budget is not honest. It spends more than is brought in. And a lot of the revenues it projects are not really there.

If my constituents in Utah budgeted like this, they would have a serious problem making ends meet.

The proponents of this budget claim that it is the cure to everything that ails us.

But Americans know snake-oil when they see it.

This miracle cure will lead to one of two maladies—over time, it will greatly increase the deficit or it will require massive tax increases.

Consideration of this budget would not be possible without the good fortune of our booming economy. Conversely, however, this budget provides a recipe for destroying the extraordinary growth created by this economy.

I don't believe it is an exaggeration to say—the economy is booming and revenues are up. In fact, revenues are up substantially.

They are up because of sound fiscal policy.

They are up because of progrowth tax cuts that have increased productivity and wages.

It is easy to forget and sometimes our memories are short. But, in the autumn of 2001, our economy was in shambles.

We were hit with a one-two punch, and we were down on the mat.

The booming economy of the late 1990s went bust. When the dot-com bubble burst, billions of dollars in equity were lost, and millions of people began looking for work.

And then in the midst of that recession, our Nation was attacked.

It was not a foregone conclusion that a nation at war, already suffering a considerable economic downturn, would emerge with its head held high and an economy on the rebound.

But we did.

And we did so because President Bush and Congress held strong in pushing through tax cuts and stimulus tax incentive bills that have benefited each and every American.

I know that some of my colleagues want to maintain the illusion that our economy is two-tiered; they say that it is great for the rich who are making out like bandits, and terrible for everyone else. And the 2001 and 2003 tax cuts have the lead roles in this melodrama.

However, the numbers tell a much different story.

Americans are paying taxes—a lot of taxes.

Between 2004 and 2006, we saw an inflation-adjusted 20 percent tax revenue increase. This was the largest 2-year revenue increase since 1965.

Tax revenues, at 18.4 percent of gross domestic product, are above the 20, 40, and even 60 year historical averages. That is not enough for Democrats, however, who want to soak the rich, but will wind up drenching the middle class.

The real devil to them is the tax cut for capital gains and dividends.

Supposedly, these capital gains and dividends tax cuts were skewed toward the rich.

These class warriors need to take a vacation in the reality-based community.

Here's the real deal.

First off, stock ownership is not something just for the wealthy.

Sometimes I think that my colleagues are using talking points written in 1933.

Today, stock ownership is for the middle class.

When you turn on college basketball this weekend, you will see commercials enticing people to hire companies to manage their stock portfolios.

They are not being marketed to monocle-wearing, sports car driving, plutocrats.

They are not being marketed on "Masterpiece Theatre."

They are being marketed to average families. You will see people at work, people making burgers on the backyard grill, and people with families living in the suburbs buying stocks and bonds, generating capital gains and dividends to save for their children's college educations.

It is not just folks in affluent areas of the country who benefit from lower capital gains rates.

A policeman in Salt Lake City, a lineman at an auto plant in Michigan or a schoolteacher in California—all have pensions that are invested in the stock market.

And they all benefit from capital freed by these tax cuts.

In 2003, our capital gains tax rates were set at 20 percent and 10 percent.

Congress reduced these rates to 15 percent and 5 percent.

And what were the revenue estimates?

The Congressional Budget Office expected that revenues would expand somewhat—from \$50 billion to \$68 billion.

It turns out CBO was a bit off.

Capital gains revenues doubled.

Let me repeat that.

Capital gains receipts jumped from \$50 billion to \$103 billion.

So here is the final take on these tax cuts: They turbocharged the economy. They created jobs. Good jobs. They have led to increased revenues. And they will continue to do so, as long as we do not choke them off with the tax increases contemplated by this budget.

But this budget is a recipe for undoing our economic expansion and growth.

Some people have characterized this budget as smoke and mirrors.

That is too generous.

Smoke and mirrors suggests that the supporters of this budget are at least embarrassed about its future implications.

It suggests that they are trying to pull the wool over the eyes of hard-working Americans.

But there is no subtext to this budget. It is not an esoteric document. The tax and spend message is right there on the surface.

It is not exactly the same as Democratic presidential candidate Walter Mondale going to San Francisco and gleefully promising to raise our taxes.

But it comes close.

It certainly looks like we are going to get another dose of this San Francisco treat from the Democratic majority. I guess some things never change.

This is a big spending budget.

And it is a big taxing budget.

Tax and spend.

Where have we heard that before?

Make no mistake about it.

The fact that the Senate adopted Senate amendment No. 492, sponsored by the chairman of the Finance Committee, Senator Baucus, does not change the character of this budget.

It was an important amendment. But in the end, by omission it actually emphasized the high taxing assumptions embedded in this budget.

It did nothing to help alleviate the substantial tax hikes that most middle class Americans will face under this budget.

It did nothing to protect the capital gains rates that are so critical for retirement savings and continued economic growth.

I know that the criticism of this budget as more tax and spend politics must have bothered some of my colleagues because it prompted them to offer and vote for this amendment.

Just a few months ago, many of us were campaigning on a promise of fiscal responsibility.

Promises, promises.

The authors of this budget seemed to have lost their appetite for fiscal responsibility the minute they stepped off the campaign bus.

And so here they are reverting to instinct.

Next year, the Senate appropriators will be able to spend \$16 billion more than the President recommended. And over 5 years, that number grows to \$146 billion.

We are going to see discretionary spending rise to 4.2 percent—higher than the inflation rate. And trust me. They will spend every penny.

We are about to get some sense of Democratic fiscal discipline, when the House of Representatives takes up the national security supplemental spending bill.

Among the national security priorities in that bill will be: \$25 million going to spinach growers. \$74 million going to peanut storage.

And the list goes on and on.

All told, the House supplemental appropriations bill will be larded up with \$21 billion in spending unrelated to national security.

This is certainly an unusual way to go about fiscal responsibility and taking care of our troops.

And it is just a taste of things to come.

The increases in spending contemplated in this budget might all be great news for civil engineers in West Virginia. But for future generations who will have to pay the bill associated with this budget, it is not great news.

Now, concerning the AMT. This budget also gives us a 2-year AMT patch.

Earlier this year, a number of my Democratic colleagues criticized the President for failing to provide a permanent solution to the AMT. Yet this budget does nothing to fix the underlying problem.

As inadequate as this fix is, there is a more nagging question. How are we going to pay for all of this?

Do you remember that campaign promise?

A Democratic Congress will restore fiscal responsibility by restoring pay-go. It will require offsets for any new spending or tax cuts.

OK. So where are those offsets coming from?

Here is where this budget leaves the land of wishful thinking and enters the realm of unfortunate delusion.

We are going to pay for it with—drumroll please—the tax gap. Yes, the magical, wonderful, tax gap. The difference between the amount of money collected by the Government and the amount of money owed. The solution to all of life's problems.

To balance this budget, there is an assumption of 3 percent more revenue over 5 years than the President assumed. And where is that revenue coming from?

The tax gap! Of course! Why didn't we think of that?

You see, this budget does not contain even \$1 of mandatory savings. Yet we are going to provide AMT relief, and we are going to increase Federal spending.

And we will pay for it by closing some tax loopholes and putting an IRS agent in every small business in the country to make certain that not one dime of potential revenue goes uncollected.

Some people have called the tax gap the pot of gold at the end of the rainbow. Well, it is a pot at least.

Here is our best estimate—in 2001 the net tax gap was about \$290 billion. Over 5 years, the tax gap is \$2 trillion. Wouldn't that be nice? The tax gap is the *deus ex machina* that will come in and save this budget mess.

But everyone admits those are very unreliable numbers. Could we be doing better when it comes to collecting taxes? Certainly. We should be collecting more revenue.

But what is a realistic estimate?

Our tax collection system, imperfect as it is, already is the envy of the rest of the world.

So what is a reasonable estimate of how much we can expect from the tax gap?

The President proposed in his budget 16 different options for closing the tax gap. And they would raise \$29 billion over 10 years.

That's it. And not one person in this body seriously believes that we can collect anything near the amount needed to balance this budget.

So we have a \$110 billion AMT fix. Fifty billion dollars of this falls in the first year. I cannot even conceive of a tax gap revenue offset that would cover \$50 billion in 1 year, unless Congress raises the tax rates.

We have \$146 billion more in spending over 5 years. We have no reductions in spending. And the tax gap is not paying for it. So who is? Let me be absolutely clear. You will be paying for it. I will be paying for it. We all will be paying for it. Each and every American is going to pay for this budget. We are going to pay for it through higher taxes. We are going to pay for it by working more hours for less money. And ultimately, we will pay for it as economic growth and productivity sag under increased spending, higher taxes, and declining economic growth.

There is only one way for this budget to work. It has to assume that we will not extend the 2001 and 2003 tax cuts.

Make no mistake about it. This means a tax increase on every middle class American.

This plan will not just kill the goose laying the golden eggs. It is going to wring its neck, stamp on it, and throw its limp lifeless body in the river.

If we in Congress do eventually get our act together and balance the Federal budget over the next few years, it will be despite this budget, not because of this budget. It will be because our economy continues to grow. Because of sound fiscal policy, because of the tax cuts, because businesses will continue to open, jobs will continue to be created, and tax revenue will continue to go up.

We have seen this pattern repeated decade after decade in this country.

Unfortunately, this budget relies on assumptions that have proven to be false time after time. It assumes that we will balance the Federal budget through massive tax increase. It sets aside no room to extend the 2001 and 2003 tax cuts.

In President Clinton's first term, he raised taxes by \$241 billion. That was quite an achievement.

For those of you who have forgotten, and I know that my constituents in Utah definitely have not, it was the single biggest tax increase in American history.

And 1 year later the party responsible for this fiscal lunacy was tossed unceremoniously out of Congress.

Yet this Congress is set to run circles around President Clinton.

This budget assumes a \$916 billion tax hike over 5 years. That is real money. And I imagine it will be unacceptable to many of my colleagues. This is fiscal irresponsibility of the highest magnitude. We need to be straight with the American people.

I know that the majority is in a bit of a jam. In some ways, I feel sorry for them. They promised to fix AMT. They made promises to special interest groups to hike spending. They made promises about fiscal responsibility and budget balancing.

And what did they say about taxes? You could hear crickets chirping when that subject came up. And today they are still sitting awkwardly, avoiding the obvious. Yet it is ordinary Americans who are going to be left holding the bag.

This budget is writing checks that the majority cannot cash without asking the American people to pay higher taxes. The most offensive part of this plan is that they know it, and are just hoping to skate by.

Call it what you want—a caper, a swindle, fiddling while Rome is burning, Wizard of Oz budget, robbing Peter to pay Paul. The fact is, this budget is a boondoggle. The people of Utah deserve better, future generations deserve better, and the American people deserve better.

While I am here, I would like to express my support for the Sessions amendment No. 473, which would refocus alternative minimum tax relief toward families.

Unlike the situation we had a few years ago when a majority of this body supported the alternative minimum tax, I doubt if we could now find a single member of the Senate who supports the AMT as it currently exists. In fact, this insidious tax has so encroached upon our tax system, and threatens to do so much more damage to the American taxpayer, that I would be surprised if we could find even one Senator who would not support total repeal or major reform of this flawed tax.

Despite widespread contempt for the alternative minimum tax, it is clear that the AMT already has gotten a vice-like grip on our fiscal system. Unfortunately, we are already so reliant on the massive revenue the AMT generates and is expected to bring in over the next few years, that making major changes to this tax seems out of reach, absent major tax reform.

Therefore, recent budgets considered by the Senate have included provision for legislation only to help mitigate the effect of the AMT on most American taxpayers, and not to repeal it. This lessening effect has been brought about by temporary laws that raised the thresholds of the tax for 1 year in order to limit the reach of the alternative minimum tax on middle class taxpayers.

For example, the so-called "AMT patch" that is in effect for calendar year 2006 raised the threshold for married taxpayers filing joint returns to \$62,550 from \$45,000. The thresholds for taxpayers in other filing brackets were also increased accordingly, but again for only 1 year.

According to the staff of the Joint Committee on Taxation, the 2006 AMT patch has kept the AMT at bay for nearly 20 million taxpayers. However, this relief ran out at the end of 2006. For the current tax year, we now need to pass legislation to hold off the alternative minimum tax for millions of middle-class taxpayers.

While the budget resolution before us ostensibly provides for a 2-year AMT patch, the details are fuzzy about how we will pay for this relief. For now, however, I will set aside my concerns about that issue and focus on another important one, and that is the issue brought up by the amendment of the Senator from Alabama.

The Sessions amendment would change the focus of how we approach relief from the alternative minimum tax. I strongly support this change, for if we cannot repeal the AMT immediately, our relief efforts should be focused first on the most egregious causes of alternative minimum tax liability.

Tax liability under the AMT can arise for a number of different reasons. However, one of the most common reasons why taxpayers find themselves

subject to AMT is because they have children. As hard as it might be to believe, dependency exemptions are not allowed against the alternative minimum tax.

Another leading cause of taxpayers being thrown in to the alternative minimum tax is the fact that State and local taxes are not deductible under the AMT. There seems to be a common misconception that the State and local tax deduction problem is the biggest factor in determining AMT liability.

In fact, according to the staff of the Joint Committee on Taxation, more taxpayers face the ravages of the AMT because of their personal exemptions being denied than for any other reason. JCT projects that for 2007, absent relief, more than 23 million tax returns will be thrown into AMT because of the personal exemption preference, where less than 20 million will be hit by AMT because of State and local taxes. In subsequent years, the difference is even more pronounced.

The Sessions amendment is a simple one. It essentially says that since we do not have the resources to repeal the AMT all at once, we should prioritize our relief by first fixing the problem that causes families with children to face the alternative minimum tax before we attack other problems, such as the one caused by the lack of deductibility of State and local taxes.

Many families in my home State of Utah find themselves increasingly at risk of the alternative minimum tax. In fact, unless we act soon, an increasingly high percentage of married families with children—not just in Utah, but all over the Nation—will find themselves in the clutches of the AMT.

And many of these are not high income families. Seventy-one percent of all married taxpayers with children earning between \$75,000 and \$100,000 will be AMT taxpayers this year, in the absence of relief. For those families with children making between \$100,000 and \$200,000, the amount is 97 percent. The rate of AMT paying for single taxpayers is much lower, only 9 percent for those making between \$75,000 and \$100,000, and 36 percent for those making between \$100,000 and \$200,000.

Although I am the first to agree that we should repeal the entire alternative minimum tax, that is probably not possible this year. Given that we must choose partial relief, it makes sense to me that we should first give the relief to families with children. Let's first remove the personal exemption as an AMT tax preference item. This amendment is profamily, and I urge my colleagues to join me in supporting it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 551

Ms. MURKOWSKI. Mr. President, I rise tonight to speak about an amendment that I will be modifying, amendment No. 551, that will increase funding for renewable energy development in this country. This amendment is off-

set. It is intended to provide funds for three areas of renewables that have the potential, I believe, to do great benefit for this Nation's electrical power generation, all without generating any greenhouse gases or having any negative environmental consequences.

My colleague, Senator STEVENS, and I are seeking to raise funding for geothermal power, for ocean energy, and for small hydroelectric development.

I first wish to say I understand this budget resolution does raise funding for renewables and energy efficiency, and I applaud that effort, even though it falls somewhat short of the levels of funding we were hoping for when we passed the Energy Policy Act of 2005 a couple years ago.

But I fear the budget shortchanges three areas of great potential energy, and that is, again, the area of geothermal, ocean energy, and small hydroelectric development. By this amendment, I wish to make a clear statement that this Senator wants to see money not just restored but increased for geothermal energy research and development and funding provided for research and development of all forms of ocean energy—current, tidal, wave projects—and also for the small hydroelectric developments, those that do not involve the damming of major river systems but instead use water from lake taps, creeks, or from run-of-river projects to generate the power.

We know that renewable energy is certainly growing in popularity and endorsements, and I very strongly support funneling additional Federal funds for research and development into the areas of wind, solar, biomass, coalbed methane, landfill gas, and all the other types of renewable energy projects we authorized in the Energy Policy Act of 2005.

But we largely have not done as well with geothermal funding and certainly have done far less to promote ocean and small hydroenergy developments.

On the geothermal issue, funding in recent years has dipped precipitously. This year, the Department of Energy is proposing no funding for geothermal. Last week, they did agree to effectively make a total of \$5 million of new money available to study one possible area of geothermal, and this is in the area of heat mining, but this is just for the remainder of this fiscal year. After that, there is no funding.

This cut in funding, this zeroing out comes as MIT has released a report on the "Future for Geothermal Energy." That report suggests enhanced geothermal system technology could provide 100,000 megawatts of baseload power, all without greenhouse gas emissions by 2050 if the Government increases its research commitment to resource characterization and assessment.

The cut in funding also comes just as the Department of Energy has had a major success in proving the ability to convert low-temperature geothermal resources—this is subsurface water

that is far below the boiling point, perhaps as low in temperature as 160 degrees—to power generation. This success in using new types of heat exchanges to drive power generation came about and was perfected in Alaska.

We have a location, Chena Hot Springs Resort, outside Fairbanks. The owner, Bernie Karl, has been dogged in his approach to making this happen, to defy the critics and the odds stacked against him to install the first low-temperature generation working process. This project has won accolades and engineering awards in the past year.

Mr. Karl did what everybody said he couldn't do. Some in the Energy Department seem to feel this project perhaps is not representative of anything other than this nice minor energy project in Alaska. But they don't seem to recognize that about 70 percent of the villages in Alaska and in many small towns in the American West all lie above potentially similar low water, shallow ground geothermal resources. They are sitting right on top of the resource. So in a State such as Alaska, where electricity can cost 80 cents per kilowatt hour generated by diesel fuel—this is how most of my villages are getting their fuel now—geothermal power at an operating cost of perhaps one-sixth to one-eighth of that amount is potentially a godsend. But there is no money in the budget to fund anything to support the geothermal energy.

There is also nothing to encourage traditional geothermal assessment and production, which has proven its worth in States from Nevada and California to the Intermountain West.

By specifically adding money to this budget and specifically saying that this addition is intended to provide an additional \$50 million to geothermal for this year, it increases greatly the chances that appropriators later this year will not only restore but perhaps boost funding for geothermal energy.

On the ocean energy front, the Electric Power Research Institute estimates that this country has the potential from wave power to generate 2,100 terawatt hours of power, and if we were to capture 15 percent of that power, it would equal all of the hydroelectric generation in this country today.

We know that in a State such as Alaska, where we are surrounded literally on three sides by water, ocean energy is a huge potential source of power. But it is also an enormous source of power along the east coast, if we perfected devices to capture it so we have the economies of scale that make this power truly economic. Look at the west coast with California. We have the potential for so much with ocean energy.

Ocean energy is clean. It has no air emissions, minimal visual impacts, and it could provide plentiful power for everything from freshwater desalination to hydrogen production. It could help economic development by providing a

cheaper, more plentiful supply of power in so many areas across this country.

So my amendment is intended to provide \$50 million of funding for ocean energy research in fiscal year 2008. It would be a powerful statement that Congress supports this form of clean renewable energy.

A final component of the amendment seeks to encourage a \$25 million expenditure for small hydro development. Again, this is not damming rivers to produce electricity but tapping non-fish-bearing lakes or diverting water from creeks to fuel smaller hydro units. These projects have little or no environmental impact on wildlife but can produce large amounts of greenhouse-gas-free energy. But the minimal grant and research assistance to continually improve the turbines will be quite beneficial.

In Alaska, we have over 100,000 rivers and large creeks. So we are a location, again, where small hydro can supply a large share of our future electrical needs, as it has done without environmental consequences for about 100 years, especially if we have this additional Federal assistance.

I come to the floor tonight to encourage adoption of an amendment that will help to encourage additional funding for renewable energy for those, I believe, neglected areas of the renewable energy portfolio.

I mentioned the amendment is fully offset. The \$125 million total comes from the function 920 portion of the budget, miscellaneous allowances portion of our budget.

I will not belabor this further except to encourage my colleagues to support this amendment as a way of sending a clear signal that we support additional funding for renewable energy and for a wider portfolio of renewable energy projects. We don't want to repeat the mistakes of the past, where we limit support to a few technologies so that we in Congress essentially pick the winners and the losers. By adding additional research and development assistance for geothermal, ocean energy, and small hydro, we can increase the possibilities that will allow these renewables to blossom. This comes at a modest impact on the budget, but I believe it could pay a huge benefit for our energy production in the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I rise to discuss two amendments that I have offered. The first would enable our Nation to better support our military and our veterans.

On September 11, 2001, our Nation was attacked by radical Islamist terrorists and the long war began. It is a war different than any we have fought before because of the willingness of our enemies to attack innocent Americans at home by killing themselves. Someone else has said they hate us more than they love their own lives. But it is also a war that is similar to other long

wars we have fought throughout American history in which we were pitted against a great evil, an evil that threatened not just the security of our society but the ideals and values that form the bedrock of our way of life.

In the Civil War, we fought against the evil of slavery. In World War II, we fought against the evil of fascism. In the Cold War, we fought against the evil of communism, and today we are fighting a world war against the evil of Islamist terrorism.

In each of these past struggles, our Nation fully mobilized. We rallied as only a free people are capable of doing. Millions and millions of citizens bound together, shoulder to shoulder in defense of our freedom, with a shared sense of service, sacrifice, and support of our troops. Our sacrifices went far beyond the battlefield, they suffused our society. In each of these past struggles I have mentioned, those Americans who were not asked to put on a uniform nonetheless shared in the burdens imposed by war. That is how democracies should go to war.

Today, we find ourselves engaged in another global struggle for freedom, a struggle that stretches from the mountains of Afghanistan to the streets of Baghdad, from the jungles of Southeast Asia to the deserts of Somalia, and from the nightclubs of Bali to the subways of London. The fact is that though our military is fully engaged in this war, most of the rest of America is not.

Five years after September 11, very little has been asked of most of the American people. Instead of mobilizing as a nation, the burden of this war has fallen disproportionately on the few, on our soldiers, our brave men and women in uniform. They are the ones who have put their lives on the line so that freedom may prevail. In this Chamber and across our land, there have been great differences of opinion about how we should pursue the war in Iraq, but there has been great unity of opinion that our troops there should be honored. We must support them.

That has become a common banner under which all of us have rallied time and again. We support our troops. We say it on the floor of this Chamber almost every day. We support our troops. We say it on television and radio. We support our troops. We put it on the bumpers of our cars. We support our troops. But I ask my colleagues, can we honestly say we really have done all we can and should to support our troops? I think the answer is clear: No, we can't. We have not.

Look at the facts. Our Army and Marine Corps are stretched to the breaking point, short on personnel, training, and equipment. Our Navy has fallen dangerously below 300 ships. Our Air Force is forced to cut 57,000 people in uniform in the next 5 years. Everybody in this Chamber knows—and all Americans know, too—about the terrible conditions of Walter Reed's Building 18 and the larger crisis in health care for

our soldiers and our veterans lurking just beneath it. No one can possibly look at our troops and our veterans today and feel satisfied that we are doing all we should to support them.

I know some say these problems are only temporary, that once we leave Iraq, everything is going to be fine for our troops and our military. But this war is not just about Iraq; it is a global conflict with Islamist extremists who have declared war on most of the rest of the world. Even if the war in Iraq ended tomorrow and all our troops could magically be withdrawn, tens of thousands of our soldiers will still be needed in Afghanistan, throughout the Middle East, in the Balkans, in the Horn of Africa, and everywhere else freedom is being challenged. Even if the war in Iraq ended tomorrow, our military would still be twice as busy as it was during the Cold War, confronting the inhumane and brutal threat of radical Islam and guarding against the rise of a hostile superpower elsewhere in the world.

Let me put the matter I am discussing in the context of American history, the history of America at war, and the extent to which our Government has mobilized and our people have shared the sacrifice.

During the Second World War, our Government raised taxes, and we spent as much as 30 percent of our gross domestic product to defeat fascism and nazism. During the war in Korea, we raised taxes again and spent 14 percent of our GDP on our military. During Vietnam, we raised taxes—again because we needed to—and we spent 9 percent of our GDP on the military. Today, in the midst of a war against a brutal and unconventional enemy, in a dangerous world, we have cut taxes and are spending less than 5 percent of our gross domestic product to support our military.

We need to confront the reality that the defense of freedom is not cheap. Our soldiers know that, their families know that, but we as a society don't seem to know that. We are failing to pay the full price which it is our obligation as citizens of this great democracy to pay to protect our security and our liberty. In contrast to past wars, we are failing as a society to share in shouldering the cost of this war against Islamist extremists.

In his 1942 State of the Union Address, just a few weeks after the deadly surprise attack on Pearl Harbor, President Franklin Roosevelt spoke to our Nation about the sacrifice demanded of a democracy that is sending its bravest into harm's way to defend our way of life, and I quote: "War costs money," President Roosevelt said. "That means taxes and bonds and bonds and taxes. In a word, it means an all-out war by individual effort and family effort in a united country."

We have a responsibility in this Congress in our time to give our troops the support they need in the world war we are engaged in against the terrorists

who attacked us on September 11—and attempt to do so again—and that means, and I quote Roosevelt again, “an all-out war by individual effort and family effort in a united country.”

Every American has a responsibility to share in the burden our soldiers are now carrying in defense of our freedom. We simply must pay the cost of this war more adequately and equitably than we are today. It is not an acceptable answer to push the sacrifice of this war against terrorism onto our children and grandchildren through deficit spending, as we have been doing. It is not an acceptable answer to pay the cost of this war by squeezing some important domestic programs, as we have been doing. It is a false choice, I would argue, to suggest we must skimp at home in order to protect our security abroad. We are a great nation, a great economy, and we are capable of doing both. That was the America of Franklin Roosevelt, the America of Harry Truman, the America of John F. Kennedy, and the America of Ronald Reagan, and that must be the America of today.

Of course everyone in this Chamber supports our troops. Now it is time to translate that support into national policy. It is time to put our money where our mouth is. That is why I filed an amendment to enact a support-our-troops tax to help pay for the war against radical Islam. Because we are each threatened by this inhumane enemy, each of us should contribute a little more to guarantee its defeat and our survival.

The support-our-troops tax I have introduced and envision would be a progressive increase for all Americans who pay income taxes. The revenues from this tax would only be able to be spent for our troops and the care of our veterans and must be on top of any other funds that would otherwise have been appropriated for them.

My amendment today and the tax increase it proposes will not weaken our resilient economy, it will not deprive the American people of the many comforts they enjoy, but it will begin to restore a sense of shared service and sacrifice to our people and a sense of fiscal responsibility to our Government. It will begin to provide all that is required by our military to achieve victory in the long war in which we are engaged.

We all prefer lower taxes, but we live in a time in history that requires more than what we prefer—a moment when we must appreciate what kind of Nation we are, the blessings of liberty we enjoy, and we must understand what we must do together to preserve the security and freedom we cherish.

I have decided not to ask for a vote on this amendment tomorrow. In fact, I would say that I filed it as a plea, as an opening argument to my colleagues to join together in doing what is right and necessary to give our troops and veterans the support they deserve. My purpose is to begin a legislative effort

that I hope will ultimately succeed in securing the additional revenues our troops and our veterans need.

We will not solve this problem today, but we cannot afford to put it off much longer. It is imperative that this Congress address the need for a genuine national mobilization, a sharing of sacrifice in order to prevail in the long war we are fighting. Let us truly put meaning in the declaration that we, each and every American, support our troops as they put their lives at risk for us.

I also will offer a second amendment I have introduced, and this one I have done with Senator COLLINS, the ranking member of our Homeland Security Committee. It would strengthen targeted areas of our homeland security effort. In this case, I will call up this amendment at the appropriate time and hope it is accepted by unanimous consent with the support of the chairman and ranking member of the Budget Committee. Let me take just a moment to explain what it does.

The administration's budget proposal for fiscal year 2008 underfunds critical homeland security priorities, and while the committee resolution currently before the Senate is a major improvement over the President's request and returns key homeland security programs to their fiscal year 2007 funding levels—understand I am saying returns these programs to the levels they are funded at now, not increases them—I believe it still must be strengthened in two critical areas.

This amendment I have introduced with Senator COLLINS would add an extra \$731 million to this budget resolution for two specific grant programs.

First, it would direct \$400 million for grants to improve the capabilities of first responders to communicate with one another across jurisdictional and geographic lines. The remaining \$331 million would go toward the Emergency Management Performance Grants Program that helps emergency managers throughout our country plan and prepare for disaster. We propose to pay for these investments with an across-the-board budget cut to administrative accounts, thereby adding nothing to the budget deficit.

More, not less, must be done to strengthen an all-hazards approach to homeland security to ensure we are prepared to respond to terrorist attacks like 9/11 as well as natural disasters like Katrina.

Last week, in passing S. 4, the Improving America's Security Act, the Senate voted to authorize a \$3.3 billion interoperability grant program over 5 years, beginning with \$400 million in fiscal year 2008, next year. This amendment that Senator COLLINS and I are introducing would keep that promise by enabling the appropriation of that \$400 million for the advancement of a system by which our first responders can communicate with each other with certainty in a time of disaster.

Similarly, the Senate, in S. 4, last week substantially increased funding

for the Emergency Management Performance Grants Program to help ensure that our States and localities are prepared for all hazards. I ask my colleagues to support this bipartisan amendment so we can fulfill the promise we made to our first responders and emergency planners when we passed S. 4 last week.

Mr. President, this amendment strengthens targeted areas of our homeland security effort which were neglected by the budget proposal from the White House. And while the committee resolution currently on the floor is a major improvement over the President's inadequate request, and returns key programs to their fiscal year 2007 funding levels, I believe that it still must be strengthened in this critical area. My amendment would add an extra \$731 million to this budget resolution for two specific grant programs for first responders and emergency managers that will help them plan, train, exercise, prepare for, and respond to catastrophic events. I propose to pay for these new investments with an across-the-board budget cut to administrative accounts, thereby adding nothing to the Federal deficit.

Mr. President, September 11, 2001 changed our lives forever. We face new threats and must prepare accordingly. But the administration's budget proposal indicates it has turned its back on the lessons of September 11, 2001. And the Federal response to Hurricane Katrina and the subsequent mismanaged recovery proved for all to see that we are still a nation unprepared for catastrophe. More, not less, must be done to strengthen an all-hazards approach to ensure that we are prepared to respond to terrorist attacks as well as natural disasters. The President's budget request does not reflect that imperative, which is why I proposed to the Budget Committee chairman and ranking member an additional \$3.4 billion above the President's proposal.

Given the financial limitations before us, however, I have decided to offer this scaled-down amendment. Of the \$731 million in additional spending I am proposing, \$400 million would be for grants to improve the capabilities of first responders to communicate with one another across jurisdictional and geographic lines. The remaining \$331 million would be directed toward the Emergency Management Performance Grants, EMPG, Program that helps emergency managers plan and prepare for disaster.

We know our first responders don't have the training, equipment, and frequently the manpower they need to do their jobs properly. Most don't even have the basic capability to communicate with one another across jurisdictional and functional lines, and the response to Hurricane Katrina showed us that, sometimes during a major catastrophe, they can't communicate at all. Yet the President's budget continues a 4-year trend in cuts to first responders—a 40-percent reduction since

2004. And the President proposes nothing at all for fiscal year 2008 to promote interoperable communications specifically.

Most of my colleagues in the Senate know that a sustained Federal commitment is needed to improve the ability of our first responders to communicate with one another in the face of disaster. Unfortunately, time and again, disasters occur, and police, firefighters, and emergency medical workers are unable to exchange information with each other. Lives are lost as a result.

That is what happened on 9/11. The story of the communication breakdown among New York City's first responders is well known. And it is well known because it cost the lives of some of the bravest Americans who rushed to the aid of their fellow citizens. But it occurred at each of the 9/11 disaster sites.

Then came Katrina. The storm decimated communications infrastructure throughout Mississippi and Louisiana, and once again, difficulties in communicating among officials and first responders significantly impeded rescue and relief efforts.

Like many of the homeland security challenges we face, achieving nationwide operability and interoperability will require significant resources. While we don't know the exact price tag, we do know the costs will be significant, which is why we created a dedicated interoperability grant program for first responders in S. 4—the Senate-passed 9/11 Commission recommendation implementation bill, also known as the Improving America's Security Act of 2007.

That legislation authorizes \$3.3 billion over 5 years beginning with \$400 million in fiscal year 2008. The amendment I am introducing would match this amount in the budget resolution before us today.

Secondly, the EMPG Program is a long-standing and effective program whose cost is shared equally between Federal and State governments. EMPG grants are an essential building block in preparing for disasters of all types. They support critical functions such as the planning, training, and exercising that undergird almost all other preparedness efforts, whether for natural disasters or acts of terrorism. EMPG grants are therefore a distinct and important complement to those homeland security grants focused primarily on preventing, preparing for and responding to terrorism.

By enabling States to create better plans, EMPG grants also help ensure that the other money provided by the Federal Government is spent more effectively.

The former head of the National Emergency Management Association, who also is the Director of Emergency Management for the State of Alabama, testified before the Homeland Security and Governmental Affairs Committee that having EMPG funds available for planning actually saves money for States, localities, and the Federal Gov-

ernment. For example, in one county in Alabama, where EMPG funds were used to develop a debris removal plan, the county was able to cut the cost in half of having debris removed after a disaster compared to other counties that did not have similar plans. If you spread those savings over millions of cubic feet of debris, the savings—of costs that would have otherwise been reimbursed by the Federal Government—really add up. In other words, the more we plan, the more efficiently we can utilize the funding that is available.

Again, like the interoperability grants, the Senate has already recognized the importance of the EMPG Program in S. 4, which substantially increases the authorized funding for EMPG to help ensure that our States and localities are prepared for all hazards. We should begin to fulfill the promise of S. 4 here.

Mr. President, we must learn the dual lessons of September 11, 2001, when terrorists attacked us on our shores killing 3,000 innocent civilians, and August 29, 2005, when a predicted and catastrophic hurricane leveled much of the gulf coast, causing 1,300 deaths, billions of dollars worth of damage, and untold amounts of grief.

Our enemies are ruthless and choose their own battlefields, and nature will strike in unpredictable ways, year after year. Yet many of our Nation's security gaps remain wide open. There is no cheap way to be better prepared.

I urge my colleagues to support this amendment so that we can fulfill the promise we made to our first responders and emergency planners when we passed S. 4 last week.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. CHAMBLISS. Mr. President, I ask unanimous consent that following Senator CASEY, I be allowed to speak for up to 10 minutes, that I be followed by Senator ISAKSON for up to 10 minutes, and Senator GREGG for up to 10 minutes.

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

The Senator from Pennsylvania.

Mr. CASEY. Mr. President, I rise tonight to speak about an amendment that I believe will pave the way to expand quality preschool education for our Nation's children. I believe, as so many people in this Senate believe, that we must invest in our children in the dawn of their lives, as Hubert Humphrey said many years ago. The reason we must do that is, if we don't invest in them in the dawn of their lives, we can't expect them to be healthy, we can't expect them to learn and to grow and to have all the benefits that we hope any of our children would have as they move into school and begin to move into the future together.

I thank Senator CONRAD for the work he has done on this budget resolution and allowing us the ability to offer amendments like this. In particular, on

this subject matter both Senator KENNEDY and Senator DODD not only have done great work over many years, but in particular this year, and their staffs have helped on this issue as well. I appreciate that.

My amendment is simple. It creates a deficit-neutral reserve fund for expanding preschool education to children of low-income families. It is my hope the Congress can come together in a bipartisan way on legislation to expand access to preschool education for children, especially children of low-income families—but it would not be so limited. We could also cover children of lower and middle-income families as well.

Mr. President, you know well—you have spoken about this—we already have two great programs that help our children among several but two that I will mention tonight. We have Head Start and the Child Care Development Block Grant Program. These are programs that we know work. They deliver results for those children and for our country. So I believe both Head Start and the Child Care Development Block Grant Program are good investments for those children, for their families, and for our future. I believe Head Start and the Child Care Development Block Grant Program should receive the funding they need from Congress this year in this budget.

At the same time, I also believe a preschool program for early learning that I speak of tonight will complement and add to and enhance the ability of these other programs to help our children. I also believe that by setting up a deficit-neutral reserve fund, this amendment will eventually require offsets. But I also think when we do that we are speaking not just of a program that should work but a program that will be fiscally responsible and maintain fiscal discipline.

I want to make sure that in this amendment, in this budget process we are engaged in right now, that we leave flexibility for the Health, Education, Labor and Pensions Committee and the Senate itself to create a preschool assistance program for the States. I believe this amendment does that. I hope this flexibility will allow us to work across the aisle in a bipartisan fashion on the parameters of this program and its eventual costs.

Early childhood education has been a priority of mine for many years and had been a priority of mine in State government as the auditor general and State treasurer of Pennsylvania. In the Senate it will continue to be a top priority for me. I have been a strong advocate for improving the quality and safety of childcare in my home State of Pennsylvania, and I will continue to do that in the Senate.

We know this: study after study shows that investments in pre-K are not just good for that child and not just good for that child's family but, of course, for the State in which they live and for our whole country. We hear a

lot of talk in this Chamber about growing the economy, making sure people have the ability to be entrepreneurs, to invest and to grow and to make money and to build our economy. That is great and we all support that. But if we really are serious about growing the economy of America today and into the future, I believe we must invest in our children. We know these programs pay dividends for our children and for our future.

I believe the Bush administration should not only put together the right kind of budget—and I have been critical of many aspects of the President's proposal—but I think the administration should increase funds for Head Start, not cut them. It should increase funds for the Child Care Development Block Grant Program, and at the same time we must help our States in their efforts to establish quality prekindergarten education programs so that all children, no matter what their background, can enter school ready to learn.

Investments in our children and early childhood education should be a top national priority, something that should have bipartisan support. I believe it will and it does. By working to make sure that every child is ready to learn when they enter school and by nurturing our children during their early years, we make an investment that pays dividends to the child and for the country.

I urge all my colleagues to support this amendment.

Mr. BYRD. Mr. President, I am concerned about the use of the so-called function 920 account to offset amendments to the budget resolution.

The budget resolution sets the aggregate level of discretionary spending for the coming fiscal year. Within that maximum level of discretionary spending, the budget resolution displays certain nonbinding levels of discretionary spending that are divided between 20 major functions, including function 050 for defense, function 150 for international affairs, function 400 for transportation, function 550 for health, and so on. Function 920 is a kind of catch-all account, which displays the budget effects from initiatives that cannot be easily categorized into the other budget functions, such as an across-the-board spending cut.

When a Senator offers an amendment to increase spending in one discretionary account, such as function 400 for transportation or function 550 for health, and then directs the Appropriations Committee to find unspecified savings in the function 920 account, it creates an expectation for increased resources when none are produced. Such amendments do not increase the maximum level of discretionary spending allowed by the budget resolution falsely raise expectations that more money is available for certain spending programs. In reality, this is a shell game amounting to shifting funds around without any actual consequence.

Function 920 has a legitimate accounting purpose. That purpose, however, is not to create the illusion of progress for public consumption and a press release.

Mr. ROCKEFELLER. Mr. President, amendment No. 591 would create a deficit neutral reserve fund and would allow for legislative action by the Finance Committee to improve the child support enforcement system as long as the costs were offset.

The child support program has collected more than \$23 billion for 17 million children participating in the program. The Congressional Research Service found that this program is one of the most important safety net programs reducing poverty rates for working families.

Unfortunately the Deficit Reduction Act, DRA, made deep cuts in this enforcement funding. A preliminary estimate by the Congressional Budget Office indicates that \$11 billion in child support payments will go uncollected over the next 10 years, even if States backfill half of the lost Federal funds.

Child support payments allowed more than 300,000 families to close their Temporary Assistance to Needy Families cases in 2004. Families go on welfare less often and leave sooner when they receive reliable support payments. In addition, Federal costs for Medicaid, food stamps, and other means-tested programs decrease when both parents support their children.

The child support program collected \$4.58 in private dollars for every \$1 spent by Federal, State, and county governments. The Office of Management and Budget rated the child support program as one of the most effective government programs.

As States implement the cuts in the DRA, fewer children will receive reliable support from their parents. States and counties will collect support less consistently and it will take longer to establish paternity and support orders. Employer outreach initiatives will be curtailed. Domestic violence services and initiatives to help low-income fathers work and stay involved with their children will be reduced or eliminated. Interstate enforcement will be less dependable.

As program resources are reduced, a State's ability to meet Federal performance measures will deteriorate. A downward spiral in performance will further decrease State program funds and increase penalty risks. Counties in particular rely on performance incentive funding to operate. The performance gap will widen between States and counties able to backfill funds and those that cannot.

Mr. CRAIG. Mr. President, I have sought recognition to comment on veterans funding in this budget resolution. The Democrats have put forward a resolution that proposes to increase veterans discretionary spending by 18 percent—this is on top of a 12 percent increase that was included in last month's joint funding resolution. I

have also heard that billions more will be proposed for veterans in the war supplemental.

Spending proposals of this magnitude in any area of Government should rightfully raise a few eyebrows and be met with a healthy level of scrutiny. Veterans programs are no exception. Taxpayers will continue to support higher veterans expenditures only to the extent we can assure them that those expenditures are absolutely necessary, will not be wastefully spent, and will meet our highest priorities. The Budget Committee chairman stated as much in his opening remarks on Tuesday.

Let me be clear. I am absolutely committed to providing the highest quality of care to our veterans. I have supported a 70 percent increase in VA medical care since President Bush took office. I have spoken frequently about not sparing any expense when it comes to getting the highest quality of care to our Iraq and Afghanistan veterans and veterans with disabilities. I have even introduced legislation that allows all veterans with service-connected disabilities to seek care outside of the VA system if that is what they prefer.

But what I see in this resolution is an effort to use the legitimate needs of our war wounded as a pretext to support funding increases that are beyond reason and that actually may harm the care provided to the veterans who are our No. 1 priority.

Let me point out a couple of areas where I think this budget fails our highest priority veterans and taxpayers.

The Democrats' budget proposes an extra \$1.1 billion to allow new "Priority 8" veterans to enroll for VA health care. Now who are these Priority 8 veterans? Priority 8 veterans are veterans with no service-connected disabilities and higher incomes. They were granted comprehensive access to VA health care back in 1996 at a time when we thought their care could be provided on a budget-neutral basis. We were wrong. Priority 8 veterans then enrolled in such large numbers that quality and timely health care to VA's service-disabled and indigent patients began to be compromised.

In January 2003, Secretary Principi used authority granted to him by Congress to suspend new enrollment of Priority 8 veterans. His rationale was simple:

VA is maintaining its focus on the health care needs of its core group of veterans—those with service-connected disabilities, the indigent and those with special health care needs.

Taking the action he did on the eve of the war in Iraq was the right thing to do. He rightly instituted a policy that focused our limited resources on those for whom VA was established—our war injured and veterans who need VA the most.

All I have been hearing from the Democrats for the last 2 years is how we must not make our OIF/OEF veterans wait in lines for mental health



care, TBI treatment, or other specialty care. I agree! That is why their proposal puzzles me. At a time of war, when we're trying to get quicker access to VA care for our OIF/OEF and service-disabled veterans, how does allowing an increase in the patient load help matters? Where is the sense of priority here? It is like we are trying to keep a ship afloat by pouring tons of water onto the deck. It doesn't make sense.

For those who think that simply providing more money permits VA to automatically increase its capacity to see new patients, think again. It takes time to hire quality medical personnel. It takes time to find space to accommodate additional medical appointments and patients. Since 2003 VA has been able to improve the amount of time it takes to schedule primary and specialty care appointments so that more than 94 percent of such appointments are scheduled within 30 days of the veteran's desired date. Why would we risk longer waiting times for our OIF/OEF veterans and service-disabled veterans?

Furthermore, is this new spending fiscally prudent at a time when VA budgets have been growing at double-digit rates? There are 24 million veterans in the United States; only 5.3 million use VA health care now. Have the longterm cost implications of opening the system to all veterans been considered in this budget? Have we contemplated the multibillion dollar unfunded liability we are creating here if millions more Priority 8 veterans show up for free care?

Let me move on to another area that concerns me.

The chairman of the Budget Committee made it a point to show how his budget meets or exceeds the recommendations of the independent budget. That is all well and good, but when the IB is used to set budget policy for the Congress, then a fair evaluation of the budget numbers is in order. Let's look at one account in particular—general operating expenses. The Budget Committee chairman quite proudly stated that his budget meets the IB recommendation of \$2.23 billion for this account.

The largest portion of this account funds the administration of VA's benefits programs, to include its backlogged claims processing system. The administration has submitted a proposal that would provide VBA with the highest number of claims processors in its history. In fact, the President's budget will result in what will have been a 61 percent increase in claims processing staff since 1997. While I support the President's budget, it is time we tried a new approach to fixing the backlog of disability claims. Simply providing more and more money to fix the problem does not solve the problem.

What do we have with the Democrats' budget? On top of the President's

record increase, the IB recommends an extra \$700 million: roughly \$100 million for new information technology spending, and \$600 million for additional staff. According to unofficial VA estimates, 600 million would buy over 10,000 VBA employees, almost double the size of the existing bureaucracy? VA cannot accommodate a staffing influx of this size in 1 year. It would have to lease hundreds of thousands of square feet and additional facilities all over the country. More money would be needed for communication services, utilities, personal computers and IT support staff.

Is this rational? Have the long-term costs been factored in? Was VA's ability to provide space for these employees factored in? Does the incoming workload command a bureaucracy of that enormous size? As ranking member of the Veterans' Affairs Committee, I have not seen any data to substantiate a request of that magnitude. I have even asked the authors of the IB to justify the number, but have yet to receive a response.

We are not talking about chump change here. If an error was made by the IB, and I suspect one was, then we should fix it before it is perpetuated.

Let me conclude with this final observation. VA has been criticized in recent years for its very public budget gaffes. The General Accountability Office rightly condemned VA for "errors in estimation" and "inaccurate assumptions" that led to the VA funding shortfall of 2005. I would caution my colleagues that we, in this budget resolution, may be repeating those same mistakes by providing money that VA could not prudently spend. It may be politically expedient to reflexively throw more money at problems. But let's also not forget about our obligations to the American taxpayer.

#### MORNING BUSINESS

Mr. CASEY. I ask unanimous consent that there now be a period of morning business with Senators permitted to speak therein for 10 minutes each.

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

#### GENOCIDE ACCOUNTABILITY ACT OF 2007

Mr. DURBIN. Mr. President, I rise to speak about S. 888, the Genocide Accountability Act. It is a bipartisan bill I have introduced with Senator TOM COBURN of Oklahoma, Senator PATRICK LEAHY of Vermont, and Senator JOHN CORNYN of Texas.

This Genocide Accountability Act is the first legislation produced by the Judiciary Committee's new Subcommittee on Human Rights and the Law, which I chair and Senator COBURN serves as ranking member.

I wish to thank organizations that have endorsed this act, including Afri-

ca Action, the American Jewish World Service, Amnesty International USA, the Armenian Assembly of America, the Armenian National Committee of America, the Genocide Intervention Network, Human Rights First, Human Rights Watch, Physicians for Human Rights, Refugees International, and the Save Darfur Coalition.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the organizations I have just mentioned supporting this legislation.

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

MARCH 15, 2007.

Hon. RICHARD J. DURBIN,  
Hon. TOM COBURN,  
*Subcommittee on Human Rights and the Law,  
Senate Committee on the Judiciary, Wash-  
ington, DC.*

DEAR CHAIRMAN DURBIN AND RANKING MEMBER COBURN: We write to express our strong support for the Genocide Accountability Act. We believe this legislation, a product of the Subcommittee on Human Rights and the Law's inaugural hearing on genocide, is necessary in order to enable the United States to lead the world in bringing perpetrators of the most serious human rights crimes to justice. We look forward to its swift enactment into law.

Winston Churchill once remarked that the extermination of Jews in Europe was "a crime without a name." That inspired Raphael Lemkin to name it, and he then devoted his life to codifying the crime of genocide in international law. Lemkin's work culminated in the United Nations Convention on the Prevention and Punishment of the Crime of Genocide. The most serious human rights crime had a name, but since 1988, when the United States formally ratified the treaty, genocide has been a crime under U.S. law only in the narrowest of circumstances.

The Genocide Implementation Act (18 U.S.C. 1091), enacted in 1987 as a prerequisite to the United States becoming a party to the Genocide Convention, provides jurisdiction over the crime of genocide only in circumstances where the perpetrator is a U.S. citizen or the crime took place in the United States. Since the time that law was enacted, the world's pledge that it would "never again" tolerate mass slaughter has been mocked again and again—in Bosnia, in Rwanda and now in Darfur. As the violence in Darfur rages into its fifth year, the United States must do all it can to deter those who act with seeming impunity, including by removing any barriers to prosecution in this country of those responsible for genocide.

The Genocide Accountability Act would accomplish this by enabling the Department of Justice to prosecute foreign nationals suspected of genocide who are present in the United States. This is not merely a theoretical concern. The Justice Department has already identified individuals who may have participated in the Rwandan and Bosnian genocides and are currently living in the United States under false pretenses, but current law fails to provide jurisdiction to charge them with that crime.

Like the pirate and the slave trader, perpetrators of genocide are rightly considered to be the enemies of all mankind. The United States must not remain passive when those