in the throes of trying to work something out to approve that plan. As we mentioned yesterday, in the evening, the vast majority of the American people know something has to be done. They approve of what President Obama is trying to do.

All economists—conservatives, moderates, and liberals—for example, just a week ago we met with Feldstein, Blinder, and we met with Zandi, JOHN MCCAIN's chief economic adviser, somebody from the old Republican administrations, and a Democratic economist. They all said the program has to be bold, and it has to create jobs. Experts at all points along the political spectrum agree if we fail to take bold action, this recession will last for many years into the future.

America is waiting to see what we are going to do in the next 24 hours. The world is waiting to see what we are going to do in the next 24 hours. Everyone knows this crisis was not created by Barack Obama. He has been President for a matter of a couple of weeks. The crisis was inherited from his predecessor. When this man, George Bush, took office, for over a 10-year period there was a $7 trillion surplus. But that is long since gone. Now, President Obama is taking the responsible steps we need to take to begin the long road to recovery.

The first step is the bill before us, called the American Recovery and Reinvestment Act, which the House of Representatives has passed and we have debated all this week. This is a critical day for our country and this Congress. Faced with this grave and growing economic crisis, as indicated by the unemployment figures that came out at 8:30 this morning, the Democrats and Republicans must decide today whether they will work together to come up with a plan and join the President on this road to recovery.

Now, I have been very concerned we shouldn't be talking about names on the Senate floor because sometimes it does more harm than good. But there is a small group of Republicans who are trying to work to come up with a solution. They have been genuine in their efforts. They have been responsible in their efforts. And while I don't agree with everything they are trying to do, I agree with the efforts they have made.

We have made progress. We have made progress since last night. We have been in a number of meetings already this morning. We worked into the night last night, and I think we are going to be able to work something out. I feel very comfortable we can do that. If we succeed, there is going to be a lot of credit to go around. If we fail, there is going to be a lot of blame to go around.

As I have indicated, our entire country will suffer and the world will suffer. We are the country that drives the world economy. During this week of floor debate, we have embraced good ideas, including tax relief and other investments, from both parties. We will continue to embrace all efforts borne of good will to reach a bipartisan compromise, but we are nearing the time when negotiations must be completed and action must begin.

So I urge my colleagues, both Democrats and Republicans, to dedicate this day to responsibly passing this legislation and sending it to the President so we can say we have marched down that road, that road to economic recovery. There is no perfect solution to what we are attempting. There is no book you can check out of the library to say this is what should be done. There is no group of economists we can go to and tell them to prepare a paper in the next couple of hours to give us direction as to what to do. We must do this on our own, and we will do this on our own.

## SCHEDULE

Mr. REID. Mr. President, I hope everyone understands we have a number of amendments—in fact, we have now pending seven amendments—and we are going to continue working through these. I don't want to get more than about 10 pending at any one time. So we have three more that can be offered and then we will vote and get rid of some of these, because we can't have a bottleneck if in fact we arrive at a point where we have a bipartisan amendment that we need to move forward on. And I think that time will come.

I will tell all Members I think we are going to be spending a lot of time here today. I am being a little bit futuristic, but between 5 p.m. and 7 p.m. today I am confident we will have something to vote on that would be kind of the big picture of what we need to do to move this to conference.

I would be happy if my colleague, the Republican leader, wishes to respond or to ask any questions or express any concerns that he may have about the schedule. I haven't had the opportunity this morning to talk to him about the schedule. I normally try to do that on days like this.

## RECOGNITION OF THE MINORITY LEADER

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

## STIMULUS PACKAGE

Mr. MCCONNELL. Mr. President, I have a brief opening statement, and then I will be happy to confer with the majority leader after that, if he is available.

From the very first moment of this debate, there has been strong bipartisan agreement on one thing: the original version of this bill was too big and too unfocused to work. The President, Senate Democrats, and just about every single Senate Republican agreed this bill needed a massive overhaul.

One Democratic Senator said he was very committed to making sure we get it scrubbed clean of many of these programs. Another Democrat said: It needs some work; it needs some surgery. Virtually everyone agreed this bill lacked focus, didn't create enough jobs, had too much permanent Government expansion, and was just way too expensive with the national debt already reaching frightening new dimensions.

The morning papers suggest that, in the Senate, these bipartisan concerns persist, and so do the concerns of most Americans. The more the American people learn about the bill, the less they like it. Americans realize a bill which was meant to be timely, targeted, and temporary has instead become a Trojan horse for pet projects and expanded Government.

We have a $1 trillion deficit. Our national debt exceeds $10 trillion. Soon we will vote on an Omnibus appropriations bill that will cost another $400 billion, bringing the total to $1 trillion for appropriations this year alone—a new record. The President is talking about another round of bank bailouts that could cost as much as $4 trillion. When you include interest, the bill before us will cost nearly $1.3 trillion.

At some point, the taxpayers will have to pay all of this back, and they are worried. Americans can't afford a trillion-dollar mistake, however well meaning the intent. At this point, that is what many of us think this bill would be.

Republicans are ready to support a stimulus bill. That really hasn't been in question. But we will not support an aimless spending spree that masquerades as a stimulus. The economy is in terrible shape. Millions are out of work. This morning's unemployment numbers are a further sign of the severity of the crisis. But putting another $1 trillion on the Nation's credit card isn't something we should do lightly. We need to get a stimulus but, more importantly, we need to get it right.

I yield the floor.

## RESERVATION OF LEADER TIME

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

## AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 1, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1) making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes.

Pending:

Reid (for Inouye/Baucus) amendment No. 98, in the nature of a substitute.

Murray amendment No. 110 (to amendment No. 98), to strengthen the infrastructure investments made by the bill.

Baucus (for Dodd) amendment No. 145 (to amendment No. 98), to improve the efforts of the Federal Government in mitigating home foreclosures and to require the Secretary of the Treasury to develop and implement a foreclosure prevention loan modification plan.

Coburn amendment No. 176 (to amendment No. 98), to require the use of competitive procedures to award contracts, grants, and cooperative agreements funded under this act. (By 1 yea to 96 nays (Vote No. 50), Senate earlier failed to table the amendment.)

Udall amendment No. 359 (to amendment No. 98), to expand the number of veterans eligible for the employment tax credit for unemployed veterans.

Coburn amendment No. 309 (to amendment No. 98), to ensure that taxpayer money is not lost on wasteful and nonstimulative projects.

Sanders/Grassley modified amendment No. 306, to require recipients of TARP funding to meet strict H–1B worker hiring standard to ensure nondisplacement of U.S. workers.

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

Mr. BAUCUS. Mr. President, this morning the Senate returns to work on its bill creating and saving millions of jobs. As the leader said, and we all know, our work has rarely been more urgent.

Initial jobless claims have hit a 26-year high. I repeat: Initial jobless claims, 26-year high. Last week, 626,000 people, each of them mothers and fathers, sisters and brothers, lost their jobs. That is two-thirds of the entire State of Montana—626,000 people in 1 week. The number of claims by people continuing to apply for unemployment benefits reached a new record. With 4.8 people applying for unemployment benefits, we need to respond. We need to complete this jobs bill.

This past November, our Nation conducted a historic and meaningful election. America voted for a new era. America voted for change. In keeping with the call of our new President, the Senate has, this week, conducted itself with levels of openness and accommodation not seen for years. I would like to underline that. This has been a very open Senate process. We have not seen this in a long time and I hope it continues and even grows. The managers have not filled the amendment tree. We have not sought to blur issues with second-degree amendments. No tree, no second-degree amendments. Senators have gotten votes on their amendments. The Senate has put in a long, full week and worked late nights. Yesterday, the Senate conducted six roll-call votes and adopted five amendments with voice votes and we considered and processed numerous other amendments.

We have now reached the point in this debate, in the adage familiar to most Senators, that everything has been said but not everyone has said it. I might underline that everything has been said many times but not everyone has said it. I now call on my colleagues to show restraint. I urge my colleagues to forgo offering amendments. I urge my colleagues to allow the Senate to bring this matter to a close.

Pending now are seven amendments: The underlying Finance-Appropriations substitute amendment; the Murray amendment, No. 110, to strengthen infrastructure investments; the Dodd amendment, No. 145, mitigating home foreclosures; the Coburn amendment, No. 176, on competitive bidding; the Udall amendment, No. 359, to expand the number of veterans eligible for the employment tax credit; the Coburn amendment, No. 309, on particular spending prohibitions; and the Sanders-Grassley amendment, No. 306, as modified, to require recipients of TARP funding to meet strict H–1B worker hiring standards.

I hope that in short order the Senate will be able to come to an arrangement that will allow us to process the remaining Coburn, Udall and Grassley-Sanders amendments. After that, I hope the Senate will be able to address amendments by Senators FEINGOLD and CONRAD as well as the pending Dodd amendment on our side, as well as equal numbers of amendments on the Republican side. Then I hope the Senate will be able to address amendments by Senators WYDEN and MENENDEZ, as well as an equal number of amendments on the Republican side.

After that, we will seek, as much as possible, to allow a fair system for the consideration of other Senators' amendments. We will address, first, amendments of Senators who are here and willing to offer their amendments. But I renew my call for Senators to resist the temptation to offer their amendments. We are getting to that point where it is becoming a point of diminishing returns. The amendments are coming to the point where they do not need to be offered on this bill at this time. This is just February. There will be plenty of other opportunities for Senators to offer amendments on other bills. We have to get this bill finished today. There will be a conference committee. The managers will work with Senators in the conference to address their concerns. Not everything needs to be said by everyone on the Senate floor today. I urge Senators to forbear offering their amendments as much as possible.

We will continue to try to give Senators notice of what will be coming up. Abraham Lincoln appealed to the ''better angels of our nature.'' I renew that appeal today. Let us work together today in the spirit of comity and cooperation that reflects the better angels of the Senate. Let us finish this bill today. I thank all Senators for their cooperation.

So we can work out an orderly procedure, I now 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. BAUCUS. 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.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the time between now and 11:30 be for debate only, to be equally divided and controlled between the two leaders or their designees.

The PRESIDING OFFICER. Is there objection?

Mr. MCCAIN. Mr. President, reserving the right to object, what would the manager contemplate at 11:30?

Mr. BAUCUS. Mr. President, the idea is then to have votes on pending amendments.

Mr. MCCAIN. And then would it be agreeable to go back to some more debate? There is a number of speakers who want to talk about the entire bill as well.

Mr. BAUCUS. Well, obviously Senators can speak on those amendments, which includes the underlying bill. But I would hope we process those amendments and then do the next set of amendments after that.

Mr. MCCAIN. I do not object.

Mr. INHOFE. Mr. President, reserving the right to object—I object.

Mr. BAUCUS. Mr. President, 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. BAUCUS. 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.

Mr. BAUCUS. I renew my request and ask unanimous consent that the time between now and 11:30 be equally divided and controlled between the two leaders or their designees.

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

The Senator from Iowa is recognized.

AMENDMENT NO. 372

Mr. GRASSLEY. Mr. President, I do not want to take more than 5 minutes, so let me know when 4 minutes is up.

I want to talk about an amendment I am going to put in. But, first, I think I ought to remind the public at large that here we are on a Friday, there are lots of amendments being adopted. We have been told cordially by the majority that they will not fill the tree. But if you are in the situation where you have to have unanimous consent to get an amendment up, it is tantamount to filling the tree. So I hope this deliberative body is going to do what it should be doing. I hope we do not see a bunch of quorum calls all day where the public back at home is looking at a blank screen that says ''quorum call'' when the Senate could be working on dozens of amendments we have been waiting to bring up for a long period of time,

because that is a waste of the taxpayers' money.

If it is extremely important to get on with this legislation, and it is extremely important to get on with this legislation, we should not be having anybody talk about stonewalling on any political party's part, when we are ready to do business, waiting to do business, have been waiting to do business, for a long time. We ought to be able to offer amendments.

I want to speak shortly then about an amendment No. 372. It is not the most important amendment I have been waiting to bring up, but I have spoken about that other amendment before. I want to bring up my amendment No. 297. This one is 372. It merely says that any agency that receives funds under this bill must comply with congressional requests for records. That means our ability as individual Senators to get records for money that is going to be spent by Departments under this bill. It is an effort to ensure that the vision of transparency that President Obama expressed in his Inaugural Address to the Nation is fulfilled.

This is what the President said:

Those of us who manage the public's dollars will be held to account to spend wisely, reform bad habits, and do our business in the light of the day, because only then can we restore the vital trust between people and their government.

I agree. Of course, unfortunately, when my colleagues and I in Congress ask for documents from the executive branch, we are usually stonewalled with bureaucratic excuses and legalese regarding statutes that were never intended to prevent Congress from gathering information.

This is not a criticism of the Obama administration, this is criticism of previous administrations, Republican and Democratic. I want to make sure it does not happen under this new administration. I do not think it will, but this legislation will make that certain.

Sometimes even statutes with explicit exceptions allowing information to be given to Congress are used as excuses to keep the people's business secret. So to ensure that Members of Congress can gather information, this amendment would simply impose an obligation on any agency that receives funds to comply with a request from a chairman or ranking member of a committee or subcommittee of Congress.

If you support open Government, vigorous congressional oversight, as President Obama says he does, then you should support this amendment.

I yield the floor.

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

AMENDMENT NO. 374

Mr. INHOFE. Mr. President, I have been talking for a couple of days now about two amendments that if the American people knew we had the option to do this, they would be very enthusiastic about joining us.

We supposedly have a stimulus bill that should be coming in two categories, one in tax provisions that would stimulate the economy, and the other is in work that needs to be done. I am talking specifically about highways.

I am the ranking member of the Environment and Public Works Committee. The chairman of the Committee, Senator BARBARA BOXER of California, and I have introduced the amendment No. 374. To me it is a little bit naive to think we would have a bill that only has less than 3 percent of the money that would actually go to highways and to the projects that are ready, as they call them spade ready. So this would increase that amount to $50 billion. But it is done in a rather unique way. The amendment would not take funds, only the funds that would be not obligated within a year up to $50 billion from programs in the stimulus that are not spending or redirecting them to highways.

Now, I would assume that if something has been hanging around here for 12 months, it is not going to be stimulating the economy immediately. So that is what I want to bring up. I at least want to make an effort—I would hate to think that after all of this we have gone through, that I did not even make an effort to get it up.

I ask unanimous consent to set the pending amendment aside for the consideration of the Inhofe-Boxer amendment No. 374.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAUCUS. Mr. President, I object. We are under an agreement where we speak on both sides and offer amendments later. So I respectfully object.

The ACTING PRESIDENT pro tempore. Objection is heard.

AMENDMENT NO. 198

Mr. INHOFE. That is fine. I think I have 4 minutes left. I had another amendment, which is amendment No. 198.

We had a rather unpleasant conversation on the floor yesterday with myself and the junior Senator from West Virginia. It is regrettable because he would not yield for me to respond to accusations that were made about me. I even suggested a point of order and was turned down.

The other amendment I had was one having to do with the subject we talked about yesterday; that is, Guantanamo Bay. I have spent time down there. I will not go on to the same things, because there is not time that is given to me right now.

But what has happened, what is happening down there, this resource we have had since 1903, is something we need today. We all know the consequences and certainly even those individuals who want to close Guantanamo Bay know if that happened, you would still have to make a decision of what to do with the some 110 detainees who are considered to be pretty hardcore terrorists.

Some people say they might be integrated into our U.S. court system. We all know the rules of evidence are different and there is a possibility they could be released. I do not think anyone wants that. There has been a list of some 17 installations within the United States to which these detainees might go. One of those happens to be in my State of Oklahoma, Fort Sill. We do not want that to happen. And I do believe that this is something that we are going to need, so I want to at least make the motion.

I ask unanimous consent to set the pending amendment aside for the purpose of considering amendment No. 198.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAUCUS. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

The Senator from Montana is recognized.

Mr. BAUCUS. Under the agreement, we are going to alternate sides for speakers. I want to ask the Senator from New Hampshire how much time she wishes to speak.

Mrs. SHAHEEN. Mr. President, 3 minutes.

Mr. BAUCUS. I yield 3 minutes to the Senator from New Hampshire.

AMENDMENT NO. 528

Mrs. SHAHEEN. Mr. President and fellow Senators, I rise in support of amendment No. 528, which has been cosponsored by Senator SCHUMER and enjoys the support of many of the Nation's top education groups, including the American Council on Education, the American Association of Colleges for Teacher Education, the National Association of Independent Colleges and Universities, the American Association of State Colleges and Universities, the Association of American Universities, and many others.

America's institutions of higher education are vital to building a skilled workforce and to developing leaders who can compete in the global marketplace. Unfortunately, many of our colleges and universities are feeling the effects of the current economic crisis. As a former Governor, I understand that in these difficult times States are often forced to cut back on funding for critical programs such as education.

My amendment would provide an additional $2.5 billion to the Higher Education Modernization, Renovation, and Repair portion of the American Recovery and Reinvestment Act of 2009. The additional funds will bring the total appropriation to $6 billion, the same amount as in the House bill. It will fund critical projects and instructional equipment at our colleges and universities across the country.

This amendment is estimated to create an additional 71,000 jobs. As we talk about this economic package, one of the things we have all been focused on is how do we create jobs. This amendment would do that.

According to the National Association of Independent Colleges and Universities, private colleges in 21 States report they have 572 projects ready to

go, totaling $4.5 billion. The funding in this amendment is targeted for those shovel-ready projects that will have an immediate impact and spur economic growth on the local level. In New Hampshire alone, it will provide an additional $10 million, money that can be spent on needed projects such as rebuilding an arts building at Colby-Sawyer College, renovating a college and innovation center at White Mountains College, general infrastructure repair at the University of New Hampshire, and a science building renovation at Franklin Pierce University. This additional funding will benefit students and colleges across the country and put many people to work.

I urge Members to join me in support of amendment No. 246.

I ask unanimous consent to have printed in the RECORD a letter from the American Council on Education that lists those groups in support of the amendment.

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

AMERICAN COUNCIL ON EDUCATION,
*Washington, DC, February 4, 2009.*

Senator JEANNE SHAHEEN,
*Dirksen Senate Office Building, U.S. Senate, Washington, DC.*

DEAR SENATOR SHAHEEN: On behalf of the nation's two- and four-year, public and nonprofit private colleges and universities, we write in support of the amendment you have offered to H.R. 1, the American Recovery and Reinvestment Act of 2009. This amendment would set the amount for infrastructure renovation and repair projects at institutions of higher education at the same level as provided for in the House bill, immediately creating jobs in the short term, and strengthening America's economic future by improving academic capacity.

This funding is truly stimulative in nature. Public and private colleges and universities undertake a substantial number of infrastructure projects for academic facilities every year. Because of the high cost of borrowing and sharp declines in state and institutional budgets, many of these projects have been delayed or canceled. As well, a number of colleges have halted shovel-ready projects and frozen staff salaries in order to ensure that they will have more aid for needy families. While this is a prudent strategy, it can have a negative economic impact on local communities, where colleges are often the largest employer.

With more than 4,500 campuses across the country, higher education is a strong presence in communities—urban and rural, large and small. These projects have been identified, developed, and are the very definition of ''shovel-ready.'' If provided funding, such an investment would immediately create jobs, boost local and regional economies, and build a lasting improvement to academic capacity at our nation's colleges and universities.

In addition to creating an estimated 71,000 new jobs, this amendment would also address the disparities in funding among states identified by the Congressional Research Service in its analysis of the current Senate funding level.

We thank you for proposing this amendment and offer our strong support for its inclusion in the final stimulus package.

Sincerely,

MOLLY CORBETT BROAD,
*President.*

On behalf of: American Association of Collegiate Registrars and Admissions Officers, American Association of Community Colleges, American Association of State Colleges and Universities, American Council on Education, Association of American Universities, Council of Graduate Schools, EDUCAUSE, National Association of College and University Business Officers, National Association of Independent Colleges and Universities, National Association of State Universities and Land-Grant Colleges, National Association of Student Financial Aid Administrators, United Negro College Fund.

Mrs. SHAHEEN. I ask unanimous consent to set aside the pending amendments and send my amendment to the desk to be considered.

Mr. BAUCUS. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mrs. SHAHEEN. I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from Arizona.

Mr. MCCAIN. Mr. President, for the benefit of my colleagues, on this side we have Senators THUNE, GRAHAM, SESSIONS, COBURN, and ALEXANDER waiting to speak. I would imagine that, given that, between now and 11:30, hopefully, we could get most of those in between now and the time for voting, of course observing the protocol of those being recognized on the other side of the aisle.

While we are here in the Chamber discussing this issue, we all know discussions are being held behind closed doors between two or three or four Republicans in order to try to get 60 votes in order to pass this legislation. Obviously, the overwhelming majority of Republican Senators are opposed to the legislation. That same overwhelming majority of Senators are in favor of stimulating our economy and creating jobs.

How did we get here, and where do we go? We got here by the Speaker of the House saying: We won, so we wrote the bill. In the years I have been here, that is not called bipartisanship. Without the votes of 11 Democrats and without the vote of a single Republican, the bill emerged from the other body and came over here. Again, through the Appropriations and Finance Committees, the bill was written without significant input or with negligible input from Senators on this side of the aisle. There is an old saying: If you are not in on the takeoff, you will not be in on the landing.

We are up to approximately $1.2 trillion in the piece of legislation in front of us. The Congressional Budget Office yesterday said that this legislation would increase employment by the end of the fourth quarter of 2010 by 1.3 million to 3.9 million jobs. I did the math. So $1.2 trillion, 3 million jobs, is $923,997 for each job. For 1.3 million jobs, which is the low end determined by the Congressional Budget Office, it is only $307,092 per job.

The American people are figuring out that this is not a stimulus bill. It is a spending bill full of unnecessary spending, unexamined policy changes or policy changes that have been examined and rejected in the past, and, of course, tax cuts which do not stimulate the economy.

I ask to have printed in the RECORD examples of the House spending provisions and the Senate spending provisions which I find not only questionable but obviously, in the view of any objective observer, unnecessary, unwanted, and, indeed, wasteful.

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

EXAMPLES OF THE HOUSE SPENDING PROVISIONS (ARE THEY REALLY ''STIMULUS?'')

$1.7 billion to make upgrades in the National Park System.

$50 million in funding for the National Endowment of the Arts.

$650 million to extend the DTV coupon program.

$6 billion for broadband and wireless services in underserved areas.

$41 billion to local school districts, including a buy American iron and steel requirement on the $14 billion School Modernization and Repair Program.

$325 million to establish an ''innovation'' fund for academic achievement awards to states and local education agencies or schools.

$726 million for an after school snack program.

$39 billion to help unemployed pay for COBRA.

$44 million for repairs to USDA headquarters.

$209 million for agricultural research facilities.

$200 million to ''encourage electric vehicle technologies'' in state and local government motor pools.

$600 million for new cars for the Federal government.

$300 million to provide rebates for buying energy efficient Energy Star products.

$32 billion for energy and transmission system improvements, including $11 billion for the Smart Grid Investment Program.

$245 million to upgrade the computer systems at the Farm Service Agency.

$200 million to repair and modernize U.S. Geological Survey facilities and equipment.

$400 million to NOAA for ''habitat restoration''.

$70 million for the ''Technology Innovation Program'' at NIST.

$10 billion for science facilities and research.

$3 billion for the National Science Foundation, including $100 million to improve instruction in science, math, and engineering.

$2 billion for NIH Biomedical Research.

$1.5 billion for NIH to renovate university research facilities and help them compete for biomedical research grants.

$462 million to enable CDC to complete its Buildings and Facilities Master Plan.

$1 billion ''to minimize undercounting of minority groups'' in the 2010 census.

$3 billion for a new ''Prevention and Wellness'' fund.

$600 million to increase the number of doctors, nurses and dentists.

$20 billion for health information technology.

$1.1 billion for Amtrak and Intercity Passenger Rail Construction Grants to improve speed and capacity.

$500 million to install Aviation Explosive Detection Systems in airports.

$1 billion for Community Development Block Grants.

$8 billion for loans for renewable energy power generation and transmission projects.

$6.7 billion for renovations and repairs to federal buildings.

$6.9 billion for Local Government Energy Efficiency Block Grants.

$2.5 billion for Energy Efficiency Housing Retrofits.

$2 billion for Energy Efficiency and Renewable Energy Research.

$2 billion for the Advanced Battery Loan Guarantee and Grants Program.

$6.2 billion for Home Weatherization.

$2.4 billion for carbon capture and sequestration technology demonstration projects.

$500 million for Industrial Energy Efficiency manufacturing demonstration projects.

$300 million for grants and loans to state and local governments for projects that reduce diesel emissions.

$98.527 million to support the Comprehensive National Cybersecurity Initiative to prevent and address cyber security threats.

EXAMPLES OF POLICY PROVISIONS

Requires TSA to buy 100K employee uniforms from U.S. textile plants.

Legislation to give federal workers new whistle-blower protections.

An exemption for yacht-repair companies from paying for federal workers' compensation insurance to cover those hurt on the job (an exemption sought for 6 yrs by the Marine Industries Association of South Florida). Inserted by FL Reps. Deborah Wasserman Schultz and Ron Klein.

Net neutrality: the bill ''includes language favoring open access—so-called net neutrality—that telecoms have long opposed.''

Unemployment: the House language ''secures an expansion of unemployment insurance for part-time workers'' that Dems ''have sought for more than a decade.''

Education: ''the stimulus aims more than'' $125B ''at bolstering public education, an unusual federal intervention in a sphere usually left to state and local governments.''

Public housing: $5B ''for the construction and repair of public housing. One House GOPer ''depicts it as a quiet reversal of a 30-year trend of the government extracting itself from public housing construction.''

Health care: the bill expands COBRA and allows workers older than 55, or those who have worked at a company for 10 years, to keep their COBRA coverage until they qualify for Medicare or find a new job. But ''among the plan's biggest departures'' from past policy is ''allowing those who are unemployed to enroll in Medicaid.'' That provision ''would temporarily expand'' the program ''to allow millions of unemployed workers to qualify for benefits.''

$20 Billion to spur the adoption of electronic medical records, which would be, ''by far, the biggest government infusion to enable medical information to follow patients back and forth among doctors' offices, hospitals and other providers.'' Starting in Oct. '10, ''hospitals, doctors and others would be able to get increased payments from Medicare and Medicaid for using such systems.''

SOME OF THE QUESTIONABLE FUNDING IN THE SENATE STIMULUS BILL

$20 million ''for the removal of small- to medium-sized fish passage barriers.''

$400 million for STD prevention.

$25 million to rehabilitate off-roading (ATV) trails.

$34 million to remodel the Department of Commerce Headquarters.

$70 million to ''Support Supercomputing Activities'' for climate research.

$1.4 billion to green HUD assisted housing.

$100 million to teach children green construction skills.

$20 million for trail repairs in wildlife refuges.

$25 million for habitat restoration on wildlife refuges.

$198 million for a school food service equipment.

$120 million to upgrade WIC computer systems.

$23 million for repairs to National park Service trails.

$55 million for the Historic Preservation Fund.

$40 million to make Park Service offices more energy efficient.

$150 million for facility improvements at Smithsonian museums.

$75 million for smoking cessation.

$88 million for replacement of headquarters of the Health Resources Services Administration.

$2.9 billion for the Weatherization Assistance Program.

$4.5 billion for Electricity Delivery and Energy Reliability (ie modernizing the electricity grid).

$430 million for the DOE Science Program including $330 million for laboratory infrastructure and construction and $100 million is for computer research and development.

$1 billion for National Nuclear Security Administration Weapons activities.

$20 million is for port modernizations in Guam.

$30 million is for water and wastewater infrastructure needs in Guam.

$12 million is for electrical transmission line upgrades in Guam.

$20 million to develop web-based programs for school lunch programs to manage food orders.

$100 million for grants to state to assist with aquaculture losses.

$300 million for diesel emission reduction grants.

$50 million to fund biomass utilization grants.

$100 million to repair Forest Service trails.

$20 million for retrofitting BLM offices to make them more energy efficient.

$20 million for USGS groundwater wells and surface water stations.

$85 million is provided for new USGS research equipment.

$25 million for abandoned mine site remediation on forest lands.

Mr. MCCAIN. The distinguished majority leader mentioned that economists like Marty Feldstein said we need a stimulus. He certainly did. He later said this was not the stimulus we need. There are a large number of economists saying that what we are doing is what I know we are doing, and that is to lay an unacceptable multi-trillion-dollar debt on future generations. If the purpose of this legislation is to create jobs and get the economy going, why did we reject the trigger amendment yesterday which got 44 votes which said: Once we have two quarters of positive GDP growth, we are required to embark on spending cuts to stop mortgaging our children's futures.

If we keep running up these debts, history shows that we will have debased the currency, printed more money. Hyperinflation takes place, which is, obviously, the greatest enemy of the middle class.

There are provisions such as the ''Buy American'' provision, Davis-Bacon, a number of other provisions in the bill which have nothing to do with jobs, nothing to do with stimulating the economy. In fact, Davis-Bacon and ''Buy American'' mean additional costs to the taxpayer.

The President, last night, speaking to the Democrats, said:

> So then you get the argument this is not a stimulus bill. This is a spending bill. What do you think a stimulus is? That's the whole point.

The whole point is to enact tax cuts and spending measures that truly stimulate the economy. There are billions and tens of billions of dollars in this bill which will have no effect within 3, 4, 5 or more years, or ever. We are talking about a lot of money.

I used to come to the floor and object to provisions that were thousands of dollars, then hundreds of thousands of dollars, then millions—$50 million in funding for the National Endowment for the Arts. All of us are for the arts. Tell me how that creates any significant number of jobs. An afterschool snack program is probably a good idea. Do we really want to spend $726 million on it?

Here we are. My other colleagues want to speak, and so I will be speaking later on. It is important that others do as well. But here we are. We are in a situation where the overwhelming majority of Republicans—in fact, all—voted for both the trigger amendment and for our alternative, which was $421 billion in spending. There are behind-the-scenes negotiations going on so that they can try to pick off two or three Republicans. You cannot call a bill bipartisan if it has two or three or four or even five Republicans out of 535 Members of Congress. You can call it an agreement, but you cannot call it a bipartisan agreement. That is not what the American people want today. Yes, unemployment is up to 7.6 percent. The American people expect us to sit down together.

I see the distinguished chairman of the Budget Committee, the Senator from North Dakota. He probably knows as much about budget issues and spending as anybody. My recommendation is that he and others be appointed by both leaders to sit down in a room so that we can come out with a bipartisan agreement. That means leadership. That means involvement, not just of a couple or three who may be in some respects not reflective of the whole 41 Republican Members of the Senate.

Maybe we have to go back to square one. Maybe we should go back to the beginning because it was flawed when it began, when the authors of this legislation from the House said: We won, so we wrote the bill. That is not bipartisanship.

I urge both Senator MCCONNELL and Senator REID to appoint a group of Senators to sit down together and hash this out. We share the same goal, the same goal of stimulating this economy and creating jobs. We realize we have to spend money to do it. But we also realize—most of us should realize—that if we mortgage our children's future, they already have a $10 trillion debt; this is another trillion. There is going

to be an Omnibus appropriations bill coming down the pike. There is going to have to be a TARP 3. We are looking at spending as far as we can see for which we do not have revenues.

We can have a modest—I say modest, I take that back. We can have a bill that is $400 or $500 billion. We can have a bill that truly stimulates this economy, with tax cuts that, in the view of economists, do create jobs, not a one-time injection of sending people a check. That didn't work the last time we did it under the previous administration.

I urge colleagues not to send a message to the American people that we have come out with a bill with 3 or 4 Republicans out of 535 Members of Congress. Let's try to sit down one more time, all of us, and come out with something that truly creates jobs, truly stimulates the economy, and restores the faith and confidence and trust of the American people in the Congress, which has badly eroded and is at historic lows. These are tough times. Let's act tough for a change and get something done, rather than have some partisan result which the American people—certainly a significant percentage—will resoundingly reject because it does not have fiscal responsibility.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. I yield 5 minutes to the Senator from North Dakota.

Mr. CONRAD. I thank the chairman for his extraordinary effort and the effort of the chairman of the Appropriations Committee.

Maybe now is the time we need to have calm reflection on where we are and where we are headed. All of us know this economy is in desperately serious trouble. We had a report this morning. Nearly 600,000 jobs were lost in the previous month. That means in the last 4 months we have lost more than 2 million jobs. All indications are that we will lose millions more jobs in this economy.

What must be done? Clearly, we need an economic recovery package. There would be virtually unanimous agreement on that fundamental point.

What works? Allen Sinai of Decision Economics ran models with his well-regarded econometric model that showed the things that work the best. The fastest is government purchases of goods and services. The second thing that worked the best was transfer payments to States because States are otherwise going to cut their budgets.

Why do those things work the best? Because they inject money into the economy the most rapidly and in a way that there is the greatest assurance that the money is spent. That is what is the key to a short-term stimulus. Why? Because if we think about it, demand in the economy is falling. That is why GDP is dropping. That is why joblessness is increasing. What do we do about it? We can't expect consumers to change course because they are worried about losing their jobs. We can't expect corporations to increase demand because their orders are falling. The only place to look for an increase in aggregate demand is to the Federal Government.

That then raises the question: What is the most effective way for the Federal Government to deploy its precious taxpayer dollars to give short-term lift to the economy but not to burden us with increased debt looking ahead?

That is why the first tests that were applied to this package were that it be timely—that is, that it go into effect quickly—that it be targeted on things that have the most bang for the buck, and that it be temporary so it does not create a bow wave going forward that increases deficits and debt when the economy, we hope, will be in recovery.

With that said, we also need to remember the lessons of the past. In the Great Depression, Roosevelt took action in the 1930s to provide stimulus to the economy. Unemployment was at 25 percent. By 1937, unemployment was down to 12 percent. The stimulus was working. Then they tried to balance the budget in 1937, and unemployment went back up to 19 percent.

So we have to be very careful about when we pivot and move back to reducing the deficit and the debt. There is nobody who is more acutely aware of how important it is we address those long-term fiscal issues than I am. I think anybody who has followed my career for 22 years here would know I am very concerned about long-term debt.

Let's analyze this package. This package—now approximately $925 billion—79.3 percent of it spends out in the first 2 years. Now, that is before we added a few things on the floor. So the numbers might change a little bit, but that is roughly right: about 80 percent in the first 2 years. That means 20 percent is not in the first 2 years. So I submit to my colleagues, the first kind of test, the first kind of screen we should apply is that one. But that is not dispositive because there are certain investments we are going to make that have long-term payoffs for the American people, such as computerizing the health records of the American people, such as—and I would put this at the top of the list—improving the electrical grid for America.

The ACTING PRESIDENT pro tempore. The Senator has used 5 minutes.

Mr. CONRAD. Mr. President, if I could have an additional 30 seconds to close.

Mr. BAUCUS. Mr. President, I yield the Senator 30 seconds.

Mr. CONRAD. I thank the chairman.

Let me say it is critically important we take action. It has to be on a rational basis. It has to have criteria that apply to this package, that will stand the light of day. But at the end of the day, we must act.

I thank the Chair and yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from South Dakota.

Mr. THUNE. Mr. President, as many of my colleagues have already noted, the jobs numbers today were very bleak and should cause great concern for all of us as we look at steps we can take to get this economy growing again. But that is why the CBO report that came out yesterday also is so troubling because it indicated the Democratic proposal, the stimulus plan before us, would create as few as 1.3 million jobs—as many as 3.9 million, to be fair, but as few as 1.3 million jobs. Well, a trillion dollars is a terrible price to pay for a bill that may create as few as 1.3 million jobs over, I might add, a 2-year period.

It also went on to say, the CBO report did, that it would reduce the GDP growth in the outyears. So not only does it create potentially a very small amount of jobs—1.3 million over a 2-year period—but it also diminishes the amount of GDP growth we would experience in later years.

Now, if it, in fact, does create only 1.3 million jobs, if this trillion dollar plan—again, all based on borrowing from future generations—does create as few as 1.3 million jobs, if you do the arithmetic on that, if you spend $1 trillion, and you only create a little over a million jobs, that is $800,000 per job. Try and think about how you can convince your constituents back in your home States about the need to spend $800,000 to create a single job.

I mentioned this yesterday, but I will repeat it again: For the people in my State of South Dakota, the average annual salary is about $30,000 per year. So to think about spending $800,000 to create a job is something that is going to be very hard to accept for a lot of people around this country, which is why I believe, and so many people around the country are rallying and saying, this is the wrong direction in which to head.

I happen to agree with that assessment, and I think there are some things that could be done that would make this process more fair in terms of including ideas that Republicans have to put forward but, more importantly, to get a product that is more effective—more effective—at creating jobs at a lower cost.

Now, many of us have tried to improve this bill. I supported a McCain amendment yesterday, a comprehensive approach that is much better in terms of addressing the issue and much better focused in terms of job creation at about half the cost of the underlying bill, the majority bill we are debating today. So we tried to make this bill more focused and more fiscally responsible. I think putting the focus and the emphasis on job creation is the right place to be. But many of the efforts we have made to that end have failed. We have also offered amendments to cut much of the wasteful spending out of this bill, most of which have been defeated.

So what I have sort of concluded is, as much as we tried to make this a better bill by cutting wasteful spending,

by making the focus on job creation, by trying to reduce taxes on small businesses and middle-income taxpayers, which would get more money back into the economy, and emphasize less spending on Government programs in Washington, DC, where the bulk of this is committed, that is a much better approach, and many of our amendments have been focused in that direction. But, as I said, none have been accepted.

I have one more amendment I have filed and I hope to have an opportunity to call up. It is sort of a last-ditch effort to bring some reason to this whole debate. But what it essentially would do is take the total cost of the Democratic bill—about $900 billion without interest; $900 billion, when you add in the interest costs, as I said before, you get up to about $1.2 trillion or north of that, all of which is borrowed money, borrowed from future generations—but take that total amount of $900 billion and divide it by every tax filer in this country—anybody who files an income tax in this country—and basically write them a check.

Now, it is probably surprising to most of us here what you could do with that. But for an average individual filing a tax return in this country, you could write them a check for $5,143; for a couple filing jointly, $10,286.

Now, to be fair, I also wrote the amendment so anybody making more than $250,000 a year would not be eligible. I tried to make this so you cannot argue this is a tax cut for the rich. So anybody who makes more than $250,000 would not be eligible. All filers who have under $250,000 in taxable income would be eligible under this amendment. You could actually write a check to an individual filing for $5,143 dollars; and to a couple filing jointly, a check for $10,286.

I think that is a lot of money in most people's family incomes and it makes a lot more sense, in my judgment, than spending $900 billion on programs that many of us know will not work, creating new bureaucracies in Washington, DC, at a very high cost per job. As I said, if the CBO numbers are right on the low end—1.3 million new jobs—and you divide that, do the arithmetic on that, you are talking, in round numbers, about $800,000 per job. What kind of sense does that make?

It is pretty clear, in my opinion, and I think in the opinion of most of the American people, this is very misdirected in terms of the mission of this whole thing. The intention is great, but the substance of this particular piece of legislation is very flawed.

I would add one last thing; that is, we talk about economic models and analysis and methodology, but the President's own chief economic adviser put together a methodology about a year ago—a little over a year ago—that said for every dollar of tax cuts you get a multiplier of 2.2 percent increase in GDP. So if you cut taxes by a dollar, GDP increases by 2.2 times.

It seems to me, at least, that you can take that methodology—and it seems intuitive to most Americans—when you reduce their taxes, middle-income families' taxes and taxes on small businesses, which create the jobs in this country, you get a much better outcome in terms of GDP growth, in job creation, than sending a bunch of money into Government programs here in Washington, DC, many of which, I might add, are new programs that will not get up and be started for a very long time. There will be a tail on them. As a consequence, you will not see the result in the short period of time we are trying to target here—the temporary approach to this—that actually creates jobs and helps pull us out of the economic crisis we are in.

That is an amendment I have filed. It takes that total amount—$900 billion—breaks it down on a per-filer basis, and if you are an individual filing, you can get a check for $5,143, and if you are a couple filing jointly, you can get a check for $10,286.

But I wish to see us approach this in a different way. A lot of amendments, as I said, have been offered—some good alternatives. The McCain alternative we voted on yesterday makes a lot of sense to me. It does it at about half the cost, and is a lot more effective at creating jobs. That was defeated, as have been all the other amendments we have offered to make this more fiscally responsible, more focused, and more targeted on job creation.

With that, Mr. President, I yield the floor and thank the Chair.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. BAUCUS. Mr. President, I yield 7 minutes to the Senator from Hawaii.

The ACTING PRESIDENT pro tempore. The Senator from Hawaii.

AMENDMENT NO. 309

Mr. INOUYE. Mr. President, I rise to express my concerns about amendment No. 309 offered by the Senator from Oklahoma.

Senator COBURN's provision prohibits spending any of the funds in the bill for casinos, golf courses, swimming pools, and other recreational facilities. I think we can all agree these sound like laudable goals. I understand on its face this amendment would seem logical. But I want the Senate to understand what it means as it applies to this measure.

Some of my colleagues might wonder why the House included this provision in this bill, and why we do not think it makes sense. The House included $1 billion for the Community Development Block Grant Program. Under that program, funds go straight to the cities, and mayors determine how to spend the funds.

When the Conference of Mayors presented their views to the country's leadership on how to stimulate the economy, the No. 1 program they were hoping to have funded was CDBG. But that program does not have sufficient safeguards. It can be used to construct recreational swimming pools or aquariums or to support museums. On occasion, CDBG funds have been used for programs which some would say had questionable merit.

To ensure that the Senate would not be supporting questionable programs, the Senate Appropriations Committee recommended no funds for this program—no funds for CDBG. The House recognized that CDBG funds might be used inappropriately if there were no prohibitions on questionable programs, so it included the provision which Senator COBURN wants attached to this bill.

We do not need to include the provision because we do not have CDBG funding in this bill. The mayors are precluded from funding the projects prohibited by the amendment of the Senator from Oklahoma. The Senate is already protected from possible abuse by denying the funding for the program.

But let me offer another example of how the committee ensured that local funds could not be used unwisely. In the bill, the committee has included $2.5 billion for the Neighborhood Stabilization Program which is designed to improve blighted neighborhoods. However, it is true that on occasion funds for this program had been used for community development of questionable merit. To avoid that problem, the Appropriations Committee recommended bill language under the Neighborhood Stabilization Program which only allows the funds to be used for replacement of housing. This limitation means the funds cannot be used to build community centers or swimming pools.

We support the idea behind the amendment but not the amendment. First, we have not provided funds for programs which can be used frivolously. Second, there are no earmarks in this bill. Third, there is no CDBG money in this bill. Fourth, the housing programs cannot be used for frivolous purposes.

Members might argue that you could include this amendment as an additional safeguard. Well, consider this one example: Among other things, the amendment would prohibit construction of swimming pools—no exceptions to that. We might all say we agree with that, but it should be noted we do not direct the construction of any particular swimming pool because that would be an earmark. Well, now comes the crunch. However, this bill contains $3.4 billion for needed construction of new and infrastructure innovation and repairs at existing VA hospitals. Under the terms of this provision, the Veterans' Administration would not be able to spend any of their infrastructure funding provided to the Department on construction or renovation or therapeutic swimming pools at spinal cord injury centers, trauma centers, and other VA medical centers. These are very essential to the rehabilitation of these wounded warriors.

The Appropriations Committee is aware the VA has plans for many legitimate construction projects, such as pools specifically used for medical rehabilitation of wounded soldiers. These are not swimming pools for the VA staff, but they would nonetheless be prohibited by this amendment.

While I am confident this was not the intent of the amendment, it most certainly could be the result. It is not the only example. Should our military be denied from building recreational facilities? Should the Coast Guard be told not to build swimming pools where they practice training exercises? We expect these men to dive into cold waters in the Arctic Sea and rescue men and women, so they need special training. Do we want to argue that no funds be made available for fixing aging buildings that are ready to crumble?

This amendment is a solution in search of a problem, and let's not forget the amendment causes problems. If adopted, this amendment would deny our wounded veterans the physical therapy they need and deserve, and it could deny other needed programs to support training and quality of life for our military forces and their families. I sincerely recommend we vote down this amendment.

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

Mr. SESSIONS. Mr. President, I see my colleague from South Carolina; perhaps he is ahead of me. If he is, I would be pleased to yield to him.

Mr. GRAHAM. Just for 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina is recognized.

The minority controls 1½ minutes at this point.

Mr. GRAHAM. A minute and a half.

Well, we are at a crossroads for a minute and a half.

Mr. MCCAIN. Mr. President, I ask unanimous consent, if the distinguished manager would agree, for 5 minutes for the Senator from South Carolina, or we will go after the vote.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the time for debate equally divided be extended until 12 noon and add in the other time to be equally divided, so on that basis, there is more on this side.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. MCCAIN. Reserving the right to object, I wish to thank the manager of the bill for his generosity. I do not object.

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

Mr. GRAHAM. Mr. President, I wish to thank Chairman BAUCUS and Senator MCCAIN. I don't have anything Earth shattering to say. I do appreciate the additional time.

We are in on Friday. I think this is good for the country that we have slowed this process a bit. It is not good for the country if we don't act. The jobless rate is going up so we need to stimulate the economy. Count me in for doing that. However, we don't need a headline that says we rushed through $1 trillion in spending that would not stimulate the economy in an effective way but will run up the debt, which is already way too high.

I think we are at a crossroads, if I may say so, about how we proceed, not just on this bill but as a Congress and as a nation. I think there are plenty of people over here—I can't give you a number; people asked me about numbers—who would like to find a way through a better process to create a bill that would stimulate the economy in a real way, through spending and tax cuts, and if it doesn't help the economy in 2 years from a tax cut point of view or a spending point of view, then I would argue it doesn't meet the goal of stimulating the economy. The spending may be worthwhile, but if it hits 3, 4, 5 years from now, then I think we missed the boat because we are not here to spend money blindly. We are here to stimulate the economy so the jobless rates don't go up.

I think my dear friend from North Dakota gets this. There are tax cuts that may need to be looked at. I believe we need to do more than cut taxes, but we need a strategy. To me, the goal should be to get it into the economy within 2 years. If you can do that through tax cuts and spending, that is the place to start. There are some items that are long-term investments that would fit within 2 years but maybe could be taken out and put in a separate bill because what is going to happen next is the administration is going to ask us for hundreds of billions of dollars on top of the TARP money to generate support for the banking and financial sector, and they would be right to do so. So every dollar we can focus in this bill to creating jobs in the short term through tax cuts and spending, and take these other long-term items out, is more money we can put into housing and banking.

I don't think most Americans realize this is a three-legged approach in that the stimulus package is just one piece of the puzzle. Quite frankly, it is the piece of the puzzle that is hard politically that does probably the least for our overall economic problems. If we don't fix housing and get credit flowing, we can flow all the money in the world into a stimulus package. Let's don't throw any more good money after bad.

We know we have to fix housing. We know we have to do something with banking. When we talk about banking, we are talking about a hard sell, given the reputation of what has happened in TARP, for any Republican or Democrat to come back to the public and say: Give us some more money to fix banking. They are going to say: What the heck did you do with the money we gave you before? We have a crisis of confidence growing.

So we are at a crossroads. I want bipartisanship. I couldn't agree more with Senator MCCAIN. He is a man who has walked the walk when it comes to bipartisanship. He has taken a lot of criticism—so have I—for reaching across the aisle on emotional issues to find common ground. We don't have a process in place that reflects a way to get true bipartisanship. Just picking off a few votes is not going to solve our Nation's problems. We need strong bipartisan support for a stimulus package that is targeted and focused on creating jobs in the near term because we are going to need strong bipartisan support to ask for more money for banking and housing.

Let's don't blow it here. Let's don't spend this goodwill that this new administration has. I want to help this new President be successful in areas where our country needs to be successful. I am not talking about tax cuts ideologically; I am talking about a focused plan to jumpstart the economy through a stimulus bill that will draw bipartisanship. That is not where we are. The public wants us to be smart, and they want us to work together. The product we have now is, in my opinion, not smart, and the process we created beginning in the House is not allowing us to work together. We have a chance to turn it around. Let's take advantage of it. Let's get it right so we can come back together to the public and fix housing and banking. If we mess it up with the stimulus package, if we split in different camps and we create a bill the public doesn't support on the stimulus package, we are going to ruin our ability as Members of Congress and the new administration to fix the entire economy.

We are at a crossroads. Slow down, get it right. I yield back.

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from New Mexico.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I thank my colleague and the chairman of the committee very much. I wish to talk today about an amendment I am hoping to offer. It is amendment No. 480. It relates to the funding of our national public land management agencies so they can create jobs and do the important work that needs to be done in their various jurisdictions.

We have had a lot of talk about how it is important that we focus the funds we have in this legislation on jobs that can be created quickly. We have had lots of talk about how we need to focus these resources on the real needs of the country and jobs where we can actively monitor the decisions that are made so we know that the money is not being wasted. In my view, this amendment does all of those things. It is a proposal to add an additional $2.5 billion to funding for the National Park Service, for the Forest Service, for the Fish and Wildlife Service, for the Bureau of Land Management, and for the Bureau of Indian Affairs to carry out the critical land and resource management

projects they have identified that need to be carried out on our public lands.

Fourteen Senators joined me in cosponsoring the amendment: my colleague, Senator UDALL of New Mexico, Senator BOXER, Senator WYDEN, Senator MERKLEY, Senator CANTWELL, Senator MURRAY, Senator BAUCUS, Senator TESTER, Senator LEVIN, Senator STABENOW, as well as Senators KERRY, LEAHY, SCHUMER, and Senator UDALL from Colorado.

Now, the estimates we have from the various public land management agencies are that this additional funding would allow them to create an additional 45,000 jobs between now and the end of the next fiscal year; that is, the end of September of 2010. I have heard a lot of criticism that the cost per job of this proposed legislation is too much, and I have heard the $800,000-per-job figure thrown around. When you look at this, all the figures I have indicated that we are talking about $56,000 per job for this next 2-year period. These jobs are vitally needed and can be carried out quickly.

Let me give some examples of what I am talking about and what I think could be done with this extra funding. One example in the National Park Service is we need to complete the stabilization construction for the seawall at Ellis Island and the asbestos removal at the Statue of Liberty National Monument. These are projects that are underway but don't have adequate funding to be completed. We need to repair trails at Olympic National Park. We need to replace substandard employee housing at Grand Canyon National Park. I am sure my colleagues from Arizona will recognize, having seen that substandard housing, that would be a good use of public funds. We need funding for road repair and replacement at Bandelier National Monument in my home State of New Mexico.

As far as Forest Service funding goes, much more funding is needed to thin the forests to reduce wildfire fuels and restore forest health. This thinning work is labor intensive. It is work that requires chainsaw crews and heavy-equipment operators. These people are out of work today. These people can be put to work very quickly doing this important work, and this forest thinning work protects our communities that are located near these national forests from wildfires.

The Bureau of Land Management has a tremendous amount of work that needs to be done with regard to reclaiming abandoned oil and gas wells and mine sites. In my State alone, we have 8,000 acres that are covered with abandoned oil wells and hundreds of abandoned mines waiting for reclamation funding. Again, there are contractors and there are workers who are anxious to have this work, if we would just fund it.

Regarding State and tribal wildlife grants, there are examples in my home State where we need to install fish screens, replace culverts, and we need to work in the Rio Grande area to restore cutthroat trout habitat, and much work can be accomplished there.

Mr. President, let me conclude by saying that if we want to put public funds into work that is important to the public and if we want to put public funds into projects that can create jobs quickly and stimulate the economy through that effort, I believe this amendment is ideally designed to accomplish that. I hope very much that my colleagues will support it.

There has been a lot of talk about how we need to reduce the size of this overall legislation. I don't agree with that. Virtually all of the economists—conservative and liberal—have all said, if anything, this legislation is too small as it currently stands. But whatever the size of the legislation, this is the kind of job-creation funding in which we ought to be engaging. I urge my colleagues to support the amendment.

I yield the floor.

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

Mr. SESSIONS. Mr. President, I ask unanimous consent to be recognized for 7 minutes.

The ACTING PRESIDENT pro tempore. The Senator may proceed.

Mr. SESSIONS. I ask to be notified at 7 minutes.

The ACTING PRESIDENT pro tempore. The Senator will be notified.

Mr. SESSIONS. Mr. President, unemployment is rising, and it was not a good month. We saw those numbers today, but it was not higher than people have been expecting. But it is a very serious thing to have unemployment rising as it is, and we know it will continue to rise. I believe there are things we in Congress can do to help confront this problem.

My Democratic colleagues are so committed to this legislation and saying this bill will save and create jobs and it must be passed now and there can be no serious alteration in it. The question really is, for the American people, what is in the national interest? What will serve this country best both now and in the long run? What is the best information we have to make realistic decisions? Finally, will the projections we are hearing here actually work? Just to say the bill will create jobs is not enough for us in Congress. We are not experts in all of this. We do have some experts we rely on, but we need to look at it carefully.

According to our Congressional Budget Office, in a letter written to Budget Committee Ranking Member JUDD GREGG, whom the President has asked to serve as his Secretary of Commerce—dated February 4—remember, this is a bipartisan organization, and we rely on it for reliable data. We depend on it for objective advice. The new leader of CBO was selected in a bipartisan way. Our Democratic colleagues clearly have a majority in the Senate, and they would not have approved the nominee if they didn't think he was a qualified person.

What did he say just yesterday? This is the truth, I think:

> The Senate legislation would raise output and lower unemployment for several years.

We certainly hope so. We don't want to spend a lot of money and not get any unemployment easing.

Then it goes on to say:

> In the longer run, the legislation would result in a slight decrease in the gross domestic product (GDP), compared with CBO's baseline economic forecast.

The baseline economic forecast is without any stimulus package. We don't have any stimulus package under current law. The baseline without the stimulus package indicates it would do better over 10 years than if we passed this bill. I know we are not running for election 10 years from now; we are running for election today, some people seem to think. But I believe we have a responsibility to the long-term interests of this country. It is stunning to me that this report says that over 10 years, it would be a net negative. And GDP means jobs. If GDP is down—gross domestic product, which is all the goods and services produced in the country—if that is down, jobs are down. If GDP is up, jobs are up.

What else does the letter say? It says this:

> The macroeconomic impact of any economic stimulus program is very uncertain.

So we don't know for certain whether we will get any impact at all.

It goes on to say:

> For those reasons, some economists remain skeptical that there would be any significant effects, while others expect very large ones.

Quoting from the letter again:

> According to these estimates, implementing the Senate legislation . . . would also increase employment at that point of time [the fourth quarter of 2010, when we would expect the results to be most pronounced] by 1.3 to 3.9 million jobs.

Well, Senator MCCAIN has already explained to us that he has run the numbers on that. This is what it would be. The bill is scored at $1.2 trillion-plus, and with additions, we think it is $1.27 trillion, one and a quarter, which is the largest spending package in the history of this country or any country, in the history of the world, and much larger than anything that has ever been approached. The entire 5-year Iraq war has cost around $500 billion, just to give some perspective.

How much would that be per job? It would add 1.3 million jobs, according to CBO. That is on the low end of the estimate. At that number and a $1.2 trillion deficit—remember, the bill is about $888 billion, but with the CBO scoring, the interest on that over the 10-year budget window, that means it would be $1.2 trillion-plus. So Senator MCCAIN worked it out at $1.2 trillion. If you divide that out at 1.3 million jobs, it turns out to be about $765,000 per job. That is just plain mathematics. They

say we are going to create jobs and the cost will come out on the lower end to about $765,000 per job. If you assume it creates jobs on the high end, 3.9 million jobs, it would be $255,000 per job.

This is just not good legislation, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator has used 7 minutes.

Mr. SESSIONS. Mr. President, I ask unanimous consent to speak for 1 additional minute.

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

Mr. SESSIONS. Mr. President, the problem here is that this is not good legislation. For the rest of our lifetime, this $1.2 trillion debt—I think now really $1.27 trillion—will be a burden on our children for years to come, indefinitely. Every penny of this spending is debt. We are already in debt, so we are spending on top of our debt. There is no way we can deny that. It is just not responsible. A smaller, more targeted program, designed to spend out in 2 years, create jobs in an effective way, is something I think we can all support. This legislation—I truly believe we should not do it. I urge my colleagues to study it.

The ACTING PRESIDENT pro tempore. The Senator has used his time.

Mr. BAUCUS. Mr. President, I yield 4 minutes to the Senator from Minnesota.

Mr. MCCAIN. Mr. President, parliamentary inquiry: Am I correct that, for the benefit of our colleagues, now the votes will be put off until 1?

Mr. BAUCUS. Mr. President, it is my understanding that we may have to put off votes until 1 o'clock. That is not determined yet, but there is a high probability of that. Around noon, we will ask for an agreement to speak for another hour.

Mr. MCCAIN. I thank the manager. I tell my colleagues that if it looks as if we will not vote until 1, there will be time to come over and speak.

Mr. BAUCUS. That will be the case.

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

Ms. KLOBUCHAR. Mr. President, I thank the chairman. I thank him for his good work on this legislation.

I have come to the floor to ask that the pending amendment be set aside, and I ask for consideration of my amendment No. 201, which I have at the desk.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAUCUS. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Ms. KLOBUCHAR. Mr. President, despite the objection, I hope to have the opportunity later in the day to include this important amendment in the bill. This amendment is cosponsored by Senator BENNETT, Senator HATCH, and Senator KOHL.

I first note that my amendment doesn't cost anything. It doesn't add any money to this bill. In fact, it saves money in the long term. My amendment represents a bipartisan effort to strengthen an important part of the bill, which is the health information technology part of the bill.

As we know, technology has transformed our country. I am encouraged that this legislation we are working on would develop a national health information technology system and create over 200,000 new jobs doing it. If implemented thoughtfully, health information technology has the potential to reduce waste, rein in costs, stimulate innovation, and improve quality.

As you know, Mr. President, Minnesota is a leader in the health care community across this country, with the Mayo Clinic and countless other hospitals and clinics in our State. We have been recognized for the measured quality outcomes that have resulted from effective information technology implementation. So we know what we are doing in Minnesota.

In this bill, there are, as I mentioned, very good provisions for the development of health information technology. There are also some privacy provisions, which are necessary and which I support. We recently had a hearing on these provisions in the Judiciary Committee. Out of that hearing came this amendment. One of the things we recognized was that one of the privacy provisions, which is well-meaning, would have the effect of making it hard to collect data to improve the quality of care, which is something Mayo Clinic does so well. One example: You will save $50 billion in 4 years in this country in taxpayer Medicare spending if every hospital used the protocol Mayo Clinic has used for the last 4 years for chronically ill patients. The reason they can do that is they collect data, so they know what the protocol should be.

My amendment ensures that the quality assessment research necessary to improving our health care system is preserved.

As the bill currently stands, all forms of health care operations are subject to regulations to be put forth by the Secretary of Health and Human Services. These regulations have the potential to impose varying levels of restriction on the ability of doctors and nurses to share information.

While I support requiring authorization and the use of de-identifiable data in many areas of the health care system, subjecting quality assessment activities to these regulations has the potential to limit patient care and clinic research. That is the last thing we want to do now, as we are looking at collecting that information to spread these protocols across the country to get better assessments of what high-quality care means. That is why Senator HATCH and Senator BENNETT are cosponsoring this amendment with me.

I also note that this is supported by the American Hospital Association, as well as the Association of Medical Colleges.

With the United States spending $2.3 trillion per year on health care, we must bring an end to the inefficiencies of the system. We need the information—well-intentioned in the bill—but we must make sure the work going on to share information continues.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

Mr. KYL. Mr. President, at the conclusion of my remarks, I am going to ask unanimous consent to print in the RECORD some recent op-eds. I would like to quote from some of them because they reflect the emerging consensus of experts around the country as to what this so-called stimulus package is all about and what the results of it will be.

A couple of these I wish to talk about because they are from unlikely sources in the political spectrum. One might assume, for example, that the Washington Post would be very supportive of moving forward with a so-called stimulus bill. But this morning in the Washington Post, there is a pretty significant question raised and a concern raised about whether the bill should move forward as it is.

I am advised that because of the division of the time, rather than 15 minutes remaining, the Republicans have only 1 minute. That probably means I have about 30 seconds. What I will do, if we do extend the time as the manager indicated after noon, I will conclude my remarks at that time, or if the Senator has some time now.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

Mr. DURBIN. Mr. President, I ask unanimous consent that the time between 12 p.m. and 1 p.m. be equally divided between Democrats and Republicans for debate only.

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

The Senator may continue.

Mr. KYL. Mr. President, I appreciate the Democratic whip getting that cleared for everybody's sake and also for permitting me to continue to speak. I appreciate it.

This Washington Post editorial quotes the President, first of all, contending that the opponents of this bill are peddling the same failed theories that helped lead us into this crisis.

I am one who is very skeptical about this bill. I am not quite sure what the President is accusing me of. What we asked is that a program be built from the bottom up that would be targeted at helping people who are in need, that would be targeted at helping to create jobs in a quick way, that will actually quickly create jobs that could stimulate the economy and that will not put a burden on future budgets and on future taxpayers by creating new permanent programs and mandatory spending that takes a long time to spend out.

The Post then goes on to criticize the attempt of the President to pin on all

of the opponents some ideological objection. As it notes:

. . . Ideology is not the only reason that senators—from both parties—are balking at the president's plan. As it emerged from the House, it suffered from a confusion of objectives.

Here is the point I wish to emphasize. When the President talked not merely of a prescription for short-term spending but a strategy for long-term economic growth, here is what the Post says:

This is precisely the problem. As credible experts, including some Democrats, have pointed out, much of this ''long-term'' spending either won't stimulate the economy now, is of questionable merit, or both. Even potentially meritorious items, such as $2.1 billion for Head Start, or billions more to computerize medical records, do not belong in this legislation, whose reason for being is to give U.S. economic growth a ''jolt,'' as Mr. Obama himself has put it. All other priorities should pass through the normal budget process, which involves hearings, debate and—crucially—competition with other programs.

I think that is right. That is one of the things Republicans have been saying. Some of the spending in the bill may be perfectly meritorious, but since this is emergency spending, it does not have to be accounted for in either reduced spending elsewhere or new tax receipts. It is simply added onto the budget deficit.

What the Post and what we and others have been saying is that spending with long-term consequences is nothing more than the kinds of items we pass every year in the appropriations process, and it should be subjected to that process.

The so-called stimulus bill should be reserved for those items that stimulate quickly. We have all heard the phrase ''timely, targeted, and temporary.'' Part of the problem with the bill is that because it creates new mandatory spending and it creates new permanent programs, it is not temporary. In the discretionary account, more than half the money does not even begin to be spent until the year 2011. I know all of us hope by 2011 we are out of this recession.

I think the Post's criticism is very valid. I urge my colleagues to look at this a slightly different way. Rather than spending on programs that seem like a good idea and may have long-term, positive consequences, let's remove those items from this bill and focus strictly on the items that would actually stimulate the economy.

There is a second op-ed piece that was written in my hometown newspaper, the Arizona Republic, on February 6, by Bob Robb, a columnist there who is very erudite and a good economist. He criticizes both Democratic and Republican ideas. He is an equal opportunity criticizer. We all benefit from that critique of his from time to time. Here is what he says about the Democratic proposal:

The Democratic stimulus proposals are based upon a false premise and a deceit.

The false premise is that all Americans are construction workers.

The Democrats propose that the federal government build new stuff for virtually everyone.

The Congressional Budget Office has already noted the constraints that exist on government's ability to get hundreds of billions of dollars of construction money out the door quickly. But even that ignores the constraint from those who would need to do the work.

Residential construction is, of course, in a deep slump. Commercial construction not so much. And residential construction workers are not easily redeployed to do commercial and heavy construction. The skill sets are different.

The deceit is that all this spending requires suspending ordinary budget constraints to jumpstart the economy. Most of the spending is actually in pursuit of long-term Democratic economic growth strategies.

Democrats believe that the economy will perform better long-term with significant additional government investments in alternative energy sources, education, health care and social welfare programs.

And we have heard that during this debate.

He goes on to conclude:

Democrats won the election and certainly have the right to try to advance their long-term strategies. But there is nothing about fighting the recession that justifies exempting these long-term strategies from the most basic of budget considerations: How are you going to pay for them?

Even without the stimulus package, the federal government has already reached post-World War II records for spending and the deficit as percent of GDP.

The primary economic effect of the Democrat's stimulus proposals will be to inflate private sector commercial construction costs and give the country an even more severe fiscal headache.

That leads into the third op-ed by George Melloan in today's Wall Street Journal that I will have printed in the RECORD. He is a respected commentator and economist in these matters. I am not going to quote very much of his op-ed. The title of it is: ''Why 'Stimulus' Will Mean Inflation.''

He concludes, as did Bob Robb, that will be the result of all of this spending which is declared emergency but is not distinguishable from most of the spending that we do in the ordinary appropriations process. But his concern is that as we inflate the currency of our country, it will be more and more difficult to get people to buy our debt, and the net result could be increasingly costly debt financing.

As he notes, too, the credit for the rest of the economy will become more dear as well and entitlements will go up instead of being brought under control under this legislation. He predicts this will require the Fed to create more dollars, and the end result will be severe inflation in our economy.

That is borne out by the fact that even though the legislation purports to end some of the mandatory spending programs after 2 years, the cost of 10 years for these programs that will supposedly expire is well over $1.3 trillion. I don't think very many of us believe that after 2 years we are going to stop this mandatory spending. My colleague, JOHN MCCAIN, offered a proposal. In fact, there were two. The Senator from South Dakota, Mr. THUNE, offered another one. The idea was, once we are out of the recession, once we have had two quarters of economic growth, then surely that is the time to stop all this so-called stimulus spending. That is, in effect, what the proposal said. It was rejected by our Democratic colleagues. The reason is very clear: They don't intend to stop. They intend to continue it, and that is another $1.3 trillion that is not even factored into the cost of this $1 trillion-plus bill.

Take the $1 trillion deficit we have now, $1.3 trillion on the bill before us, another $1.3 trillion, and as Everett Dirksen said on this floor a long time ago, pretty soon you are talking big money. We are talking trillions of dollars, and we should not be in that position today.

Recently, the President spoke to some of our Democratic colleagues. He said the Republicans criticize this bill as a spending bill. I am paraphrasing. He said: Of course, it is a spending bill; that is the whole point. I understand what he was getting at. Many believe Government spending can stimulate economic growth, and I suspect in certain ways that can be done. A lot of us believe those benefits are limited and that there are better ways to stimulate economic growth. But that is the Keynesian theory.

When the President says: Of course, that is a spending bill, that is the whole point; he is acknowledging what we have been saying on this floor for a week now, which is that this is a spending bill.

He would say: But it also stimulates. What I said yesterday was that is kind of a trickle-down theory. The Government spends $1 trillion, throws it against the wall, and hopes some of it trickles down to actual families who need the support so they can then get their own budgets in balance and, hopefully, have something left over to spend. That is where ideas, such as those in the alternative proposed by my colleague, Senator MCCAIN, come into play because they actually help families in a way that could also have a way of stimulating economic growth. That is what this package should be all about.

I will summarize it this way. This bill spends far too much money for far too long a period of time without any requirement that it be offset in any way by reductions in spending or tax receipts, which is the normal appropriations process and will inevitably result in inflation which robs every American and, in particular, retired Americans who have to rely on their savings.

We have to consider the long-term consequences, and I hope the better Republican ideas that have been, so far, pretty much rejected by our colleagues

on the Democratic side can be brought to the floor as amendments and will be supported so there can be broader support for this legislation. If it is adopted on virtually a party-line basis, that is not going to be good for the country, and the end result will not stimulate the economy.

Mr. President, I ask unanimous consent to have printed in the RECORD three items. The first is an editorial in the Washington Post, February 5, called ''The Senate Balks.'' The second is a column in the Arizona Republic, dated February 6, ''Bad Stimulus Ideas All Around.'' The third is a Wall Street Journal, February 6, George Melloan column, ''Why 'Stimulus' Will Mean Inflation.''

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

[From the Washington Post, Feb. 5, 2009]

THE SENATE BALKS

Today in The Post, President Obama challenges critics of the $900 billion stimulus plan that was taking shape on Capitol Hill yesterday, accusing them of peddling ''the same failed theories that helped lead us into this crisis'' and warning that, without immediate action, ''Our nation will sink deeper into a crisis that, at some point, we may not be able to reverse.'' A thinly veiled reference to Senate Republicans, this is a departure from his previous emphasis on bipartisanship. Still, as a matter of policy, Mr. Obama is justified in signaling that the plan should not be tilted in favor of tax cuts—and that the GOP should not waste valuable time trying to achieve this.

However, ideology is not the only reason that senators—from both parties—are balking at the president's plan. As it emerged from the House, it suffered from a confusion of objectives. Mr. Obama praised the package yesterday as ''not merely a prescription for short-term spending'' but a ''strategy for long-term economic growth in areas like renewable energy and health care and education.'' This is precisely the problem. As credible experts, including some Democrats, have pointed out, much of this ''long-term'' spending either won't stimulate the economy now, is of questionable merit, or both. Even potentially meritorious items, such as $2.1 billion for Head Start, or billions more to computerize medical records, do not belong in legislation whose reason for being is to give U.S. economic growth a ''jolt,'' as Mr. Obama himself has put it. All other policy priorities should pass through the normal budget process, which involves hearings, debate and—crucially—competition with other programs.

Sen. Susan Collins of Maine is one of the moderate Republicans whose support the president must win if he is to garner the 60 Senate votes needed to pass a stimulus package. She and Democrat Ben Nelson of Nebraska are working on a plan that would carry a lower nominal price tag than the current bill—perhaps $200 billion lower—but which would focus on aid to states, ''shovel-ready'' infrastructure projects, food stamp increases and other items calculated to boost business and consumer spending quickly. On the revenue side, she would keep Mr. Obama's priorities, including a $500-per-worker tax rebate.

To his credit, Mr. Obama continues to seek bipartisan input, and he met individually with Ms. Collins for a half hour yesterday afternoon. We hope he gives her ideas serious consideration.

BAD STIMULUS IDEAS ALL AROUND

The Democrats have some bad ideas for the stimulus bill. The Republicans also have some bad ideas.

Unfortunately, the compromise might be to combine the bad ideas of both parties.

The Democratic stimulus proposals are based upon a false premise and a deceit.

The false premise is that all Americans are construction workers.

The Democrats propose that the federal government build new stuff for virtually everyone.

The Congressional Budget Office has already noted the constraints that exist on government's ability to get hundreds of billions of dollars of construction money out the door quickly. But even that ignores the constraint from those who would need to do the work.

Residential construction is, of course, in a deep slump. Commercial construction not so much. And residential construction workers are not easily redeployed to do commercial and heavy construction. The skill sets are different.

The deceit is that all this spending requires suspending ordinary budget constraints to jumpstart the economy. Most of the spending is actually in pursuit of long-term Democratic economic growth strategies.

Democrats believe that the economy will perform better long-term with significant additional government investments in alternative energy sources, education, health care and social welfare programs.

Democrats won the election and certainly have a right to try to advance their long-term strategies. But there is nothing about fighting the recession that justifies exempting these long-term strategies from the most basic of budget considerations: How are you going to pay for them?

Even without the stimulus package, the federal government has already reached post-World War II records for spending and the deficit as a percentage of GDP.

The primary economic effect of the Democrat's stimulus proposals will be to inflate private sector commercial construction costs and give the country an even more severe fiscal headache.

The Republicans counter that our financial difficulties are rooted in housing and that's where the fix needs to start.

Certainly the bursting of the housing bubble was a proximate contributor to the economic downturn. But the heart of the problem was an overinvestment in housing, partially induced by government subsidies. That was compounded by imprudent lending to people without skin in the game in the form of a substantial down payment.

So, what do Republicans propose? New, more massive federal subsidies. Under their proposal, the federal government would guarantee new mortgage rates of 4 percent. And don't sweat that down payment. The federal government will give you a tax credit of $15,000.

In the first place, existing mortgage rates are already historically low. Moreover, home sales are trending up, induced by deeply discounted prices.

The federal government could usefully reduce foreclosures by guaranteeing the refinancing of existing mortgages so that payments don't exceed a certain percentage of income.

By massively subsidizing new home purchases, however, Republicans are basically proposing to reinflate the housing bubble.

Republicans also propose to reduce the income tax rates on the two lowest brackets. Rather than truly help low-income Americans, who don't pay much in income taxes, the benefits will primarily flow to the upper middle class, while increasing the marginal tax rate increase faced by the middle class.

Truly providing income support to low-income Americans, who are most vulnerable in an economic downturn, would be something useful the federal government could do, through such things as temporary payroll tax relief and extended unemployment benefits. But there's only a little over $100 billion in such short-term assistance in the stimulus bills.

The country would be fortunate if Congress would just enact those provisions and then call it a day.

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[From the Wall Street Journal, Feb. 6, 2009]

WHY ''STIMULUS'' WILL MEAN INFLATION

(By George Melloan)

As Congress blithely ushers its trillion dollar ''stimulus'' package toward law and the U.S. Treasury prepares to begin writing checks on this vast new appropriation, it might be wise to ask a simple question: Who's going to finance it?

That might seem like a no-brainer, which perhaps explains why no one has bothered to ask. Treasury securities are selling at high prices and finding buyers even though yields are low, hovering below 3% for 10-year notes. Congress is able to assure itself that it will finance the stimulus with cheap credit. But how long will credit be cheap? Will it still be when the Treasury is scrounging around in the international credit markets six months or a year from now? That seems highly unlikely.

Let's have a look at the credit market. Treasurys have been strong because the stock market collapse and the mortgage-backed securities fiasco sent the whole world running for safety. The best looking port in the storm, as usual, was U.S. Treasury paper. That is what gave the dollar and Treasury securities the lift they now enjoy.

But that surge was a one-time event and doesn't necessarily mean that a big new batch of Treasury securities will find an equally strong market. Most likely it won't as the global economy spirals downward.

For one thing, a very important cycle has been interrupted by the crash. For years, the U.S. has run large trade deficits with China and Japan and those two countries have invested their surpluses mostly in U.S. Treasury securities. Their holdings are enormous: As of Nov. 30 last year, China held $682 billion in Treasurys, a sharp rise from $459 billion a year earlier. Japan had reduced its holdings, to $577 billion from $590 billion a year earlier, but remains a huge creditor. The two account for almost 65% of total Treasury securities held by foreign owners, 19% of the total U.S. national debt, and over 30% of Treasurys held by the public.

In the lush years of the U.S. credit boom, it was rationalized that this circular arrangement was good for all concerned. Exports fueled China's rapid economic growth and created jobs for its huge work force, American workers could raise their living standards by buying cheap Chinese goods. China's dollar surplus gave the U.S. Treasury a captive pool of investment to finance congressional deficits. It was argued, persuasively, that China and Japan had no choice but to buy U.S. bonds if they wanted to keep their exports to the U.S. flowing. They also would hurt their own interests if they tried to unload Treasurys because that would send the value of their remaining holdings down.

But what if they stopped buying bonds not out of choice but because they were out of money? The virtuous circle so much praised would be broken. Something like that seems to be happening now. As the recession deepens, U.S. consumers are spending less,

even on cheap Chinese goods and certainly on Japanese cars and electronic products. Japan, already a smaller market for U.S. debt last November, is now suffering what some have described as ''free fall'' in industrial production. Its two champions, Toyota and Sony, are faltering badly. China's growth also is slowing, and it is plagued by rising unemployment.

American officials seem not to have noticed this abrupt and dangerous change in global patterns of trade and finance.

The new Treasury secretary, Timothy Geithner, at his Senate confirmation hearing harped on that old Treasury mantra about China ''manipulating'' its currency to gain trade advantage. Vice President Joe Biden followed up with a further lecture to the Chinese but said the U.S. will not move ''unilaterally'' to keep out Chinese exports. One would hope not ''unilaterally'' or any other way if the U.S. hopes to keep flogging its Treasurys to the Chinese.

The Congressional Budget Office is predicting the federal deficit will reach $1.2 trillion this fiscal year. That's more than double the $455 billion deficit posted for fiscal 2008, and some private estimates put the likely outcome even higher. That will drive up interest costs in the federal budget even if Treasury yields stay low. But if a drop in world market demand for Treasurys sends borrowing costs upward, there could be a ballooning of the interest cost line in the budget that will worsen an already frightening outlook. Credit for the rest of the economy will become more dear as well, worsening the recession. Treasury's Wednesday announcement that it will sell a record $67 billion in notes and bonds next week and $493 billion in this quarter weakened Treasury prices, revealing market sensitivity to heavy financing.

So what is the outlook? The stimulus package is rolling through Congress like an express train packed with goodies, so an enormous deficit seems to be a given. Entitlements will go up instead of being brought under better control, auguring big future deficits. Where will the Treasury find all those trillions in a depressed world economy?

There is only one answer. The Obama administration and Congress will call on Ben Bernanke at the Fed to demand that he create more dollars—lots and lots of them. The Fed already is talking of buying longer-term Treasurys to support the market, so it will be more of the same—much more.

And what will be the result? Well, the product of this sort of thing is called inflation. The Fed's outpouring of dollar liquidity after the September crash replaced the liquidity lost by the financial sector and has so far caused no significant uptick in consumer prices. But the worry lies in what will happen next.

Even when the economy and the securities markets are sluggish, the Fed's financing of big federal deficits can be inflationary. We learned that in the late 1970s, when the Fed's deficit financing sent the CPI up to an annual rate of almost 15%. That confounded the Keynesian theorists who believed then, as now, that federal spending ''stimulus'' would restore economic health.

Inflation is the product of the demand for money as well as of the supply. And if the Fed finances federal deficits in a moribund economy, it can create more money than the economy can use. The result is ''stagflation,'' a term coined to describe the 1970s experience. As the global economy slows and Congress relies more on the Fed to finance a huge deficit, there is a very real danger of a return of stagflation. I wonder why no one in Congress or the Obama administration has thought of that as a potential consequence of their stimulus package.

Mr. KYL. Mr. President, again, I thank the manager of the bill and my colleague Senator DURBIN for allowing me to give these remarks.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, I want everybody to remember these two numbers: 99 percent, 79 percent; 99 percent, 79 percent. What are those two numbers? If you take the Finance Committee bill, the bill that is in this stimulus bill that the Senate Finance Committee wrote—the Senate Finance Committee wrote the tax portion of the underlying bill and also the aid to States portion.

Ninety-nine percent of the spending and the taxes combined in the Finance Committee portion of the bill will be spent out in the first 2 years. Ninety-nine percent of the Finance Committee bill will be spent in the first 2 years.

For those who didn't quite get it, it didn't quite compute, I will say it again. Ninety-nine percent of the Finance Committee bill is spent in the first 2 years—99 percent. Actually, if you want to break it down, it is a little more than that for taxes only because some reach to future years. Ninety-nine percent of the Finance Committee bill is spent in the first 2 years.

What is my authority on that? Some economists? It is the Joint Committee on Tax and CBO, if you look at their numbers and combine them, the Joint Committee on Tax and the Congressional Budget Office, that is what it calculates to: 99 percent of the Finance Committee bill is spent in the first 2 years, according to the Joint Committee on Tax and according to the CBO, combining the two.

That is my first figure, 99 percent. What is my second figure? Does anybody remember it? What was my second figure? It was 79 percent. What does 79 percent represent? Seventy-nine percent represents the total spending of this bill in the first 2 years. The total spending, if you take the Appropriations Committee and the Finance Committee and add them together—79 percent of the total spending—in this bill is in the first 2 years, 79 percent. Now, what is my authority? The Congressional Budget Office and the Joint Committee on Taxation. So I ask Senators to go look at the Joint Committee on Taxation data, go to the Congressional Budget Office data. It is right there.

There are a lot of allegations and a lot of statements that are made on the Senate floor by lots of Senators on both sides, and one of our goals, clearly, is to try to get the facts. One of our goals is to listen to the music as well as the words, to separate the wheat from the chaff, and to get to what is really going on. What are the right numbers?

Now, of course, no numbers are perfect, but what is close to being right or as close as we can tell as we seek the truth? I will tell you, the Joint Committee on Taxation is probably one of the most unbiased, most reputable bodies here. Now, some don't like their numbers. They wish their calculations would be different. But, clearly, they try their best. They do their best. It is a bipartisan organization that works for both bodies of Congress, and they work for both political parties. They work for the Congress. It is not biased.

The Congressional Budget Office is not biased, and the Joint Committee on Taxation is not biased. For those who are not familiar with Washington speak, the Joint Committee on Taxation is an independent professional group which advises the Congress on tax matters and does tax calculations for the Congress on tax matters. The Congressional Budget Office basically issues lots of reports and advises the Congress on spending items that are nontax items and calculations and so forth. Again, it is bipartisan. It serves both bodies—the Congressional Budget Office. It is a very reputable body, as is the Joint Committee on Taxation.

So, again, I want to repeat those numbers so it sinks in a little more. The Congressional Budget Office and the Joint Committee on Tax, add the figures together, 99 percent of the Finance Committee bill, which is a large portion of the bill—I think it is about 60 percent of the bill—is spent in the first 2 years. That is 99 percent—almost all in the first 2 years. If you take it all together, the Finance Committee bill and add in the appropriations portion of the bill, 79 percent—almost 80 percent or almost four-fifths—is spent in the first 2 years.

Now, Mr. President, we have to get moving. Our country is in deep, deep, deep trouble. The American people want us to do something responsible about all of this. We all know there are three parts to the problem. One is the credit crisis—that is, credit is all frozen; banks aren't lending—and there are lots of ways to address that. The second part of the problem is housing. We are struggling to get even more stimulus to housing. But a third major part of the problem is demand and spending. There is about a $1 trillion gap between our potential economy in America and the real economy—$1 trillion. If we don't address that gap between spending and demand, we are going to find ourselves in such deep difficulty, with so many jobs lost, it may be equal to the Great Depression. We are not there yet, clearly, but we could get pretty close if we don't take some pretty important actions here.

Now, I have heard all kinds of speeches on this matter, whether the roughly $800 billion stimulus package is right or not right. I have been in rooms with conservative economists and liberal economists and middle-of-the-road economists, and they all agree $800 billion is about right, and it is needed—and it is needed. Some may quibble about some parts, and there have been a lot of Senators on the floor, respectfully, Mr. President, who have been quibbling. They have not been seeing

the forest for the trees. But I submit, if we keep our eye on the ball and keep our eye on the forest, we can get this bill passed and get it passed pretty quickly.

I just want to urge those Senators who say not very much is being spent out in the first years to go look at the Joint Committee on Taxation and the Congressional Budget Office and do the calculations. Again, 99 percent of the Finance Committee package is spent in the first 2 years, and 79 percent of the total underlying bill is spent in the first 2 years. I think that is pretty good. It is not perfect, but it is pretty good.

Mr. President, I yield the floor, and I ask unanimous consent that the time during the quorum call, if there is a quorum call, be equally divided.

Frankly, I see the Senator from Tennessee is seeking recognition.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from Tennessee is recognized.

Mr. CORKER. Mr. President, my colleagues on both sides of the aisle have come down to speak on this stimulus package before us, and I want to thank especially the colleagues on this side of the aisle for talking about this particular package. I think most people in the country realize that housing and credit are the foundations of this country which need to be stabilized so that we can build our economy again.

I know there are a number of people on both sides of the aisle who are working in a gang mentality right now, if you will, to try to make this package better, and I certainly applaud people who work together in a bipartisan way to try to solve problems. In this particular case, though, this stimulus package is nothing short of a disaster. I think to try to make it 10 percent better, while admirable, is not really doing our country the justice it deserves.

I am one of those people, I guess, who likes to understand all the problems together we are facing before taking action on one specific aspect. I want to understand everything as it is. And I know the administration is coming forth in the next week or so to talk about their solution to our financial crisis. I know there are many people in this country who believe we have trillions of dollars of losses still left in our financial system before we hit bottom. I think everybody in our country realizes that as housing continues to drop, it is not just hurting our economy directly, it is also dragging our financial system down.

So, again, I appreciate those folks who are trying to work together to make this bill, which is a disaster, in my opinion, slightly better. I wonder if it wouldn't make more sense for us as a country to just wait for a week or two to hear the rest of the administration's plan as it relates to solving this problem. I think for us to rush out and put forth $1 trillion on spending on top of a projected $1 trillion deficit, without fully understanding the other issues our country faces and how the administration plans to deal with these other issues, is incredibly imprudent.

It would be like a business person in a company knowing they have a crisis at hand, and not fully understanding what all those components are, and sort of throwing the whole shooting match into one of those, knowing there are other things coming they haven't thought about.

We have Governors around the country from both sides of the aisle who are talking with us about what this is going to do to disrupt their States because so much of this spending is programmatic. It has nothing whatsoever to do with creating jobs. I have to be honest, I may be rare, but I don't understand how any of us could seriously talk about aid to States when our Federal Government is in the situation it is today. States, generally speaking, run their States in appropriate ways. But, truly, Governors on both sides of the aisle are wondering what they are going to do to the people coming after them because we are building this big fire hose of money coming into the States that they have to spend in stovepipe ways that are going to cause their successors to truly be in a very difficult situation.

Look, there are people on both sides of the aisle uneasy about this. That is why this gang has been formed because there is tremendous unease, even on the other side of the aisle, on this package. Most people support this—well, I will not say that—many people, I believe, are supporting this package to show support for this new President whom we all want to see do well. We all want to see him be successful.

I have had friends in life who out of friendship to me supported something I was doing, when I would have much preferred, after the fact, their sharing with me that what I was about to do was a really terrible idea. Instead, they just went along, and I ended up probably not doing as well as I might have done. I think there is tremendous unease in this body with this package, and I think there are a lot of people who are holding their nose and supporting it out of support for this President whom we all want to lead our country and this world successfully.

I just urge people on both sides of the aisle to think about this, to vote their conscience, and not to just go along but, in fact, to stop and pause and look at all the issues we are going to be dealing with. Let's ask the administration to come forth and talk to us about the pricetag of dealing appropriately with the credit markets, with housing, and with, maybe, some directed spending on infrastructure or something that is not programmatic and would not disrupt the way State governments run.

Mr. President, I thank you for the time, but I feel as though our country is getting ready to do something we will regret and generations after us will regret. So I am concerned about where we are as a country with our economy, and I feel as if we are using resources today so inappropriately when we are going to need those resources down the road.

Mr. President, I yield the floor.

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

Mr. BAUCUS. Mr. President, I wonder if anybody on our side is seeking time?

The Senator from Connecticut, Mr. LIEBERMAN, seeks 5 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. LIEBERMAN. I thank the Chair and my friend, the Senator from Montana, the chairman of the Finance Committee. I thank him for his leadership and, frankly, for his strength of character and patience throughout the long journey we have taken as a Chamber on this bill. When we get it done—and I think we need to get it done quickly—it will be in no small measure because of his steadfastness in this time of national need.

Mr. President, one of the favorite metaphors that is used in time of crisis is of a burning house. I wish I could find a different metaphor because that one is used so frequently. But, frankly, I can't find one that better expresses what I would like to express in a few moments this afternoon.

The fact is obvious: America's economic house is burning. A lot of people are being hurt—600,000 people unemployed last month, the second month in a row that went over a half million people losing their jobs. From one report I heard, it was the largest number of people losing jobs in 1 month in America in 35 years. I could go on with a lot of statistics, but we don't need them. We have heard them in the debate before.

America's economic house is on fire. But I want to extend the metaphor to us, those who are privileged to serve in the Senate. We are the firefighters, if you will. And I fear there is a danger that what may be happening is, while the house is burning, and we are on our way to try to put out the fire, we have stopped the truck because we are arguing over what is the best way to get to the fire most quickly. In the meantime, we are leaving the house burning and more people are being hurt.

Some people have suggested we go back to the beginning and start again or that we wait, as my friend from Tennessee just said, until the administration comes in with all its ideas for all of the responses to the economic crisis we are in before we act on this one. That simply cannot happen because the need and the urgency of the need is too great. It is felt in individual lives, it is felt in macroeconomic statistics, it is felt in the reports we hear, one after the other, of great American businesses doing worse than they did last year and terribly worse than they did 2 years ago. It is felt in the growing signs of a deep global recession.

It is clear that demand from the private and personal sector has dropped dramatically. Economists estimate about a $1 trillion hole in our economy. The proposal President Obama has made comes to us from the House. It is not all perfect, believe me, as I will say in a moment, but it is $800 billion over 2 years. In fact, it is $800 billion over more than 2 years. That means it is less than $400 billion the Government is injecting into the economy now, because the private sector will not, to try to kick-start the economy and protect people's jobs and create new ones. That $400 billion into an economy that is $1 trillion short is simply necessary and it is urgently necessary.

Here we are. H.R. 1 is before us. It is larger than some people want it to be. It contains items in it that do not appear, on first look, to be directly related to economic recovery, stimulating the economy. I preferred originally—I said I thought the stimulus bill should be big, as big as the problem is; it should be as clean as possible; that is, it would be mostly job creating—public works, that kind of investment—and then it should be quick because the house is on fire and every day we do not do anything, more people suffer and it will be harder to get out of it. That is the challenge we have. Yet we, as the firefighters, seem to be falling into some old habits, where we are argue about how to get to the fire when the house keeps burning.

In the midst of this, two of our colleagues, BEN NELSON of Nebraska and SUSAN COLLINS of Maine, have come together to form a bipartisan group, a gang—that gives a good name to the term gang—whatever you want to call them, moderates, centrists, Independents—basically a bipartisan group that wants to find common ground so we can get the 60 votes we need to pass this so we can get to the fire and help put it out so more Americans do not suffer. As part of this—and I have been part of this group—we have worked well together and we have been very open and honest with one another. We have talked about cuts—I have—in programs that I support deeply.

But I have two things in mind here. One is the urgency of the moment. I am going to have to yield on some things I wish to see in that bill to make sure we get something done quickly.

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

Mr. LIEBERMAN. I wonder if I could ask unanimous consent for 3 additional minutes?

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Would the Senator be OK with 2?

Mr. LIEBERMAN. Two? It is a deal. See, that is in the spirit of compromise, in this case not bipartisan.

Mr. BAUCUS. It is compromising toward the intentions of the other side.

Mr. LIEBERMAN. I am happy to do it.

Tough decisions had to be made by this bipartisan group. Why did we make them? One, because the urgency is to get to 60. I wish we could get to 80 but it doesn't seem to be in the offing so I am going to do everything I can to get to 60 and hopefully a little over so we can get help to the American economy, American businesses, the American people.

Second, this is not the last appropriations bill. We have an omnibus bill coming. We have the regular appropriations process. We can come back and find other ways to deal with some of the real needs that will not get quite as much as they get now in H.R. 1, to achieve results quickly.

That is my appeal to my colleagues. Let's not get dug in. This is not a perfect bill, but it clearly is a very good bill and, most important of all, it is a proposal that will pump money into the American economy, into the pockets of working Americans and businesses throughout this country, that will kick-start the economy, protect millions of jobs, and create millions of other jobs. There is nothing more important than doing that right now.

Let's get together, let's support the bipartisan effort, let's shoot for 80 but get over 60 so we can get to the fire together and put it out.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield time to the Senator from Michigan, 5 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. BAUCUS. Mr. President, I apologize, I think Senator LINCOLN was here earlier. I didn't turn around far enough.

Mrs. LINCOLN. That is fine.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I thank the distinguished chairman of the Finance Committee who I know is working so hard. There are so many different pieces of this that are so important to the American people.

I want to take a moment, after listening to colleagues—today and throughout the week—on the other side of the aisle, to talk about the fact that this package is strongly supported by the majority of our caucus and I believe the majority of the American people who know we have to do something different than what has been done for the last 8 years.

We have been debating whether to go back to policies that have been in place for 8 years—tax policies that have been passed on a number of occasions, over the last 8 years, under President Bush and when our colleagues were in the majority. We have seen those policies in place. We have seen the results of those, and they didn't work. I wish they had. My State of Michigan has the highest unemployment rate in the country, over 10.6 percent, heading up to 11 very quickly. I wish they had worked because people in my State then would be working.

But that is not what has happened. The American people know that. The American people understand we have to do something different. I remember in those debates in the last 8 years when we came forward saying we need to put people to work by focusing on jobs directly, jobs rebuilding America, making sure we are focusing on jobs for roads and bridges and rebuilding water and sewer systems and rebuilding our schools and doing things that would directly stimulate the economy. But those were rejected with the same arguments we are hearing now, the same arguments.

We have talked over the last 8 years about the need to aggressively move to the new green economy so we are not only tackling our dependence on foreign oil but creating jobs in this new green energy revolution. There were the same arguments in opposition, on the other side of the aisle. We have put forward proposals to invest in our people, proposals to make sure that people who are hurt by this devastating financial and economic crisis—those who are unemployed or fearful of being unemployed, who cannot put food on the table and pay the bills and pay their mortgage—can get help. Too many times that has been rejected.

We now find ourselves here. There was an election where those policies were debated for a long time—not 1 year but 2 years. Those policies the American people took a look at, both sets of policies, and they said no. They said no to the policies of the last 8 years. They said no to inaction.

We all know we were talking 2 years ago about the fact that we had to address the housing problem, subprime lending, or we were going to see a rippling effect in the financial markets. There was inaction. Nothing happened. We find ourselves in a position today where we are seeing some 600,000 people now—that is the unemployment number for January; 500,000 the previous month, 500,000 the previous month. It is only getting worse and worse. Eleven million people in this country do not have a job and that is only the people we are counting.

We come to this point where, yes, there is a difference. I commend colleagues who are working together to get to the necessary 60 votes and are working in good faith. But fundamentally we have a difference in philosophy of how our economy should operate and, frankly, whom it should help. Our proposal, this President's proposal, is to make sure the majority of Americans, the overwhelming number of Americans who have been left out of this economy in the policies of the last 8 years get an opportunity to participate with job, jobs rebuilding America, jobs in the green economy, keeping our police officers on the streets, our teachers in the schools, retraining for the new economy and making sure people who have been hurt, devastated so much, get the help they need.

I urge us to join together in a new direction.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. BAUCUS. Mr. President, 5 minutes to the Senator from——

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Unless Senator ALEXANDER seeks recognition. We want to go back and forth to even things out.

Mr. ALEXANDER. I seek recognition for 5 minutes.

Mr. BAUCUS. I yield to the Senator on his time, on Republican time.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, will you please let me know when 60 seconds remains.

The PRESIDING OFFICER. The Chair will notify the Senator.

Mr. ALEXANDER. I have been listening to the debate as well. I think it is important that all our colleagues and the American people understand what we mean by bipartisanship, because there is a disconnect between the tone I have been hearing for the last week from the administration and from the majority and from the substance I have been hearing. Here is what I heard. I heard we are going to work together to try to deal with this economy. First we are going to have to stimulate the economy. We all know next week the Secretary of the Treasury is coming forward to do something about banking and then maybe about housing. Then there is an appropriations bill, and then we have health care, which the Senator from Montana has been hard at work on. We have a great many things to do.

So what do we mean by bipartisan? I thought what we meant, we thought what we meant, was that the President would define an agenda and then we would sit down together and take our best ideas. The President put his out there. We think we have a better idea. We said fix housing first. Housing got us into this mess. Housing can get us out of it.

So we offered a way to offer up to 40 million Americans a 4- or 4.5-percent mortgage, 30-year rate, saving them an average of $400 a month. We brought it up. Senator ENSIGN proposed it. Not one single Democratic vote.

Senator ISAKSON has been offering an amendment for the last year and a half to give $15,000 in tax credits to home buyers. That was accepted. I hope it survives the conference.

But the tone has changed overnight. Suddenly the President, instead of inviting us to work with him, is saying basically: We won the election, we will write the bill. The attitude seems to be: Let's see if we can pick off one Republican or two Republicans or three Republicans. Then the tone is, well, suddenly: The tired old ideas. I didn't hear the President talk about his tax cut proposal for 2 years during his campaign as a tired old idea. It is still a part of his proposal. It is also a part of our proposal.

We have offered ways to fix housing first. No. 1, we suggest letting people keep more of their own money, as the President has suggested. Senator MCCAIN's own bill, which received not one single Democratic vote, offered to spend $420 billion, and it included a cut in the payroll tax for 1 year and a cut in the lower rates of taxation.

Then we would like to do as Alice Rivlin, the former head of the Budget Office, suggested. We would like to take all of the spending that does not create jobs now and put it off and do it later. If we are going to borrow money at a time when we are heavily in debt, it ought to be targeted, timely, and temporary.

Senator MCCAIN yesterday offered legislation that received almost every Republican vote but no Democratic votes, that would have made it temporary. It would have said whatever spending we have, we will have it until the economy recovers. But once it starts to recover for 2 quarters—the gross domestic product goes up for 2 quarters, then the spending stops.

What has happened? This is the easy piece of legislation. This is one that most of us agree needs to be done. What we were expecting in this era of bipartisanship, given the President's campaign and his comments, was that he would offer his idea, we would offer ours, and we would put them together and come up with a result.

Ours are: Fix housing first. That is not in the bill. Ours are: Make it temporary. They rejected that without a Democratic vote yesterday.

The PRESIDING OFFICER. The Senator has 1 minute left.

Mr. ALEXANDER. Ours are: Let's get the spending off the bill that does not create jobs now.

My staff finds that only about $135 billion of the $900 billion goes to things that happen in the first couple of years—building roads, improving national parks, other things that create jobs now.

The American people did not hear in the last campaign that the kind of change they were voting for was that the first thing we would do when we got to Washington is borrow $1 trillion, add it to the debt, and then take the position: We won the election, we will write the bill. If that is the tone, if that is the substance for the next several years, that will not make a very successful Presidency. That will not be good for our country. We want this President to be successful because we need him to be successful for our country to recover.

Mr. BINGAMAN. Mr. President, I intended to offer an amendment to this bill to appropriate $1 billion to the Department of Energy Federal Energy Management Program, FEMP. The funds would have been used to expand the scope of energy savings performance contracts, ESPCs, and utility energy savings contracts, UESCs. In the last 10 years, 195 ESPCs and UESCs have invested about $3 billion in Federal facilities and have produced about 28,500 jobs. The costs of these projects have been entirely repaid from savings.

The amendment was necessary and consistent with our stimulus goals because it would have multiplied the job creation and the energy savings from every dollar of Treasury investment. In addition to providing significant financial leverage, ESPC and UESC projects comply with the standards the Congress established in section 432 of EISA—42 U.S.C. section 8253 (f)(1) through (f)(7)—for energy projects in Federal facilities: comprehensive energy and water conservation and efficiency measures, full utilization of renewable energy technologies, and transparency and accountability through long-term monitoring of project savings.

The amendment I intended to offer would have given FEMP the incentive to quickly clear its pipeline of about $2.2 billion of shovel-ready projects, to accelerate the pace of new project development so that we would have another $3 billion of projects implemented in the next 2 years, and enabled FEMP to expand the scope of the ESPC and UESC projects by paying for the advanced metering and monitoring systems that the Congress has mandated but not yet funded.

Based on the history of the ESPC and UESC projects, my amendment would have assured that about $6 billion of projects would be implemented, creating almost 60,000 jobs, at a cost to the Treasury of $1 billion. I, therefore, urge the Federal agencies that are receiving substantial new appropriations for energy projects to use the ESPC and UESC projects as models of what the Congress wants to see accomplished with the taxpayers' dollars.

Mr. INOUYE. Mr. President, this morning we learned that another 598,000 jobs were lost in the month of January. Our unemployment rate now stands at 7.6 percent and will no doubt be higher still in the coming months.

With that in mind, I would like to have printed in the RECORD an opinion piece authored by Steven Pearlstein that appeared in today's Washington Post. The piece does a much better job than I could hope to do of explaining the basic economics of why increased Government spending in a time of recession is a good thing.

I encourage my colleagues to take a serious look at this opinion piece. In his final sentence, Mr. Pearlstein gives us all a crib sheet that I think we all might want to pay a bit more attention to.

Spending is stimulus, no matter what it's for and who does it. The best spending is that which creates jobs and economic activity now, has big payoffs later and disappears from future budgets.

As I have been saying all week, the $365.6 billion in spending that we include in the American Recovery and Reinvestment Act meets these simple

criteria. I again urge my colleagues to set aside partisan differences and work together on this legislation.

Mr. President, I ask unanimous consent to have the opinion piece authored by Steven Pearlstein printed in the RECORD.

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

[From the Washington Post, Feb. 6, 2009]

WANTED: PERSONAL ECONOMIC TRAINERS—APPLY AT CAPITOL

(By Steven Pearlstein)

As long as we're about to spend gazillions to stimulate the economy, I'd like to suggest we throw in another $53.5 million for a cause dear to all business journalists: economic literacy. And what better place to start than right here in Washington.

My modest proposal is that lawmakers be authorized to hire personal economic trainers over the coming year to sit by their sides as they fashion the government's response to the economic crisis and prevent them from uttering the kind of nonsense that has characterized the debate over the stimulus bill during the last two weeks.

At a minimum, we'd be creating jobs for 535 unemployed PhDs. And if we improved government economic policy by a mere 1 percent of the trillions of dollars we're dealing with, it would pay for itself many times over.

Let's review some of the more silly arguments about the stimulus bill, starting with the notion that ''only'' 75 percent of the money can be spent in the next two years, and the rest is therefore ''wasted.''

As any economist will tell you, the economy tends to be forward-looking and emotional. So if businesses and households can see immediate benefits from a program while knowing that a bit more stimulus is on the way, they are likely to feel more confident that the recovery will be sustained. That confidence, in turn, will make them more likely to take the risk of buying big-ticket items now and investing in stocks or future ventures.

Moreover, much of the money that can't be spent right away is for capital improvements such as building and maintaining schools, roads, bridges and sewer systems, or replacing equipment—stuff we'd have to do eventually. So another way to think of this kind of spending is that we've simply moved it up to a time, to a point when doing it has important economic benefits and when the price will be less.

Equally specious is the oft-heard complaint that even some of the immediate spending is not stimulative.

''This is not a stimulus plan, it's a spending plan,'' Nebraska's freshman senator, Mike Johanns (R), said Wednesday in a maiden floor speech full of budget-balancing orthodoxy that would have made Herbert Hoover proud. The stimulus bill, he declared, ''won't create the promised jobs. It won't activate our economy.''

Johanns was too busy yesterday to explain this radical departure from standard theory and practice. Where does the senator think the $800 billion will go? Down a rabbit hole? Even if the entire sum were to be stolen by federal employees and spent entirely on fast cars, fancy homes, gambling junkets and fancy clothes, it would still be an $800 billion increase in the demand for goods and services—a pretty good working definition for economic stimulus. The only question is whether spending it on other things would create more long-term value, which it almost certainly would.

Meanwhile, Nebraska's other senator, Ben Nelson (D), was heading up a centrist group that was determined to cut $100 billion from the stimulus bill. Among his targets: $1.1 billion for health-care research into what is cost-effective and what is not. An aide explained that, in the senator's opinion, there is ''some spending that was more stimulative than other kinds of spending.''

Oh really? I'm sure they'd love to have a presentation on that at the next meeting of the American Economic Association. Maybe the senator could use that opportunity to explain why a dollar spent by the government, or government contractor, to hire doctors, statisticians and software programmers is less stimulative than a dollar spent on hiring civil engineers and bulldozer operators and guys waving orange flags to build highways, which is what the senator says he prefers.

And then there is Sen. Tom Coburn (R–Okla.), complaining in Wednesday's Wall Street Journal that of the 3 million jobs that the stimulus package might create or save, one in five will be government jobs, as if there is something inherently inferior or unsatisfactory about that. (Note to Coburn's political director: One in five workers in Oklahoma is employed by government.)

In the next day's Journal, Coburn won additional support for his theory that public-sector employment and output is less worthy than private-sector output from columnist Daniel Henninger. Henninger weighed in with his own list of horror stories from the stimulus bill, including $325 million for trail repair and remediation of abandoned mines on federal lands, $6 billion to reduce the carbon footprint of federal buildings and—get this!—$462 million to equip, construct and repair labs at the Centers for Disease Control and Prevention.

''What is most striking is how much 'stimulus'' money is being spent on the government's own infrastructure,'' wrote Henninger. ''This bill isn't economic stimulus. It's self-stimulus.''

Actually, what's striking is that supposedly intelligent people are horrified at the thought that, during a deep recession, government might try to help the economy by buying up-to-date equipment for the people who protect us from epidemics and infectious diseases, by hiring people to repair environmental damage on federal lands and by contracting with private companies to make federal buildings more energy-efficient.

What really irks so many Republicans, of course, is that all the stimulus money isn't being used to cut individual and business taxes, their cure-all for economic ailments, even though all the credible evidence is that tax cuts are only about half as stimulative as direct government spending.

Many, including John McCain, lined up this week to support a proposal to make the sales tax and interest payments on any new car purchased over the next two years tax-deductible, along with a $15,000 tax credit on a home purchase. These tax credits make for great sound-bites and are music to the ears of politically active car salesmen and real estate brokers. Most economists, however, have warned that such credits will have limited impact at a time when house prices are still falling sharply and consumers are worried about their jobs and their shrinking retirement accounts. Even worse, they wind up wasting a lot of money because they give windfalls to millions of people who would have bought cars and houses anyway.

What adds insults to injury, however, is that many of the senators who supported these tax breaks then turned around and opposed as ''boondoggles'' much more cost-effective proposals to stimulate auto and housing sales, such as having the government replace its current fleet of cars with hybrids or giving money to local housing authorities to buy up foreclosed properties for use as low-income rental housing.

Personal economic trainers would confirm all this. Until they're on board, however, here's a little crib sheet on stimulus economics:

Spending is stimulus, no matter what it's for and who does it. The best spending is that which creates jobs and economic activity now, has big payoffs later and disappears from future budgets.

Mr. DODD. Mr. President, I was recently approached, along with my colleague Senator SHELBY and leaders of the House Financial Services Committee, by the Chairman of the Federal Deposit Insurance Corporation, Sheila Bair, with a request to increase the FDIC's borrowing authority from Treasury from the current $30 billion to $100 billion, for use by the FDIC's Deposit Insurance Fund, and for temporary additional borrowing authority to weather the economic crisis.

The FDIC's Deposit Insurance Fund, DIF, absorbs losses that result from the Corporation's obligation to protect insured deposits when FDIC-insured financial institutions fail. Insured financial institutions pay premiums that support the DIF and under current law those premiums can be increased to cover any losses to the fund. At the end of the third quarter of last year, the fund held approximately $35 billion.

Legislation to substantially and permanently increase this borrowing authority has already passed the House, as part of the TARP legislation passed in January. A scaled back version of it was also incorporated into financial services legislation ordered reported by the House Financial Services Committee earlier this week. Treasury Secretary Geithner and Chairman Bernanke of the Federal Reserve Board have also recently written to me underscoring their support for this request.

Since the FDIC's borrowing authority was last increased in 1991, the asset size of banks has tripled. Even more important, the financial system is under considerable stress, and the level of thrift and bank failures has been rising. This line of credit is designed strictly to serve as a backstop to cover potential losses to the Deposit Insurance Fund.

Though this statutory borrowing authority has historically never been tapped, and Chairman Bair has made clear she does not anticipate doing so, I agree with Chairman Bair, Secretary Geithner and Chairman Bernanke that under current economic circumstances such an increase in borrowing authority is both prudent and necessary. While the current fund has substantial reserves, it is important that we increase this line of borrowing authority so that the FDIC has the funds available which might be needed to meet its obligations to protect insured depositors and to reassure the public that the government continues to stand firmly behind the FDIC's insurance guarantee.

I had intended to try to incorporate a provision to increase FDIC borrowing authority into the Economic Recovery legislation, with certain protections to

require concurrence from other federal officials—including ultimately the President—in exigent circumstances, and at least on a temporary basis. I sought to do this yesterday. Unfortunately, my Republican colleagues made clear that they would object to this proposal at this time. And, for this reason, I will not offer it today. However, I intend to work with them and those in the administration to craft a proposal that satisfies their concerns in order to ensure that the FDIC as the borrowing authority that it needs going forward.

I ask unanimous consent that copies of the letters from FDIC Chairman Bair, Treasury Secretary Geithner, and Fed Chairman Bernanke be printed in the RECORD. I will continue to work to ensure that the FDIC has sufficient borrowing authority going forward to deal with a wide range of contingencies.

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

FEDERAL DEPOSIT INSURANCE CORPORATION,
*Washington, DC, January 26, 2009.*

Hon. CHRISTOPHER J. DODD,
*Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for your willingness to meet with me to discuss a proposed increase in the borrowing authority of the Federal Deposit Insurance Corporation to cover losses from failed financial institutions.

As you know, the FDIC's Deposit Insurance Fund (DIF) absorbs losses that result from the Corporation's obligation to protect insured deposits when FDIC-insured financial institutions fail. Insured financial institutions pay premiums that support the DIF and those premiums can be increased to cover losses to the DIF from failed bank activity.

At the end of the third quarter of 2008, the DIF had a balance of $35 billion available to absorb losses from the failures of insured institutions. In addition, the FDIC has announced premium increases that are designed to return the DIF reserve ratio to within its statutory range in the coming years. Because of our ability to adjust premiums, the FDIC has never needed to draw on its $30 billion line of credit with the Treasury Department to cover losses. Based on our current assumptions, the FDIC should not need to draw on its statutory line in the future. If it ever became necessary to exercise this borrowing authority, the FDIC would ensure repayment of any borrowing over time through assessments on the banking industry.

Nevertheless, the events of the past year have demonstrated the importance of contingency planning to cover unexpected developments in the financial services industry. Assets in the banking industry have tripled since 1991—the last time the line of credit was adjusted in the FDIC Improvement Act (from $5 billion to $30 billion). The FDIC believes it would be appropriate to adjust the statutory line of credit proportionately to ensure that the public has no confusion or doubt about the government's commitment to insured depositors. Therefore, we are requesting the borrowing authority be increased to $100 billion. We also believe it would be prudent to provide that the line of credit could be adjusted further in exigent circumstances by a request from the FDIC Board requiring the concurrence of the Secretary of the Treasury.

As I stated above, the FDIC has never used its statutory borrowing authority to cover losses and does not anticipate doing so. However, the banking industry has grown substantially since the current borrowing authority was established. Appropriate adjustments to the current statute would ensure that the FDIC is fully prepared to address any contingency. I respectfully request that Congress increase the FDIC's borrowing authority to provide additional reassurance to depositors that the government stands behind the FDIC's insurance guarantee.

If you have any questions regarding this issue, please do not hesitate to contact me or Eric Spitler, Director of Legislative Affairs.

Sincerely,

SHEILA C. BAIR,
*Chairman.*

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BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM,
*Washington, DC, February 2, 2009.*

Hon. CHRISTOPHER J. DODD,
*Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: I am writing to join the Secretary of the Treasury in expressing my agreement that the authority of the Federal Deposit Insurance Corporation (FDIC) to borrow from the Treasury Department should be increased to $100 billion from its current level of $30 billion. While the FDIC has substantial resources in the Deposit Insurance Fund, the line of credit with the Treasury Department provides an important back-stop to the fund and has not been adjusted since 1991. An increase in the line of credit is a reasonable and prudent step to ensure that the FDIC can effectively meet potential future obligations during periods such as the difficult and uncertain economic climate that we are currently experiencing.

I also support legislation that would allow the Secretary of the Treasury, in consultation with the Chairman of the Board of Governors of the Federal Reserve System if Congress believes that to be appropriate, to increase the FDIC's line of credit with the Treasury in exigent circumstances. This mechanism would allow the FDIC to respond expeditiously to emergency situations that may involve substantial risk to the financial system.

The Federal Reserve would be happy to work with your staff on this matter, as well as on the other amendments under consideration that would allow the FDIC more flexibility in the timing and scope of assessments that it charges to recover costs to the Deposit Insurance Fund in the event that the systemic risk exception in the Federal Deposit Insurance Act has been invoked.

Sincerely,

BEN S. BERNANKE,
*Chairman.*

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DEPARTMENT OF THE TREASURY,
*Washington, DC., February 2, 2009.*

Hon. CHRISTOPHER J. DODD,
*Chairman, Committee on Banking, Housing & Urban Affairs, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: I am writing to express my support for the Federal Deposit Insurance Corporation's (FDIC's) current request to increase its permanent statutory borrowing authority under its line of credit with the Treasury Department from $30 billion to $100 billion. Since the last increase in that authority in 1991, the banking industry's assets have tripled. More importantly, the financial and credit markets continue to be under acute stress, and the level of thrift and bank failures has been rising. Although the FDIC's Deposit Insurance Fund remains substantial at $35 billion, and the FDIC has never needed to tap the existing line of credit with the Treasury Department in the past, the proposed increase in the limit is a reasonable and prudent step to ensure that the FDIC can effectively meet any potential future obligations.

The Treasury Department also supports the FDIC's request to make future adjustments to the line of credit based on exigent circumstances, but recommends that such future adjustments require the concurrence of both the Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System. This future adjustment mechanism would provide an additional layer of protection for insured depositors and enhance the confidence of financial markets during this turbulent period.

The Treasury Department also supports the FDIC having authority to determine the time period for recovering any loss to the insurance fund resulting from actions taken after a systemic risk determination by the Secretary of the Treasury.

I hope that you find our views useful in the Committee's consideration of the FDIC's request. Thank you for the opportunity to share these views.

Sincerely,

TIMOTHY F. GEITHNER,
*Secretary of the Treasury.*

AMENDMENT NO. 427

Mr. DODD. Mr. President, I rise today to talk about an amendment, amendment No. 427, that Senators BINGAMAN, ISAKSON, and I offered to help mitigate the foreclosure crisis, which is at the root of our economic downturn. Currently, foreclosures are being filed at the rate of nearly 10,000 a day; one in six homeowners are underwater; and a recent study shows that U.S. homeowners lost a cumulative $3.3 trillion in home equity during 2008. Addressing the foreclosure crisis is key to restoring growth to the economy.

According to Federal Reserve Chairman Bernanke, the most effective way to reduce foreclosures is to restore positive equity by writing down mortgage principal. In fact, the HOPE for Homeowners program requires principal write-down for participation.

Yet, under current tax law, most people who get loan modifications involving principal reductions would have to pay taxes on the amount of the loan forgiven. This is a significant barrier to people participating in effective loan modifications and a terrible burden to put on struggling families.

In 2007, the Mortgage Forgiveness Debt Relief Act provided a tax exemption for forgiven mortgage debt if that mortgage debt was used exclusively to purchase or substantially improve the home.

However, many homeowners, including a majority of subprime borrowers, did not get their current loans to buy a home. Rather, in many cases, they were steered by unscrupulous mortgage brokers into high-cost refinance loans with hidden features that they did not understand. In some cases, these funds were used to pay health care costs, educational or other expenses. Many of these borrowers are now delinquent and seeking loan modifications. Too many will end up in foreclosure.

These borrowers do not qualify for this current exemption. The threat of a large tax bill has dissuaded many homeowners from getting loan modifications.

In fact, in their 2008 Annual Report to Congress, the IRS National Taxpayer Advocate wrote ''[we] recommend that Congress pass legislation to make it easier for financially distressed taxpayers to exclude cancelled [forgiven debt] from gross income.''

This amendment, by eliminating the income tax on all forgiven mortgage debt, would remove a significant obstacle to loan modifications at a cost of $98 million over the next 10 years. This benefit would still expire, as it currently stands, at the end of 2012.

In addition, I urge the IRS to ease the burden of complying with the reporting requirements that taxpayers face when claiming this exclusion.

In its 2008 Annual Report to Congress, the IRS's Office of the National Taxpayer Advocate stated that current reporting requirements ''are so complex that many and probably most taxpayers who qualify to exclude [QPRI] from their gross income do not do so.'' QPRI or qualified principle residence indebtedness is the technical term the IRS uses for tax exempt forgiven mortgage debt. One way the IRS can ease this burden, is by allowing taxpayers claiming the exemption to calculate the fair market value based on the appraisal value of the originating loan, which should ease the tax filing burden on the millions of Americans who were tricked by predatory lenders. In addition, the IRS should simplify the reporting requirement to claim this tax exemption. Right now, taxpayers who claim the QPRI exclusion must file a form, Form 982, that is not well known, is not supported by most tax software programs or Volunteer Income Tax Assistance—VITA—programs, and is extremely complicated. The IRS estimates that it takes the average business taxpayer 10 hours and 43 minutes to complete this form.

The goals of this amendment are both to expand the definition of QPRI to include home equity indebtedness and also to relieve taxpayers from the burden of filing any forms that they would not otherwise need to file but for receiving the benefit of the QPRI exclusion. Specifically, I urge the IRS to change Form 1099–C, used for all cancelled debts, not just mortgage debts, to include ''check boxes'' for lenders to check off when they are forgiving debt that is ''QPRI'' under the new definition. These check boxes—similar to the check box currently provided for debts discharged in bankruptcy should identify whether the taxpayer is receiving QPRI debt forgiveness and should indicate whether the taxpayer has lost their home, due to a foreclosure, short sale, or deed-in-lieu-of-foreclosure, or will continue to own the home as a result of a loan modification.

Check boxes that make clear whether the taxpayer has lost the home are important because a taxpayer should not be required to make adjustments to the tax basis of the home that they no longer live in. If the homeowner continues to live in their home and the appropriate box is checked, the Form 1099–C will provide the IRS with complete information about the basis adjustments that will be required due to the QPRI exclusion at the time of the property's sale or disposition. Thus, as in the case of bankruptcy, the Form 1099–C should provide the IRS with sufficient information so that the taxpayer will not be required to fill out a Form 982 or use the long form 1040 to claim the QPRI, and taxpayers who are exempt from filing tax returns will not have to file returns solely to claim this exclusion.

Mr. SPECTER. Mr. President, I seek recognition to comment on my cosponsorship of an amendment to H.R. 1, the Economic Recovery Act, which would increase funding in the bill for mass transit by $6.5 billion. I am cosponsoring this amendment, offered by Senator SCHUMER, because it will increase funding for ready-to-go public transit projects that will create both jobs and transportation options. While the underlying bill contains $8.4 billion for transit, public transit agencies across the Nation identified over $50 billion worth of projects that could be put under contract within a 2-year economic recovery bill, and $12.2 billion which could be implemented within 90 days of Federal funding being allocated. I have heard from transit agencies across Pennsylvania that are ready to put people to work and improve transportation options in their communities if Federal stimulus funding is provided. An investment in public transit would also have the benefit of reducing oil consumption and vehicle emissions in instances where increased public transit capacity encourages a shift from automobiles.

However, despite my cosponsorship of this amendment due to its potential for stimulus and for improving transportation systems across Pennsylvania and the Nation, I am not committed to voting for it without an offset. Since adopting this amendment would add $6.5 billion to the size of the bill and to the national deficit, an offset to reduce spending elsewhere in the bill by an equal amount would be preferable. We should make every effort to identify offset to reduce the total size of the economic recovery bill.

AMENDMENT NO. 390

Ms. SNOWE. Mr. President, as ranking member of the Senate Committee on Small Business and Entrepreneurship, I wish to speak to amendment No. 390 which would hold recipients of the Troubled Asset Relief Program, TARP, funds accountable for the promises they have made to American taxpayers. This amendment would require that financial institutions, without major capital shortfalls, that receive TARP funds, must increase lending to individuals and businesses—including small businesses—above their lending levels at the time they received Federal assistance.

This is a timely and vital amendment for those who are still unable to get financing for home and car purchases, business expenses, student loans and credit lines, including credit cards. Despite an investment of $700 billion in taxpayer funds for the purpose of addressing our country's major capital shortfalls, our citizens are still struggling to access capital. Recent reports from the Government Accountability Office and TARP's Congressional Oversight Panel have indicated that banks are not using TARP funds for lending, and more specifically, that lending to businesses and individuals has not experienced a noticeable increase since Congress passed TARP late last year. Further, the Federal Reserve's Senior Loan Officer Survey for January indicated that U.S. lending institutions have further tightened their business lending stance in the past 3 months.

Congress's intent was for TARP to restore credit and liquidity to the financial system so that individuals and businesses can access the capital upon which our system of commerce depends. It is vital to our country's economic recovery that TARP funds be used to spur lending and get capital flowing through our economy quickly, effectively and transparently.

On January 29, 2009, I sent a letter to Treasury Secretary Timothy Geithner to express my concerns about TARP recipients not using Federal funds for its intended use. I also expressed to Secretary Geithner my disappointment in the Department's opposition to explicitly requiring firms that received Federal funds in the first tranche of TARP distributions to increase lending above baseline levels. The Treasury Department has refused to apply these conditions to TARP fund recipients retroactively, despite an assurance by National Economic Council Director Lawrence Summers in a January 15, 2009, letter to Congress that, ''As a condition of federal assistance, healthy banks without major capital shortfalls will increase lending above baseline levels.''

By taking Federal dollars and not adhering to Congress's intent, recipients are adding to an already dire economic situation. We must demand that TARP funds be used to spur new lending. Our amendment will mandate that as a condition of receiving TARP funds, financial institutions without major capital shortfalls must increase their lending above baseline levels. Additionally, the amendment contains a provision requiring such financial institutions to immediately repay assistance provided under the TARP if the Secretary of the Treasury determines that they have not made sufficient progress toward achieving these requirements.

I look forward to working with my colleagues in the Senate to have this amendment included in the stimulus bill to help ensure that taxpayer funds

are used to judiciously rebuild our Nation's economy.

AMENDMENT NO. 525

Mrs. FEINSTEIN. Mr. President, I rise to speak in support of Senator REID's amendment 525, which I cosponsored.

This amendment will improve renewable energy permitting and give renewable energy companies grants to replace the renewable energy tax credits.

Specifically, Senator REID's amendment would appropriate $25 million to the Department of Energy and the Department of Interior to assist in renewable energy permitting; establish pilot offices in Western States to focus on renewable energy permitting, to be funded with oil and gas royalties; allow projects utilizing new renewable energy technology, not just ''commercial'' technology, to apply for Federal renewable energy loan guarantees; and establish a DOE grant program for renewable energy development, to substitute for the solar investment tax credit and the renewable production tax credit.

Let me explain why this amendment is needed.

First, let me discuss permitting.

First, Senator REID and I propose $25 million to assist in renewable energy permitting. In California, BLM has more than 200 solar applications pending, and it has yet to complete a single application review.

The Bureau is overwhelmed, and it needs a relatively small investment in resources to ensure that it can quickly analyze how these project proposals impact water resources, endangered species habitat, and wilderness areas. Without these resources, we simply will not build the renewable energy projects that we need in the West.

In addition to adding financial resources, the amendment would establish pilot offices in Western States to focus on renewable energy permitting.

Senator TESTER and I introduced legislation to establish these offices, and BLM established them administratively in January. The offices would be funded with oil and gas royalties, to assure that they have the resources necessary to process the rapid influx of applications.

Second, let me discuss financing.

The amendment would also modify the title 17 renewable loan guarantee program so that it may guarantee loans for emerging renewable technology, not just ''commercial'' technology.

Solar thermal facilities, the most advanced wind turbines, and enhanced geothermal projects are often the most economical renewable projects available, but they are considered emerging because they are the first of their type in the world.

The loan guarantee program in this legislation would exclude them. This change allows them to compete with wind projects.

Finally, let me explain the need for a grant program to replace the current tax credit system.

The amendment would establish a DOE grant program for renewable energy development. Grants would equal the value of the solar investment tax credit or the renewable production tax credit, which it would replace. For the next 2 years, renewable projects could claim the grants at a time when tax equity markets simply cannot support significant renewable energy production.

Last year Congress made a significant investment in solar and other renewable energy by passing a long term extension to the renewable energy investment and production tax credits.

But renewable energy companies must go to big banks—JP Morgan, Wells Fargo, or Bank of America—in order to use these tax credits, and today those banks don't have profits and are sending renewable developers away emptyhanded.

The ''tax equity'' market has gone from $5 billion to $2 billion in 1 year. One good wind developer recently told me he went to 42 banks and couldn't find a partner.

The few banks still in the business are increasing their profit margin. This is all transaction costs, benefiting the bankers and the lawyers who write these contracts but not renewable energy development. As the bank's cut goes up, the cost of renewable energy goes up as well.

As a result, solar and wind companies are contracting. Some have shut down, some have scaled back, but no one is building renewable energy infrastructure. We are losing both green jobs and the fight against climate change.

The DOE grants program in this amendment would replace the tax credits.

The shrinking tax equity market would no longer harm renewable energy developers, who could get back to the business of shifting the United States away from coal and gas towards renewable energy.

According to a study by Navigant Consulting in 2008, the 8-year extension to the solar investment tax credit should produce 276,000 jobs by 2016.

Mr. President, 150,000 of these jobs were forecast to be located in California. If the freeze in the available credit for solar project development is allowed to continue, not only will these jobs not materialize, but current ''green jobs'' will be lost.

This legislation provides some assistance to renewable energy, but without this amendment, I fear the bill will not have its intended effect of spurring immediate construction of renewable energy projects.

Right now renewable energy projects—which are massive capital investments—are not being built. Developers face a series of problems: Many projects await permits from DOE, the Forest Service, and the Department of Interior. Developers cannot use tax equity markets in order to utilize Federal tax credits, and without these tax credits, projects cannot secure private financing.

This amendment—put simply—addresses these three major challenges that prevent us from building renewable energy projects in the United States.

To address permitting, it establishes offices at BLM whose only job will be to evaluate and issue permit decisions.

To address the tax issue, this amendment creates a DOE grant program that should cost the Treasury nothing we didn't already expect to spend. But it will allow projects to proceed that would not be able to without it.

Finally, to address the credit crisis, this amendment modifies the loan guarantee program to assure that innovative ideas also qualify.

I strongly encourage my colleagues to support it.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.

● Mr. KENNEDY. Mr. President, as we consider the provisions of this legislation that provide significant incentives for the adoption of health information technology I would like to take this opportunity to explain a seemingly technical element of the language. The term ''qualified electronic health record,'' as defined in section 3000 of the Public Health Service Act, as added by section 13101 of the American Recovery and Reinvestment Act of 2009 is intended to include computerized provider order entry systems. Such systems are electronic records of health information on an individual. They include patient demographic data and health information, such as medical history and problem lists, including patient age, gender and allergy information as well as laboratory reports. Computerized provider order entry systems also have the capacity to provide clinical decision support such as medication dosing and interaction alerts, to capture and query information related to health care quality such as changes in laboratory values, and responses and reaction to medications, and to exchange electronic health information with, and integrate such information from other sources such as medication lists from a pharmacy or clinical information from a provider practice. Of course, the end goal is development and implementation of comprehensive, integrated electronic health records, and computerized provider order entry systems are an important intermediate step.●

Ms. SNOWE. Mr. President, I rise today, at this most consequential of times, in support of the amendment that I have submitted, together with Senator PRYOR, on behalf of our Nation's struggling communities that are negatively affected by base closures or realignments. During even the best of economic times, the closure or realignment of a military base can devastate a local economy. With the gravity of our economic circumstances—the most dire we have witnessed since the Great Depression—it is more difficult than ever for these communities to redevelop and stem job losses.

My amendment would recognize that communities affected by base closures and realignments face particular challenges in this dismal economy and therefore special consideration should be given to provide assistance and relief under this stimulus act to those communities. I must point out that this amendment would not create a preference or entitlement, but would remind all of the critical need to help communities impinged by the closure or realignment of military installations.

For instance, with the closure of Naval Air Station Brunswick, NASB, in my home State of Maine, the entire midcoast region of Maine will experience profoundly negative economic consequences attributable to an estimated loss of 6,500 jobs and $140 million in annual income. Given these challenging economic times, it is imperative that we make every effort to foster redevelopment in communities affected by base closures.

I respectfully ask my colleagues to support this amendment.

Mr. President, I wish to speak about an issue of regional equity with regard to the recovery package and specifically about our forestry programs. I strongly believe that in order for our forest economies to work we must collaborate on national forestry whether it is Federal lands, or private lands. I am concerned that this proposal will strongly benefit one region with Federal lands over those with private lands and strongly urge leadership to overhaul the structure of this proposal with regard to our forest economies.

Our Nation's forests are a strategic national resource which span from Maine to California and Alaska to Puerto Rico. Over 60 percent are in private ownership. In order to provide regional equity, it is important that within the broad categories of construction and wildland fire management, flexibility will be provided to address a wide range of actions all aimed at stimulating the Nation's economy. These include maintaining and enhancing the Nation's forest products industry; hazardous fuels reduction; improvements in forest health; wood-to-energy grants; rehabilitation and restoration activities on Federal, State, and private lands; assisting State and local fire agencies responsible for wildfire preparedness and suppression, and urban and community forest enhancements.

These activities can be accomplished through existing State and private forestry authorizations and programs. In order to address current economic conditions, I believe this economic stimulus bill should not require any matching funds and shall seek to maximize economic activity, job retention, and creation.

I look forward to working with the Appropriations Committee chair on this critical issue.

Mr. President, as ranking member of the Senate Committee on Small Business and Entrepreneurship, I wish today, with Senator LANDRIEU, to file this bipartisan and commonsense amendment that would strengthen the innovative opportunities of small businesses who participate in the Small Business Innovation Research, SBIR, and Small Business Technology Transfer, STTR, programs and help them receive funding provided in the American Recovery and Reinvestment Act of 2009, H.R. 1.

Our amendment would require that any qualifying participating Federal agency allocate a percentage of its research and development funding gained from this economic stimulus bill to their respective SBIR or STTR programs. The SBIR and STTR programs award Federal research and development funds to small businesses to encourage them to innovate and commercialize new technologies, products, and services. These programs provide more than $2 billion in Federal research and development funding each year to small businesses, and the benefit to my State of Maine cannot be overstated. According to the most recent data, in fiscal year 2005, Maine's technology-based small businesses received more than $4.5 million in SBIR total awards.

Since the SBIR program was created, small hi-tech firms have submitted more than 250,000 proposals, resulting in more than 60,000 awards worth approximately $19 billion. At a time when our national economy is flagging due to failing financial markets and a correcting housing market, the SBIR program is more essential than ever, if we are to capitalize on the groundbreaking capacities of our Nation's pioneering small businesses.

Now, more than ever, we in Congress must do everything within our power to help small businesses drive the recovery of our economy. It is imperative that we do everything we can to stimulate our economy and the small-tech firms of this Nation can help lead the way.

Mr. President, I urge my colleagues on both sides of the aisle to support this amendment and to provide all innovative small businesses with opportunities to grow our Nation's innovative infrastructure.

Mr. President, the Tax Code currently requires small business owners to prepay their income taxes on a quarterly basis. To determine what is owed, the owners calculate 110 percent of the previous year's tax liability and then pay one-fourth of that amount each quarter of the following year.

The purpose of requiring businesses to pay 110 percent of the previous year's tax liability is so that the government is sure to collect the taxes owed, even when businesses are growing. Unfortunately, our economy has been in a recession and climbing out of it is not likely to be quick. We are in a credit crunch and the cash flow of American businesses is slow. Because of the recession and the credit crunch, the overpayment of quarterly income taxes by America's small businesses is both unnecessary and harmful.

It is unnecessary because in this recession there will be few businesses that meet the hurdle of a 10-percent rate of growth to match a 10-percent overpayment of taxes. Perhaps bankruptcy lawyers will be able to meet or exceed this growth target, but having the Tax Code push more customers their way is what I would like to avoid. Having small business owners pay 110 percent of their 2008 tax liability imposes one more cash flow burden that I fear could push small businesses into dire straits.

Paying 10 percent more taxes than were owed for 2008 imposes a significant cash flow burden on small business. This additional tax is likely to end up as an interest free loan to the U.S. Government because the excess tax will be refunded after the 2009 return is filed. It makes no sense for small businesses to be floating the government an interest free loan at a time when we are trying to find ways to alleviate their cash flow troubles and find ways to create or maintain jobs.

I will offer an amendment to help small businesses with their cash flow and not require them to give the government an interest-free loan in 2009. The amendment is written so that on a quarterly basis, individuals who earned less than $500,000 in 2008 and, earned more than half of their income from a business with 500 or fewer employees, would certify to this information on their quarterly return. Then they would be allowed to make quarterly payments of only 75 percent of their 2008 tax liability, rather than 110 percent. There are small business owners who make less than $150,000 who are required to prepay 100 percent of the previous year's liability who will also be allowed to make quarterly payments of 75 percent of the previous year's liability.

Small business owners are most often taxed as sole proprietorships, subchapter S corporations or partnerships. In any of these forms of ownership, the business income is reflected on each individual owner's taxes. The amendment helps small business cash flow by not forcing the business to make bigger distributions to help pay bigger quarterly tax bills. Not every investor in a partnership or a subchapter S corporation is making their living running the business but this amendment tries to get to those who need it most by requiring more than half of a taxpayer's income must be from businesses that have fewer than 500 employees.

For businesses, like bankruptcy lawyers, who know they are having a banner year, my amendment is silent. I do not require that they withhold only 75 percent. They are free to continue voluntarily sending more to the IRS to cover their expected good earnings and increased tax liability.

I do not have an estimate of the cost of this amendment from the Joint Committee on Taxation. However, I

would expect the revenue estimate to be modest since this is a 1-year cash flow difference between taxes due quarterly during 2009 and the final tax bill that is due in 2010. Since the 110 percent payments would have likely resulted in tax refunds in 2010, I wouldn't expect there to be much revenue lost.

I urge my colleagues to support this amendment.

Mr. President, I wish to speak on amendment No. 539 I am offering which could help to steer our economy toward economic recovery. There is no question that America's small businesses are the engine that drives our Nation's economy, constituting 99.7 percent of all employer firms, employing nearly half of the private sector workforce, and create three-quarters of net new jobs annually over the last decade. If an economic stimulus plan is to succeed, it must include a sharp focus on job creation by small businesses. To that end, I humbly request that my colleagues support this noncontroversial amendment that will ensure small businesses—our Nation's true job generators—will not be shortchanged at a time when the economy is struggling to grow and create jobs.

Mr. President, my amendment builds upon this initiative to underscore the economic value of small businesses in Federal agencies across the board. This measure would mobilize existing Federal loan guarantee programs by requiring the heads of key agencies, including the Department of Agriculture; the Department of Energy; the Department of Homeland Security; the Department of Labor; and the Environmental Protection Agency, to work with the Administrator of the SBA to the maximum extent practicable, to guarantee robust small business participation in each agency's respective loan programs.

As ranking member of the Senate Committee on Small Business and Entrepreneurship, I wholeheartedly believe that small businesses play a central role in our economy and that the Federal Government should foster a nurturing entrepreneurial environment that fully equips our small businesses with the tools not just to mitigate and stem this economic crisis, but to be a catalyst for helping to address and ultimately solve it.

That is why Senator LANDRIEU, the new chair of the Small Business Committee, and I have called on President Obama, in a joint letter we sent on January 29, 2009, to sign an Executive order to elevate the Administrator of the Small Business Administration, SBA, to Cabinet-level status within the first 100 days of his administration.

This designation will send a clear signal that small business will drive our Nation out of this recession. The SBA is the primary agency within the Federal Government tasked with the responsibility of assisting small businesses, and it should have a seat at the table when it comes to revitalizing the economy, a top national priority. Frankly, in the past, the Federal Government has neglected to place enough emphasis on the resources and programs that could benefit America's 26 million small businesses.

The present economic crisis presents an opportunity to get capital now to small businesses so they can create jobs now. This amendment would take the swiftest path by mobilizing presently existing, presently funded Federal programs that have already been authorized by Congress, to include the interests of small business in their loan programs.

I respectfully ask my colleagues on both sides of the political aisle to support this amendment to facilitate the strength of small businesses in helping our Nation create jobs and grow during this economic crisis.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.)

HEALTH INFORMATION TECHNOLOGY

● Mr. HATCH. Mr. President, I would like to ask a question through the Chair to my good friend from Massachusetts, Senator KENNEDY. Is my friend aware that the legislation before us today, the Economic Recovery and Reinvestment Act of 2009, contains a provision which would establish the Office of the National Coordinator for Health Information Technology within the Department of Health and Human Services and instruct the National Coordinator to support and facilitate the use of electronic health records for Americans?

Mr. KENNEDY. That is correct. There are a few provisions in the legislation that address this issue directly. Subsection 3001(c)(3)(A)(ii) of the bill tasks the national coordinator with updating the Federal Health IT Strategic Plan to include specific objectives, milestones, and metrics with respect to ''the utilization of an electronic health record for each person in the United States by 2014.'' Subsection 3001(c)(6)(E) requires the national coordinator to ''estimate and publish resources required annually to reach the goal of utilization of an electronic health record for each person in the United States by 2014, including the required level of Federal funding, expectations for regional, State, and private investment, and the expected contributions by volunteers to activities for the utilization of such records.'' In addition, subsection 3002(b)(2)(B)(iii) of the bill designates the Health Information Technology Policy Committee with the task of making recommendations to the national coordinator for the ''utilization of a certified electronic health record for each person in the United States by 2014.''

Mr. HATCH. It will come as no surprise to anyone to know that many Americans will be skeptical of the creation of a national database and central repository of health records. Indeed, one group which is particularly concerned with this provision would be those who do not use medical treatment or interact with the health deliver services in this country. Therefore, I would again ask my friend, through the chair, does the language in these subsections attempting to establish ''the utilization of an electronic health record for each person in the United States by 2014'' require those who do not use medical treatment to go to a doctor for a physical examination in order to have an electronic health record created?

Mr. KENNEDY. No, it does not. Nothing in this bill should be interpreted as requiring those who do not use medical care to have an electronic health record, or requiring any individual to have an electronic record. The intention is that the national coordinator will work towards the goal of having all patients that utilize the services of ''health care providers,'' as defined in this act, to have available to them records in an interoperable electronic format instead of merely in paper form by the year 2014. Those who do not receive care and services from ''health care providers'' will not be required to have an electronic health record, nor will any individual be required to have an electronic medical record. This bill does not require the use of electronic medical records, but seeks to make such records more broadly available.●

DIRECT AND GUARANTEED FARM OWNERSHIP AND OPERATING LOANS

Mr. FEINGOLD. Mr. President, while the current economic downturn did not begin in rural America, the full brunt of the impact is certainly being felt by many of our farmers and small rural communities now. The dairy sector has been especially hard hit in Wisconsin and across the Nation as evidenced by a call last week for the USDA to take additional actions to help remove a surplus of dairy products from our markets in a letter led by the senior Senator from Wisconsin and myself and signed by 33 other Members including the distinguished chairman of the Agriculture Committee. A provision in the current legislation also takes another important step to help soften the landing for farmers facing drops in the prices they receive of approximately 50 percent as we are seeing in dairy over the recent months. I am very appreciative of the fact that the Appropriations Committee includes critically needed farm loan funding for direct and guaranteed ownership and operation loans for our Nation's family farmers who are struggling along with everyone else through this economic recession. It is critical they get access to the financing they need to stay in business and keep their operations intact. It is my assumption that the interest of both the Appropriations and the authorizing committee in having this farm loan funding in the bill is to ensure that current farming operations and facilities can continue to operate and that small family farms and beginning and minority farmers have access to capital to secure new farming opportunities. I also think it is important to

ensure that USDA loan programs such of these do not inadvertently encourage expanded production in sectors of agriculture, including dairy, where prices are depressed and farmers are trying to cope with revenues below the cost of production prices. I hope to continue to work with the chairman of both the Agriculture Committee and Agriculture Appropriations Subcommittee to oversee the utilization of these funds to minimize any inadvertent negative effects if they exist.

Mr. KOHL. I appreciate my colleague's remarks. I was pleased to collaborate with him on the dairy letter he just referenced, and I am glad to note his support for the work the committee has done to address the credit demands confronting family farmers. My expectation is that the USDA will utilize these resources in accordance with the programs and priorities set forth in the farm bill. Family farming and ranching businesses are facing many of the same challenges confronting our broader economy and the operating and farm loans contemplated under the bill are extremely important.

Mr. HARKIN. I would like to first thank the distinguished chairman of the Agriculture Appropriations Subcommittee for working to include Farm Service Agency loan program money in this bill. In the coming months farmers will be applying for operating loans for the spring planting season. They will face tighter credit standards from lenders. Some farmers who were eligible for commercial credit last year may not be eligible this year.

Access to adequate and affordable credit is vital to our Nation's farmers and ranchers—particularly now. Like many people across the Nation, farmers are feeling the impact of the economic downturn. The decline in commodity prices, high input costs, and declining exports have significantly strained producers' fiscal circumstances. It is important the money provided in this bill be used in accordance with the priorities established in the farm loan programs and focus on those eligible borrowers who are struggling to maintain their farming operations.

Regarding the recent sharp decline in dairy prices, I was pleased to work my colleagues on the letter to Secretary Vilsack to help remove a surplus of dairy products from the markets which they have both mentioned.

COMPARATIVE EFFECTIVENESS RESEARCH FUNDS

Mr. BAUCUS. I understand Senator ENZI has comments regarding the provisions for comparative clinical effectiveness research included in The American Recovery and Reinvestment Act of 2009 which is being considered in the Senate this week.

Mr. ENZI. I thank the Senator. It is my understanding that the American Recovery and Reinvestment Act of 2009 has in its health provisions $1.1 billion in new funds for comparative clinical effectiveness research. This is an important issue to me as HELP Committee ranking member. I am pleased to see that in its consideration of this bill, the Appropriations Committee made sure this research will evaluate comparative clinical effectiveness, not comparative cost-effectiveness. In addition, the committee's report language references provisions of the existing comparative effectiveness research program at HHS that ensure that the agency developing comparative information does not use it to set national practice standards or coverage restrictions. I also believe that comparative effectiveness research must be conducted using an open and transparent process, and must consider differences in how people respond to treatment. It is my understanding that the Comparative Effectiveness Research Act of 2008, which you introduced with Senator CONRAD last Congress, is consistent with these principles. I would like to see the $1.1 billion used consistently with these principles, and ask that you advocate for these principles in conference.

Mr. BAUCUS. I thank the Senator for his support of these principles. I agree with the Senator's summary of S. 3408, the Comparative Effectiveness Research Act of 2008, which would create a permanent institute to prioritize and provide for comparative clinical effectiveness research for the U.S. I support including short-term funds for such research in the American Recovery and Reinvestment Act. I applaud the Appropriations Committee for clarifying that research should evaluate comparative clinical effectiveness, not cost-effectiveness. And I agree that the $1.1 billion should be used consistently with the principles in S. 3408 from the 110th Congress. Senator CONRAD and I plan to reintroduce our bill because we still need a long-term framework for this type of research in the U.S.

Mr. CONRAD. I thank Senator ENZI for his support of these principles. Comparative clinical effectiveness research needs to be a permanent part of our health system. It is one of the ways we will improve health care for all Americans. I look forward to working with him on this effort.

Mr. MENENDEZ. I appreciate the remarks of Senator ENZI. Comparative effectiveness research should focus on clinical outcomes and produce information that patients and providers can use to make better decisions about their treatment options. I look forward to working with my colleagues on this important issue.

Mr. CARPER. Like my colleagues, I support comparative effectiveness research that builds on the principles set forth in S. 3408 from the 110th Congress. Clinical comparative effectiveness research has the capability of improving health care quality by advancing evidence-based decisionmaking in our health care system. I look forward to working with my colleagues on this important issue.

Mr. HATCH. I agree that the primary focus of comparative effectiveness research should be clinical effectiveness not cost. We can all agree that the ''one size fits all'' approach is the wrong approach for the American health care system. Based on our own personal experiences we all know that what works best for one person, does not always work the same for another. I look forward to working in a bipartisan and inclusive manner to come up with prudent legislation that will not only help us realize the true potential of comparative effectiveness but also preserve patient choice and innovation—the two hallmarks of our health care system.

Mr. ROBERTS. I would associate myself with the remarks of Senator ENZI, and would underscore that it is very important to require full openness, transparency and accountability in how research priorities are set and how studies are conducted and communicated. Without this openness, patients have no assurance that their voice will be heard in the process, and no ability to understand how results are being used in decisions that directly affect their health. I look forward to working with my colleagues to ensure that strong provisions for openness, transparency, and accountability are put in place.

Mrs. FEINSTEIN. I thank my colleagues for their efforts on this issue. I agree that comparative effectiveness research holds great promise to improve medical care by giving physicians and patients valuable information on treatment options.

It is my understanding that the new Federal coordinating council included in the language is intended to coordinate the comparative effectiveness research efforts taking place across Federal agencies and with funds we are providing in this bill. However, there is some concern that the language, as currently written, allows the council to expand its activities beyond mere coordination. I think my colleagues would agree that the purpose of the council is to coordinate comparative effectiveness research activities with the goal of reducing duplicative efforts and encouraging coordinated and complementary use of resources.

Mr. BAUCUS. I thank Senator FEINSTEIN for pointing that out. I agree. The coordinating council should look across agencies to coordinate resources and activities of the federal government with respect to comparative effectiveness research. Its charge should not go beyond that. The language of the bill could be clarified to make that point clear. And I will support clarification of it in conference.

WORKFORCE TRAINING

Mrs. MURRAY. Mr. President, I would like to engage my good friend, the Senator from Iowa and the chairman of the Subcommittee on Labor, HHS, and Education Appropriations in a colloquy.

I would like to take this opportunity to commend my good friend on his strong support for the education and

training of America's workers. As you know, I serve as chairman of the Senate Subcommittee on Employment and Workplace Safety. The Senator and I have worked together on many initiatives on behalf of our workforce. That is why I would like to clarify certain provisions contained in the bill before us today that pertain to job training for U.S. workers.

First, is it the Senator's understanding that the additional funding provided through the Workforce Investment Act formula grants for adults and dislocated workers will be used predominantly for the direct delivery of services to those who are the most heavily impacted by this recession—the unemployed and the underemployed?

Mr. HARKIN. Yes, the Senator's understanding is correct. I included a provision in this recovery bill that reinforces the requirement in the WIA to use adult State grant funding to serve certain priority populations, such as those with low incomes or on public assistance. I believe that we should target these funds on the delivery of services to those who have been adversely impacted by our recent economic crisis. I also believe local workforce boards should utilize existing authority to support needs-related payments to help engage individuals in training, if such support is appropriate and effective.

Mrs. MURRAY. Is it also the Senator's understanding that the most innovative strategies with proven effectiveness in putting people back to work in high demand occupations, including sector-based and career pathways initiatives that are focused on green jobs, health care and other viable industries, should be utilized to the extent possible in carrying out the delivery of these employment and training services?

Mr. HARKIN. Absolutely, it is essential that the workforce services provided through this legislation, are delivered through the most effective means possible, ensuring that the unemployed and underemployed are provided with relevant employment and training assistance that will enable them to find good, family sustaining jobs. It is also essential that these programs provide the skills that are relevant to local and regional employers that will help to rebuild our regional and U.S. economies.

Mrs. MURRAY. As my friend from Iowa knows, older workers have been particularly devastated by our current economic downturn. A recent Urban Institute publication reported that job loss for older workers is at a 31-year high. Is it the intent of this legislation that older workers will be a key population targeted for services with these additional resources?

Is it further the understanding of the chairman that funding under the adult formula grants will focus on serving individuals with multiple barriers to employment, particularly those with low skill levels, to obtain the education, skills training and support services they need to obtain jobs in high demand occupations, particularly in green jobs, healthcare, and other viable industries?

Mr. HARKIN. The Senator is correct. As chairman of the Labor Appropriations subcommittee, I supported the $120 million in the recovery bill for the senior community service employment program. These funds will support employment and training opportunities for low-income, older Americans. The funds benefit both older Americans hurt by the current economic crisis and community service organizations struggling to keep up with increased demand under decreasing budgets.

Individuals with multiple barriers to employment, including older workers, those with low skill levels, and individuals with disabilities, should indeed be an important focus of services for the funding provided to the Department of Labor. Offering these workers, particularly low skilled workers, the tools they need to secure good jobs in new or growing industry sectors can help them enhance their quality of life and achieve economic self-sufficiency as a member of the middle class.

Mrs. MURRAY. With regard to the funding for youth activities under the legislation, is it the Senator's understanding that in addition to summer and year-round employment opportunities, this funding may be used to provide related educational enrichment, including remediation, skills training, and supportive services that enable participants to work in high demand occupational areas, such as in the green jobs and health care industries, with the goal that such employment and enrichment activities will lead to further education or employment?

Mr. HARKIN. The Senator is correct. While the primary purpose of this funding is to provide meaningful paid work experiences for at risk youth, educational enrichment, necessary skills training, and support services that enable young people to participate and succeed in these and future endeavors are necessary and fully support the intent of the legislation.

Mrs. MURRAY. In the workforce provisions under consideration, we provide that training may be provided for jobs in high-demand occupations, through the award of contracts to institutions of higher education, as long as a customer's choice is not limited. Is it the Senator's understanding that such training may include the provision of adult basic education or English language education services, as long as these services are provided in connection with a job for which the individual is preparing? Is it the Senator's further understanding that these services may be provided through community colleges and other high quality public programs that offer postsecondary education and training within a community or region?

Mr. HARKIN. My colleague is correct. This provision was included in the recovery bill to facilitate the use of funds provided to train individuals in the areas needed in their local community. It would be my expectation that a very significant portion of the funds provided would be spent quickly and effectively in training individuals in health care and other high-demand occupations, as well as emerging ''green'' industries.

INVESTING IN AMERICA'S WORKERS

Ms. STABENOW. Mr. President, I would like to engage my friend and colleague, the Senator from Washington State, in a colloquy.

I want to commend my good friend's work on behalf of America's workers, including the growing number of workers who have lost their jobs and need skill training and other services to secure good jobs in new or viable industries, including those that are retrofitting themselves to improve longer term global competitiveness. These industries promote energy efficiency, energy conservation, and environmental protection in such industries as advanced manufacturing, auto, aerospace, health care, and others.

As Senator MURRAY has rightly stated during conversations on this recovery bill, investing in job creation should be accompanied by investments in workers, an essential component to strengthening our Nation's productivity and long-term competitiveness. These workers include the increasing number unemployed or underemployed individuals across the country and the thousands of manufacturing workers who have lost their jobs, such as those in the aerospace industry and the automotive industry. In her role as chairman of the Senate Subcommittee on Employment and Workplace Safety, we have worked together to help workers, particularly those in distressed industries, acquire the skills they need to secure family-supporting jobs in viable and emerging industries including the energy efficient and advanced drive train vehicle industry, the biofuels industry, and the energy-efficient building, construction, and retrofits industries. That is why I would like to clarify several provisions contained in the bill before us today that pertain to job training for workers. As the Senator knows, my home State of Michigan has experienced major economic dislocations from manufacturing plant closures and industry layoffs.

I would like to first ask the esteemed Senator from Washington State if it is her understanding that worker training in these industries would be eligible for consideration by the Secretary of Labor under the national emergency grant and competitive grant funding sections of the workforce provisions of this bill?

Mrs. MURRAY. Yes, the Senator from Michigan State is correct. It is my understanding that the Secretary of Labor will use these funds to help retool workers who have lost their jobs due to the recession and declining industries, including those in the green-

collar industries the Senator mentioned.

Ms. STABENOW. Is it also the Senator's understanding that the most effective strategies in helping workers maintain and secure new jobs in emerging and viable industries, including the energy efficient and advanced drive train vehicle industry, the biofuels industry, the energy-efficient building, construction, and retrofits industries, and the aerospace industry are those supported by strategic partnerships among State and local workforce boards; institutions of higher education, including community colleges and other training providers; labor organizations; industry; and economic development entities that use sector or cluster-based training approaches for developing job training strategies and career pathway initiatives that lead to economic self-sufficiency?

Mrs. MURRAY. The Senator from Michigan is correct and makes an important point. Effective strategies for helping workers retool for jobs in viable industries should be informed by the critical stakeholders she noted. It is my hope that when distributing these funds, the Secretary of Labor gives due deference to those eligible entities with strategic partnerships among representatives from the affected industries, labor organizations, workforce investment boards, elected officials, and institutions of higher education, including community colleges and other training providers.

Ms. STABENOW. I would like to thank my distinguished colleague from Washington. I look forward to working with her in the future to ensure that investing in America's workers remains a critical component of our national economic recovery and growth strategy.

LONG-TERM CARE

Mr. WYDEN. Mr. President, I wish to enter a colloquy with my good friend, the Senator from Montana, and the senior Senator from Wisconsin, one of the chief authors of this amendment and the distinguished chair of the Special Committee on Aging. I would like to talk about the importance of investing in the long-term care workforce in order to provide good care for seniors and the disabled. Specifically, I would like to discuss the inclusion of long-term care reforms in the health reform bill.

Chairman KOHL and I have worked together on the Long-Term Care Worker Recruitment and Investment Demonstration Program Amendment to the American Recovery and Reinvestment Act of 2009 because direct care jobs are a 21st century growth industry. With the aging of the baby boomer generation, this workforce will need to grow substantially if we are to meet the coming demand for both medical and nonmedical support services delivered in the home and in small community residences, as well as in more traditional nursing homes and assisted living facilities. However, today, we are not on track to achieve this goal.

In order to meet the future health needs of older adults and recruit and retain a stable and competent long-term care workforce, the Congress, State governments, and the Obama administration need to work together.

Mr. KOHL. We already have a shortage of health care workers who are trained and devoted to caring for older Americans and those with disabilities—a fact that is well documented in the report issued by the Institute of Medicine last year. This shortage is one that will only grow more desperate as our country ages rapidly. The United States will not be able to meet the approaching demand for health care and long-term care without a workforce that is prepared for the job.

Between 2005 and 2030, it is estimated that the number of adults aged 65 and older will almost double from 37 million to over 70 million, increasing from 12 percent of the population of the United States to almost 20 percent of the population. So it is not surprising that the Department of Labor's Bureau of Labor Statistics predicts that personal or home care aides and home health aides will represent the second and third fastest growing occupations between 2006 and 2016.

Only last week, the New York Times published an editorial concluding that, ''With more jobs being lost all the time across the board—more than 71,000 layoffs in the United States were announced on Monday and Tuesday alone—there should be comfort in the fact that one sector, health care, continues to add jobs.'' I will ask to have this editorial printed in the RECORD.

Government has a special obligation to care for vulnerable populations. Inadequate training in geriatrics, gerontology, chronic care management, and long-term care is known to cause misdiagnoses, medication errors, and inadequate coordination of services and treatments that result in poor care and are costly for the health care system as a whole. Yet personal and home care aides are not subject to any Federal requirements related to training or education, and States have very different requirements for this key part of the direct care workforce. Furthermore, Federal training requirements for nurse aides and home health aides have not been updated for more than 20 years. It is time to review and improve training standards for all direct care workers. Current training protocols focus too much on tasks and too little on teaching how workers can deliver person-centered care. Further, often training does not reflect the increasingly complex needs of the frail elderly. Inadequate training has been found to be a major contributor to high turnover rates among direct care workers, while more training is correlated with better staff recruitment and retention.

Equally important, the IOM report recommends that State Medicaid programs increase pay and fringe benefits for direct care workers. Investment in direct care jobs would significantly benefit our economy by providing greater economic opportunity to low-income workers, while also strengthening health services for our aging and disabled family members and friends.

Mr. WYDEN. Long-term care is in need of rethinking. Right now it is a form of Russian roulette for many Americans who pray they can avoid it, and with it a fatal financial bullet. Under the current system, we are sending older Americans into a long-term care system that is more fragile than they are. States are staggering under the weight of projected Medicaid long-term care costs and fear that they will face economic calamity as their baby boom population begins to need services. Similarly, the staggering weight of family caregiving for many ''sandwiched'' adult children, who are caring for their children as well as their elderly parents with serious health problems, makes some family members feel like they are staggering too.

Every 15 years, since the days of Harry Truman, health care advocates have woken up, looked around, and said, ''This is the moment. This time my dream of universal health care will be achieved.'' Then something goes wrong. That vision is not returned by the powers that be, and the dream of finding a health care solution is dashed on the rocks of harsh reality.

That 15-year reawakening is upon us again, but this time I believe this story might have a different ending because of the leadership of the Senator from Montana and the commitments of Chairmen KENNEDY and KOHL and President Obama.

As we work together to tackle health reform and entitlement reform, I want to work with you and Chairman KOHL to include thoughtful health care workforce reforms. Long-term care has been too often overlooked as the health care stepchild, and as we move into what I and many experts think will be our next real window for health reform this year, it will be important to make sure that long-term care is not left behind in the health reform debate.

Mr. BAUCUS. I agree with my distinguished colleagues that as we work to reform our health care system it is important to consider how the health care workforce fits into these efforts. Creating a strong, well-trained workforce is a critical part of adequately addressing the needs of older adults and individuals with disabilities. An estimated 69 percent of people turning 65 years old will need some form of long-term assistance as they age. Most individuals that need long-term care services and supports prefer to receive assistance in their homes or communities. This demand and the need for direct care professionals will only grow as the baby boom population turns 65.

Various studies suggest present and future shortages of paraprofessionals and health care professionals. Effective recruitment and retention strategies are needed. Training programs should be designed that address the competencies required of a 21st century

workforce. As part of this effort we also should look at the skills of those currently delivering long term care services.

The purpose of health reform is to achieve a high-performing health system. Achieving this goal requires an investment in our health professional and paraprofessional workforce.

Mr. WYDEN. I thank the chairman for his recognition of this important issue. I look forward to working with him during our consideration of health care reform this year.

Mr. KOHL. I thank Senator WYDEN and Senator BAUCUS for their attention to these important policies and look forward to working with them in the weeks ahead.

Mr. President, I ask unanimous consent that the editorial to which I referred be printed in the RECORD.

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

[From the New York Times; Jan. 28, 2009]

CARING FOR THE CAREGIVERS

With more jobs being lost all the time across the board—more than 71,000 layoffs in the United States were announced on Monday and Tuesday alone—there should be comfort in the fact that one sector, health care, continues to add jobs. In December, employers added 32,000 health-related positions.

Unfortunately, one of the fastest-growing areas within the health care field—home care for the elderly—also is one of the lowest paid and most exploitable.

Outdated labor rules from 1975 allow home care aides to be defined as companions, which exempts their employers, usually private agencies, from federal standards governing overtime and minimum wages. As the population has aged, however, demand for home care has grown and the work has evolved far beyond companionship. It is not uncommon for home care workers to perform significant housekeeping chores and to help their elderly clients move, dress and eat, make sure they take their medicines and go to doctors' appointments.

In its last days in office in 2001, the Clinton administration proposed a revision to the labor rules to allow federal protections to apply to personal home care aides, but the Bush administration promptly threw that out and reasserted the status quo. A 2007 Supreme Court ruling upheld the rules, and a push that year by House and Senate Democrats to pass a bill to update the law went nowhere.

According to the Labor Department, personal and home care aides are expected to be the second fastest-growing occupation in the United States from 2006–2016, increasing by 51 percent, slightly behind the expected growth in systems and data communications analysts.

Most home care aides are women, low income and minority, and many of them are immigrants. Some states have taken steps to provide them with basic labor protections. Efforts to unionize home care workers in some states also has led to wage gains and better conditions. But the progress is incomplete without a federal law to recognize and protect the home care work force. It is unconscionable that workers who are entrusted with the care of some of the nation's most vulnerable citizens are themselves unprotected by basic labor standards.

It is also unwise, because poor pay for long hours leads to high turnover, which undermines the quality of care. Turnover also drives up the cost of providing home care—a needless drain on Medicaid, which pays for many home care services. And that is not the only way that poor quality home care jobs end up costing taxpayers. Nearly half of home care workers rely on food stamps or other public assistance, so taxpayers ultimately compensate for their low pay and inadequate benefits.

Of necessity, job creation and job quality will be the focus of the Obama administration in 2009, and, most likely, for many years. The Department of Labor could rewrite the rules to extend federal protections to home care workers. Or Congress and the White House could work together to pass a law granting those protections. Either way, the point is to ensure that home care, a 21st-century growth industry, creates good jobs.

TRIAL PROJECTS

Mr. LEVIN. Mr. President, as the Senate works to boost our ailing economy, I want to clarify that funding provided to the National Park Service for trail projects would not be limited to only certain trails. The bill provides $158 million for the operation of the National Park System, of which $23 million is recommended in the report for deferred maintenance of trails. I understand this funding could be used for any trails in the National Park System, including the eight National Scenic Trails. Is that correct?

Mrs. FEINSTEIN. That is accurate. The $23 million in funding for trail maintenance could be used for any of the eight National Scenic Trails in this country. Many of these trails are in disrepair, have unsafe crossings and uncompleted sections that could be repaired with this funding, creating jobs and generating economic value for surrounding communities.

Mr. LEVIN. The North Country National Scenic Trail, the longest scenic trail designed in America, traversing seven States including the State of Michigan, has great needs and could use the funding provided in this economic recovery package. In Michigan alone, the North Country National Scenic Trail has maintenance needs totaling $2.5 million that have been postponed for too many years. These trail upgrades and maintenance projects would put people to work right away and spur additional economic activity. I was concerned the report accompanying the economic recovery bill could be misinterpreted to limit this funding to so-called units of the National Park System. Only three of the eight National Scenic Trails have unit status, and limiting funding in that way would be arbitrary and unfair. I believe this funding should be available for any NPS-administered National Scenic Trail, whether designated as a unit or not, for trail construction, rehabilitation and maintenance. Is that the Senator's intent as chairman of the Interior Appropriations Subcommittee, and I believe the sponsor of the language?

Mrs. FEINSTEIN. Yes, that is our intent. All of the National Scenic Trails would be eligible for this funding, which would create jobs, generate economic value, and provide healthy recreational opportunities.

Mr. LEVIN. I thank Chairman FEINSTEIN for including this funding and clarifying its use.

WASTEWATER INFRASTRUCTURE FUNDING

Mr. BROWN. Mr. President, at this time I would like to discuss a letter Senators WYDEN, FEINGOLD, MCCASKILL, SCHUMER, LEVIN, STABENOW, and I sent to the Appropriations Committee arguing for an increase in wastewater infrastructure funding in this legislation. My colleagues and I believe it necessary to pay special attention to projects that are known as combined sewage overflows, or CSOs. As Senator FEINSTEIN knows, combined sewage overflows are very expensive projects that many of our nation's older sewer systems are required to complete in order to separate storm water run-off from sanitary sewer systems. In fact, our hard-pressed cities and small towns are facing billions of dollars in costs to address this problem.

We supported the infrastructure amendment offered by Chairman FEINSTEIN and Chairman MURRAY to add an additional $7 billion to the bill for clean and drinking water projects. We also strongly support the $4 billion included in the underlying bill for clean water infrastructure. Would Chairman FEINSTEIN agree that the U.S. Environmental Protection Agency should make funding for CSO projects one of its Recovery Act priorities?

Mrs. FEINSTEIN. First, I would like to commend my colleagues for bringing this important matter before the Senate. EPA estimates that combined sewage overflows are responsible for releasing more than a trillion gallons of untreated and undertreated wastewater into our Nation's water bodies every year. I believe that additional funding provided through the Recovery Act for the Clean Water State Revolving Funds program will help alleviate the combined sewage overflow problem. I share the Senator's belief that the EPA should strongly encourage the completion of combined sewage overflow projects and I look forward to working with the Senator to address this serious problem in the years ahead.

Mr. BROWN. We sincerely appreciate the Senator's leadership on this matter. In my State of Ohio over 80 communities, from small towns like Mingo Junction and Defiance, to big cities like Akron and Cincinnati, must invest over $6 billion to complete combined sewage overflow projects. Without assistance, ratepayers will be faced with skyrocketing bills, public health is at risk, and our lakes, streams, and rivers will remain polluted.

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

Mr. BAUCUS. Mr. President, I ask unanimous consent that at 1 p.m. today, the Senate proceed to vote in relation to the following amendments in the order listed; that no amendments

be in order to these amendments prior to the vote; with 2 minutes of debate prior to each vote, equally divided and controlled; with 10-minute vote limitations after the first vote in the sequence: Sanders amendment No. 330, as modified; Coburn amendment No. 309; Udall amendment No. 359; Coburn amendment No. 176.

Further, that upon disposition of the above-listed amendments, the Senate then consider the following amendments and that they be considered in rotating fashion back and forth to each side; that no amendments be in order to these amendments prior to a vote in relation to the amendments: Conrad-Graham No. 501; Dodd No. 145, and that when a vote is scheduled in relation to amendments Nos. 501 and 145, the vote would occur first on 501; Cantwell amendment No. 274, with the modification which is at the desk; Feingold amendment No. 485; Grassley amendment No. 297; Enzi amendment No. 293; Vitter amendment No. 107; Bunning amendment No. 531; Wyden amendment No. 468; and Thune amendment No. 538.

The PRESIDING OFFICER. Is there objection?

Mr. COCHRAN. Mr. President, there is no objection on this side. We appreciate the accommodations of the manager of the bill.

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

Mrs. LINCOLN. Mr. President, I wish to a say special thanks to Chairman BAUCUS as well as Chairman INOUYE. Having been given the task of working hard, their staffs have been amazing in coming together and trying to produce a package that will be a job creator, a stimulus to our economy, a recovery to the economic crisis we face in this great Nation. They have done a tremendous job with the time they have been given.

Of course, we are all here because we believe we have something to add to that process and to that solution. I come today to speak briefly about a couple of amendments I have.

Mr. President, I ask unanimous consent that Senator VITTER of Louisiana be added as a cosponsor of my amendment No. 199.

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

AMENDMENT NO. 199

Mrs. LINCOLN. The amendment I will be offering here today, along with Senators CORNYN, MURRAY, PRYOR, and VITTER, will bring relief to the forest products industry, which has been devastated by the downturn in the housing market.

My colleague from Tennessee has just spoken about the housing issue, the concerns we have there. Well, it has had a devastating effect on our timber industry as well. This industry is an integral part of the economy of many Southern and Northwestern States. In my home State of Arkansas, the forest products industry is a foundation of our economy, our culture, our way of life, and particularly those living in rural America.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I thank my good friend from Mississippi for that kind statement.

Mr. KERRY. Mr. President, would the Senator yield for purposes of a question?

Mr. BAUCUS. Absolutely.

Mr. KERRY. Mr. President, would it be in order at this point to lock in a time to speak after the tranche of votes?

Mr. BAUCUS. Mr. President, I suggest that we agree to 5 minutes in rotating fashion for each side and that Senator KERRY be first recognized after the votes.

Mr. KERRY. Are we limited to 5? Would it be possible to get 10 minutes?

Mr. BAUCUS. I will say 10 minutes. I want to hold it to four speakers until we get a better handle on what is going on.

Mr. KERRY. I appreciate that.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

More than 50 percent of Arkansas land is forested. Much of this is sustainably managed to create products we use every single day. In addition, there are jobs associated with the growing of the forests and the manufacture of these great products we manufacture here at home. More than 32,000 Arkansas men and women work in our woods and at our sawmills and our paper mills. These are good jobs located in our small rural communities, making a huge part of the fabric of this country. These are jobs that we must protect.

During this economic crisis, the forest products industry has suffered immensely. Since 2006, the industry has lost more than 181,000 jobs or roughly 14 percent of its workforce. The lumber side has been particularly hard hit, with a 20-percent drop in employment. In Arkansas, the impact has been even greater.

Our amendment will help our domestic timber industry remain competitive and will help ensure against further domestic timber manufacturing job losses. We are talking about job creation. We are talking about job recovery. We are talking about ensuring that we do not lose any more of these vital jobs in rural America that sustain this country.

It would extend provisions enacted in the farm bill set to expire this year which help large integrated and small family-owned companies, as well as the shareholders of timber REITs. In short, the amendment would provide a uniform 15-percent rate for cutting timber and additionally would reform the timber REIT rules.

This policy change has strong bipartisan support. It has passed the Senate in the past and will do a great deal to protect our timber jobs right here at home.

I urge my colleagues to join me in support of this amendment to protect the jobs we have in rural America in our timber and forest products industry.

AMENDMENT NO. 249

Mr. President, I would also like to touch on the second amendment I will offer. It is a 2-year, 5-percent rural home health add-on.

Access to health care, particularly in home health services that help keep chronically ill and disabled adults out of institutions, is a critical issue facing rural America. We put a benefit add-on to rural home health back in early 2000. We have lowered that add-on. But the fact is, it expired again on December 31, 2006, and has not been reinstated.

The National Association for Home Care and Hospice estimates that the 5-percent rural add-on would create approximately 2,500 jobs in rural America, not to mention the people who would be served.

In many rural areas, home health agencies are the primary caregivers for homebound beneficiaries who have limited access to transportation and other supportive resources. The negative effects of losing the rural home health add-on include agencies having to reduce their service areas and some agencies having to turn away high-resource-use patients.

Rural home health agencies are at a greater disadvantage than their urban counterparts. Rural agencies are often smaller, they have fewer patients. This means they have fixed costs that are spread over a smaller number of patients and visits, increasing overall per-patient and per-visit operational cost, not to mention the travel expenses, the input costs they have getting to these patients. With what we have seen in the increase in the roller coaster ride of gasoline prices, that also is added in. Rural agencies also have more difficulties hiring or contracting with rehabilitative therapists, requiring the use of nurses to provide these vital services. Given the nationwide nursing workforce shortages, rural agencies must offer competitive wages compared with hospitals and agencies located in urban areas in order to recruit and retain qualified workers.

This is about keeping jobs, making sure these jobs are in rural areas, but also servicing patients who truly need these types of services. These are great job creators, job sustainers, and great services to the people of this country.

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

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, how much time is remaining?

The PRESIDING OFFICER. There is 14 minutes remaining.

Mr. BAUCUS. Mr. President, I yield 4 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I thank the distinguished chairman of the Finance Committee. I have had very little to do with this bill in the sense of writing it. I think most of us feel somewhat the same way. I am growing increasingly concerned about the bill, as to whether it is really going to be a stimulus. I come from a State which has more people unemployed today than the population of a dozen States; a State where the breadlines are growing, where the need for assistance is growing, where the State has a huge deficit, where counties are unable to fund their operating maintenance, where all capital projects have stopped, and where the State is now furloughing employees. I think while we dither, Rome burns. This crisis is so multidimensional and the dominoes are falling so much more rapidly than any of us thought and they are pushed from so many different points.

The fact is that people cannot get credit—credit for your big corporations to open a new hotel; credit, if you are a small employer, to pay your payroll. Credit remains frozen. The housing crisis continues to work its problems.

What, in my view, a stimulus is not, candidly speaking, is a tax package. I do not believe in this economy tax cuts are stimulus. The current state of the package, as I understand it, is that tax cuts are roughly 40 percent of the package; 20 percent is local assistance, State and local assistance; 15 percent is safety net spending; 15 percent is infrastructure spending—that is all—and 10 percent is other spending.

I do not know how many jobs are going to come out of this because it is my belief that people's buying patterns have changed.

This morning, a number of my colleagues talked about a report from the Congressional Budget Office, and what they did not do is they did not quote from certain parts of it. I would like to quote on what they found. Here it is:

A dollar's worth of a temporary tax cut would have a smaller effect on GDP than a dollar's worth of direct purchase or transfers, because a significant share of the tax cut would probably be saved.

As a matter of fact, we have evidence of that. Last year, we approved more than $130 billion in tax cuts, primarily through a $600-per-person tax refund. After all of that money was spent in two tranches going out, there was little or no perceptible impact on the economy.

But we do not learn. In fact, study after study shows that upper income taxpayers are less likely to spend the refund checks they receive than those with low incomes.

According to a recent CRS analysis, tax cuts are likely to have a ''diminished stimulus effect.''

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

Mr. BAUCUS. Mr. President, I yield 1 additional minute.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mrs. FEINSTEIN. I point out that at the end of the day, I think there have been some significant layoffs. All along the retail industry, whether it is Starbucks or whether it is various retail establishments; like Gottschalks department stores—38 stores in California—going into bankruptcy; whether you have banks closing; whether you have Macy's laying off 10,000 people, buying patterns have changed. I read a study where people are not buying as much toothpaste. That is an indication that there is an angst out there, a worry about this economy.

The point of this package is to get jobs out to people. I reserve the right, at the end of the day, to vote against a package that I don't think puts those jobs out there. That is my point.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, in order to clarify some confusion that may exist as to what the proceedings are after the first group of votes, let me ask unanimous consent that the request I further propounded with respect to that period be vitiated. Instead, I ask unanimous consent that following the next group of votes, there be 20 minutes available, equally divided in the usual form, for debate only.

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

Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, the Senator from Iowa questioned State aid provisions in our substitute so I wish to take a few moments to explain them. When our country was founded, there was a great debate about the roles of the Federal and State governments, and our Founding Fathers debated which should be more powerful. Should it be the States or the Federal Government? Which should retain what privileges and how to ensure an effective union of the States? Alexander Hamilton, the first Secretary of the Treasury, advocated for the Federal Government to buy the States' Revolutionary War debt. The idea was controversial, but the merits of the proposal have proven sound.

In the year 1790, there were two main reasons he suggested the Federal Government assume State debt. First, the Federal Government was in a better position to issue and sell bonds to satisfy the debt. Second, the assumption of State debt would serve to rally local economic interests to promote broader national goals.

Many things have changed since 1790, but some things remain the same. During recessionary periods, State revenue suffers. Unlike the Federal Government, States must balance their budgets. Just as in 1790, the Federal Government was still in a better position to assume the debt.

These difficult times also call for unity among the States. Every State is suffering, but we must band together to help those among us who are worse off. We need to hold back our personal interests and focus instead on our national interests.

In addition to the arguments set forth by Hamilton over 200 years ago, modern economists tell us that State fiscal relief is an effective means to stimulate the economy. Economists also advise that targeted relief to those most in need—not based on circumstances of States' own making but based on true measures of distress—is the best measure of distribution. The bill before us today provides much-needed relief to every State with a temporary increase in the Federal match rate for Medicaid expenses. The bill also provides additional aid targeted to States facing the most precarious fiscal situations, measured by an increase in unemployment. This temporary assistance will help States avoid having to make tough choices, like whether to make significant budget cuts or raise taxes, both of which could make this economic crisis worse.

It is important we strike a balance in this bill between spending too little and too much. Some of my colleagues are worried that we are spending beyond what is needed and will end up passing along too much debt to future generations. This package is significant, but the risk of doing too little has been overlooked. In fact, I think the risk of too little is worse than the risk of too much. During times of economic distress, Medicaid suffers from the blows of a one-two punch; that is, when State revenues are lowest, the demand for Medicaid is the highest. If we do not give States enough money, States won't be able to protect their Medicaid programs against the blows thrown by the economy. That means fewer services will be available to fewer people at a time when the need is increasing. We are talking about low-income health care. This is about people who are thrown off Medicaid because States are finding that is the best way to balance their budgets. That is not right.

Giving States more money than they need won't stimulate the economy. In order to stimulate the economy, this money must be spent quickly, and it must go toward job creation or protection of vulnerable populations. To be stimulative and get the economy moving again, State fiscal relief must prevent any exacerbation of an already bad situation. By preventing Medicaid cuts, this bill does that.

This bill makes sure we will not see a big increase in the number of Americans without health insurance. We must remember that having so many uninsured Americans is not without cost, let alone the personal tragedy. Instead, the cost of caring for the uninsured has shifted to the insured. It is in all our best interests to prevent more Americans from losing their health insurance. This package, I believe, has the right balance—it is not perfect, but it is pretty close—giving States enough support without giving them too much.

The State fiscal relief provisions will not eliminate State budgetary difficulties. That is for sure. But they will provide a cushion, not a full cushion but a partial cushion. This package will not fix everything, but it is a big step in the right direction.

While not all States have responded to the economic downturn in the same way, no State is immune to the impact of a national recession. Looking back on past recessionary periods, we can see that some States, often those with large commerce-based economies, feel the blow faster and earlier than others. The impact on States with commodity-based economies, on the other hand, is often delayed. The difference between commerce-based States and commodity-based States is more delay in commodity-based States. Because no two States will experience the impact of the recession at precisely the same time or to exactly the same extent, it is important the relief be targeted to those States that are most in need and when they need it.

In 1790, some States had already paid off their Revolutionary War debt. But it was important to the Nation as a whole that all States be relieved. On top of a generous across-the-board increase for all States, this package provides additional aid to those States with high unemployment. The basic formula is based upon the wealth of the State, but the bonus on top of it is based on unemployment.

If a State's unemployment continues to increase, the State may qualify for even more relief. Unemployment is an effective measure of a State's fiscal condition. Often when people lose their jobs, they also lose their health insurance. This places a higher demand on Medicaid. It is estimated that a 1-percent increase in unemployment increases enrollment in Medicaid and the Children's Health Insurance Program by 1 million people. Let me repeat that. A 1-percent increase in unemployment increases enrollment in Medicaid and the Children's Health Insurance Program by 1 million people. Increasing the FMAP percentages—that is the Federal share—is the quickest way to get relief to the States. In addition to preventing cuts to Medicaid, this aid will provide for much-needed economic activity. People will be more productive. Jobs will be saved. Industries that rely on and contribute to the strength of our health care system will remain sound. This provision will not only improve the health of Medicaid beneficiaries, but it will also improve the fiscal health of each State. This is a key element of any attempt to pull the national economy out of its recession.

We have done this before, and we know it is effective. In the year 2003, we provided $20 billion in State fiscal relief, evenly split between grants and an FMAP increase. That is the Federal Medicaid share. The FMAP increase proved successful in preventing planned Medicaid cuts and restoring some previous cutbacks. However, an analysis by the Urban Institute found we could have done a better job back in the year 2003.

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

Mr. BAUCUS. I ask unanimous consent to proceed for an additional 2 minutes.

Mr. MCCAIN. If the other side is granted 2 minutes.

Mr. BAUCUS. I ask unanimous consent for 5 more minutes, evenly divided.

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

Mr. BAUCUS. However, an analysis by the Urban Institute found we could have done a better job back in the year 2003. Despite the immediacy and complexity of the situation, the fiscal relief was delayed and uniform. Some States were forced to take action before relief was available. Because the economic downturn of each State varied, some States didn't get enough assistance, and some States got assistance at the wrong time.

Let's learn from our mistakes. The partially targeted approach of this package will be better. It will give all States some assistance, a method that is effective and simple. But it will also give more money to States with the greatest need, which will help ensure we get the biggest bang for our buck.

These are difficult times, but our country is resilient. We are proud as Americans of our resiliency. We must draw on the wisdom of our Founding Fathers and stick together. We are more than a country. We are a union of States. Let us remember the good judgment of Alexander Hamilton and come together as a nation to help each of our States.

Over the Presiding Officer is our national motto, ''e pluribus unum.'' It could not be more appropriate than at this moment.

The PRESIDING OFFICER. Who yields time?

The Senator from Arizona.

Mr. MCCAIN. How much time do I have?

The PRESIDING OFFICER. Nine minutes.

Mr. MCCAIN. Mr. President, I wish to return to the Congressional Budget Office report in response to the remarks of the Senator from Montana again to the Congressional Budget Office. It says the legislation would result in a slight decrease in gross domestic product. It said it would increase employment at the end of the fourth quarter of 2010 by 1.3 million to 3.9 million jobs. I urge my colleagues to do the math. This is a $1.2 trillion bill. If it creates 1.3 million jobs, that is $923,000 per job. If it creates 3.9 million jobs, that is $307,000 of taxpayer dollars.

As the President stated last night, this is a spending bill. He is right. I agree with him. It is a spending bill. Most of us were under the impression that what we wanted was a job creation and economic stimulus bill. We can pass spending bills all the time. We do it all the time. We have laid a $10 trillion debt on future generations of Americans. Very interestingly, the report continues:

> Senate legislation would reduce output slightly in the long run, CBO estimates, as would other similar proposals. The principal channel for this effect is that the legislation would result in an increase in government debt. To the extent that people hold their wealth as government bonds rather than in a form that can be used to finance private investment, an increased debt would tend to reduce the stock of productive capital. In economic parlance, the debt would ''crowd out'' private investment. CBO's basic assumption is that in the long run, each dollar of additional debt crowds out about a third of a dollar's worth of private domestic capital.

This is something that has been abundantly clear for years and the reason why we don't have socialism in this country, because the Government is less efficient in using dollars than the private enterprise system is. Perhaps more alarming than anything else, the reason why it was so disappointing is we did not pass the trigger. That was an amendment we voted down, actually with a couple of Democratic votes, that provided that once the economy recovers, we have to be on a path to a balanced budget. CBO estimates that by 2019, the Senate legislation would reduce gross domestic product by .1 percent to .3 percent. In other words, we will not grow the economy in the long run unless we get our fiscal house in order.

Why are the American people unhappy? Why is it that my office and others are inundated with phone calls? Because we put in unnecessary and even wasteful and nonproductive programs to the tune of billions and billions of dollars: $300 million dollars for Violence Against Women Act grants to the Department of Justice because ''as job losses loom and the economy worsens, service providers across the country are reporting an increase in calls related to domestic violence.'' I am glad to fund any program that would help address the issue of domestic violence. But it is not creating jobs. We will hear from the other side about how worthwhile this long list of porkbarrel projects is, but the fact is, they don't create jobs. That is what we are supposed to be doing in a ''stimulus'' bill.

I want to comment again: We all know there are negotiations going on now of the called ''Gang of 18.'' I was one of the Gang of 14. That was 7 Republicans, 7 Democrats. That is bipartisan. Now it is 15 Democrats, 3 Republicans. That is not bipartisan. If they come up with an agreement, then it will mean 3 Republicans out of 535 Members of Congress have supported this unnecessary, wasteful bill that could have been so much better.

It started out wrong, when the Speaker of the House said: We won, so we write the bill. And it is ending up wrong because we have not done what we need to do and has been the product of a true bipartisan agreement, and

that is to sit down together, Republican and Democrat.

Mr. President, I want to close by pointing out, again, we want to have legislation that stimulates this economy. But we want it to stimulate the economy and not mortgage the future of our children and our grandchildren by the kind of fiscal profligate spending that is embodied in this legislation to the tune—it goes higher as we speak—of over $1 trillion.

I am told Monday we are going to have another TARP proposed—another one. How many trillions? We are setting some kind of record, and there is no fiscal discipline.

Mr. President, I urge my colleagues to consider carefully—consider carefully—this legislation. The American people have figured it out. Let's figure it out.

(Disturbance in the Visitors' Galleries.)

The PRESIDING OFFICER. Expressions of approval or disapproval are not allowed in the Chamber.

Mr. MCCAIN. Mr. President, I reserve the remainder of my time.

Mr. President, how much time remains?

The PRESIDING OFFICER. There remains 2½ minutes.

Mr. MCCAIN. For my side?

The PRESIDING OFFICER. Yes, for the Senator from Arizona.

Mr. MCCAIN. Mr. President, I yield to the Senator from Oklahoma the remaining 2½ minutes.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. COBURN. Mr. President, the question we need to ask ourselves is, What is the real problem we have in the economy? And what is the best way of fixing it? Not whether somebody looks good or looks bad. How do we do what is in the best long-term interest of the country?

The problem with this bill, once you really see it—and even a $100 billion smaller bill—is, it does not address the real problem. We are going to be treating symptoms, and we are going to be highly inefficient as we do that. We say we want to have a stimulus bill. Yet what we are going to do is stimulate a baseline increase in the budget every year from now on of at least $124 billion, probably closer to $300 billion, because we have not done what we say we are doing with this bill.

The other thing is, the fear that is driving this bill and what might happen if we do not hurry up and get a bill is probably the worst motivation we could have. The real fear we ought to have is, have we done it right and have we not created a situation in which generations that follow us, especially the next two, will say: What were they thinking? Why didn't they do it right? Why didn't they target the money truly to stimulus instead of creating this worst of all habits—which we are now going to ensure that the States pick up and learn from us. It is a virus. It is a virus we have that says: You do not have to worry about what it costs in the long run. You do not have to target it. You do not have to be efficient. You do not have to look at programs and make sure they are working. You do not have to have metrics.

Now that the States are in trouble, we are going to absorb a portion of the problems the States have because they have not been fiscally prudent, and we are going to say: We are going to bail you out. Well, think about what that says to State legislators all across the country.

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

Mr. COBURN. Mr. President, I yield back.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana has 1 minute.

Mr. BAUCUS. Mr. President, I do not see any speakers here. I will yield back that time, unless the Senator from Vermont wishes to speak.

I yield back that time so we can get to the vote.

I yield back the time.

AMENDMENT NO. 306, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there is now 2 minutes of debate on the amendment No. 306, as modified, offered by the Senator from Vermont, Mr. SANDERS.

The Senator from Vermont.

Mr. SANDERS. Thank you, Mr. President.

This amendment, as modified, is being cosponsored by Senator GRASSLEY and has been cleared by both sides. This amendment simply requires recipients of TARP funding to meet strict H–1B worker hiring standards to prevent displacement of U.S. workers.

I thank Chairman BAUCUS for working with me on changes to my original amendment, and I urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I urge Senators to accept this amendment.

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

The amendment (No. 306), as modified, was agreed to.

AMENDMENT NO. 309

The PRESIDING OFFICER. Under the previous order, there is now 2 minutes of debate on amendment No. 309, offered by the Senator from Oklahoma.

The Senator from Oklahoma.

Mr. COBURN. Mr. President, this is a simple amendment that says we ought to have a priority of what we do. It is not about being against swimming pools, zoos, museums, or anything else. It is about saying to the American people we are going to prioritize the spending on this legislation.

What this amendment does is prohibit money to go to low-priority, low-infrastructure things. We have 233,000 bridges in this country that are in trouble—233,000. Instead of spending money planting trees along a causeway, what we ought to be doing is fixing the bridge that is on that causeway.

So this amendment is designed to prohibit money going into these areas so we will have money next year and the year after that, or maybe redirect money within the bill to actually do something we are going to have to spend money on anyhow, rather than do something that is optional and low priority.

Mr. INOUYE. Mr. President, I rise to express my concerns about amendment No. 309, introduced by the Senator from Oklahoma. Senator COBURN's amendment would add a provision to this bill which was included in the House-passed bill.

The provision prohibits spending any of the funds in this bill on casinos, golf courses, swimming pools, and other specified recreational facilities. I think we can all agree these sound like laudable goals. And I understand that on its face this amendment may seem logical, but I want the Senate to understand what it means as it applies to this bill.

Some of my colleagues might wonder why the House included this provision in their bill and why we don't think it makes sense.

The House included $1 billion for the Community Development Block Grant, CDBG, program. Under that program, funds go straight to the cities and mayors determine how to spend the funds. When the Conference of Mayors presented their views to the country's leadership on how to stimulate the economy, the No. 1 program they were hoping to have funded was CDBG. But the CDBG Program does not have sufficient safeguards. It can be used to construct recreational swimming pools or aquariums or to support museums. On occasion CDBG funds have been used for programs which some would say were of questionable merit.

To ensure that the Senate would not be supporting questionable programs, the Senate Appropriations Committee recommended no funds for this program. The House recognized that CDBG funds might be used inappropriately if there were no prohibitions on questionable programs, so it included the provision which Senator COBURN wants to attach to the Senate bill.

We do not need to include the provision because we do not have CDBG funding in this bill. The mayors are precluded from funding the projects prohibited by the amendment of the Senator from Oklahoma. The Senate is already protected from possible abuse by denying the funding for the program.

Let me offer a second example of how the committee ensured that local funds could not be used unwisely. In the bill, the committee has included $2.5 billion for the Neighborhood Stabilization Program which is designed to improve blighted neighborhoods. However, it is true that on occasion funds for this program have been used for community development that was of questionable

merit. To avoid that problem, the Appropriations Committee recommended bill language under the Neighborhood Stabilization Program which only allows the funds to be used for the replacement of housing. This limitation means the funds cannot be used to build community centers or swimming pools.

We support the idea behind the amendment but not the amendment. First, we have not provided funds for programs which can be used frivolously. Second, there are no earmarks in this bill. Third, there is no CDBG money in this bill. Fourth, the housing programs cannot be used for frivolous purposes.

Members might argue you could include the amendment as an additional safeguard. Well, consider just this one example. Among other things, the amendment would prohibit the construction of swimming pools no exceptions. It should be noted that we do not direct the construction of any particular swimming pool that would be an earmark.

However, this bill contains $3.4 billion for needed construction of new and infrastructure renovation and repairs at existing VA hospitals. Under the terms of this provision the VA would not be able to spend any of the infrastructure funding provided to the Department on construction or renovation of therapeutic swimming pools at spinal cord injury centers, trauma centers, or other VA medical centers.

The Appropriations Committee is aware that the VA has plans for many legitimate construction projects such as pools specifically used for medical rehabilitation of wounded soldiers. These are not swimming pools for VA staff, but they would nonetheless be prohibited by this amendment.

While I am confident this was not the intent of the amendment, it most certainly could be the result. It is not the only example. Should our military be denied from building recreational facilities? Should the Coast Guard be told not to build swimming pools where they practice training exercises? Do we want to argue that no funds should be available for fixing aging buildings?

This amendment is a solution in search of a problem. But, Mr. President, let's not forget that the amendment causes problems. If adopted, this amendment could deny our wounded veterans the physical therapy they need and deserve, and it could deny other needed programs to support training and quality of life for our military forces and their families.

I recommend that you vote against this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield back the time.

The PRESIDING OFFICER. The time is yielded back.

The question is on agreeing to the amendment.

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

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from New Hampshire (Mr. GREGG).

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

The result was announced—yeas 73, nays 24, as follows:

[Rollcall Vote No. 51 Leg.]

YEAS—73

| | | |
|---|---|---|
| Alexander | Crapo | Mikulski |
| Barrasso | DeMint | Murkowski |
| Baucus | Dorgan | Murray |
| Bayh | Ensign | Nelson (FL) |
| Begich | Enzi | Nelson (NE) |
| Bennet | Feingold | Pryor |
| Bennett | Feinstein | Risch |
| Bingaman | Graham | Roberts |
| Bond | Grassley | Schumer |
| Brown | Hatch | Sessions |
| Brownback | Hutchison | Shelby |
| Bunning | Inhofe | Snowe |
| Burr | Isakson | Specter |
| Byrd | Johanns | Stabenow |
| Cantwell | Johnson | Tester |
| Cardin | Klobuchar | Thune |
| Carper | Kohl | Udall (CO) |
| Casey | Kyl | Udall (NM) |
| Chambliss | Lincoln | Vitter |
| Coburn | Lugar | Voinovich |
| Cochran | Martinez | Warner |
| Collins | McCain | Wicker |
| Conrad | McCaskill | Wyden |
| Corker | McConnell | |
| Cornyn | Merkley | |

NAYS—24

| | | |
|---|---|---|
| Akaka | Inouye | Menendez |
| Boxer | Kaufman | Reed |
| Burris | Kerry | Reid |
| Dodd | Landrieu | Rockefeller |
| Durbin | Lautenberg | Sanders |
| Gillibrand | Leahy | Shaheen |
| Hagan | Levin | Webb |
| Harkin | Lieberman | Whitehouse |

NOT VOTING—2

| | |
|---|---|
| Gregg | Kennedy |

The amendment (No. 309) was agreed to.

Mrs. BOXER. Mr. President, I voted against Senate amendment No. 309 because the language of this amendment was too broad and would have excluded funding for important projects in California that will create jobs, help our veterans, promote tourism, protect our natural resources, and stimulate the economy.

If the Coburn amendment had prevented economic recovery money from going to casinos, I would have supported the amendment. Gaming facilities and casinos do not deserve to receive funding in this bill.

But by prohibiting funds for parks, highway beautification projects, and other community projects, the Coburn amendment would have eliminated from funding consideration important job-creating initiatives throughout California.

It is important to note that there are no earmarks in this bill. No parks, community centers, casinos, swimming pools, or similar projects receive direct funding in the recovery bill.

But there are some important investments that the Coburn amendment would prevent Federal, State, and local leaders from allocating resources to, such as construction and rehabilitation projects in State parks—which create jobs and protect natural resources—and highway beautification projects—which create jobs and help stimulate local economies.

One example of how the Coburn amendment would prevent funding for worthy projects involves disabled veterans. There is $3.4 billion in this bill for construction and renovation of Veterans Administration hospitals. Because of the Coburn amendment, the VA will not be able to spend any of the funding it receives on construction of therapeutic recovery pools at trauma centers, spinal cord injury centers, and other medical centers for disabled veterans to use when recovering from traumatic injuries.

AMENDMENT NO. 359

The PRESIDING OFFICER. Under the previous order, there is now 2 minutes of debate on amendment No. 359, offered by the Senator from New Mexico, Mr. UDALL.

Mr. UDALL of New Mexico. The current language in the substitute amendment provides a tax incentive to employers hiring veterans who have been discharged from the armed services in 2008, 2009, and 2010.

My amendment would expand this tax incentive to employers to include veterans discharged from the armed services between September 2001 and December 2010, including veterans of Operation Enduring Freedom and Operation Iraqi Freedom.

This group of veterans has a 6.1-percent rate of unemployment. Expanding the tax incentive to employers will help ensure that we do not leave these veterans out in the cold. It ensures that employers are encouraged to hire these men and women and to put them back to work. I hope my colleagues will join me in adopting this amendment. I thank both sides for working with me on this.

I yield the floor.

The PRESIDING OFFICER. The time has expired.

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, we have looked at this amendment and think it is a good one. We are prepared to accept it.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 359) was agreed to.

AMENDMENT NO. 176

The PRESIDING OFFICER. Under the previous order, there is now 2 minutes of debate on amendment No. 176 offered by the Senator from Oklahoma, Mr. COBURN.

Mr. COBURN. I yield back my time.

The PRESIDING OFFICER. The Senator's time is yielded back.

Who yields time in opposition?

Mr. BAUCUS. Mr. President, I yield back the remainder of our time.

Mr. COBURN. 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 the amendment. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from New Hampshire (Mr. GREGG).

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

The result was announced—yeas 97, nays 0, as follows:

[Rollcall Vote No. 52 Leg.]

YEAS—97

| | | |
|---|---|---|
| Akaka | Ensign | Merkley |
| Alexander | Enzi | Mikulski |
| Barrasso | Feingold | Murkowski |
| Baucus | Feinstein | Murray |
| Bayh | Gillibrand | Nelson (FL) |
| Begich | Graham | Nelson (NE) |
| Bennet | Grassley | Pryor |
| Bennett | Hagan | Reed |
| Bingaman | Harkin | Reid |
| Bond | Hatch | Risch |
| Boxer | Hutchison | Roberts |
| Brown | Inhofe | Rockefeller |
| Brownback | Inouye | Sanders |
| Bunning | Isakson | Schumer |
| Burr | Johanns | Sessions |
| Burris | Johnson | Shaheen |
| Byrd | Kaufman | Shelby |
| Cantwell | Kerry | Snowe |
| Cardin | Klobuchar | Specter |
| Carper | Kohl | Stabenow |
| Casey | Kyl | Tester |
| Chambliss | Landrieu | Thune |
| Coburn | Lautenberg | Udall (CO) |
| Cochran | Leahy | Udall (NM) |
| Collins | Levin | Vitter |
| Conrad | Lieberman | Voinovich |
| Corker | Lincoln | Warner |
| Cornyn | Lugar | Webb |
| Crapo | Martinez | Whitehouse |
| DeMint | McCain | Wicker |
| Dodd | McCaskill | Wyden |
| Dorgan | McConnell | |
| Durbin | Menendez | |

NOT VOTING—2

| | |
|---|---|
| Gregg | Kennedy |

The amendment (No. 176) was agreed to.

The PRESIDING OFFICER. Under the previous order, there will now be 20 minutes equally divided for debate only.

The Senator from Montana.

Mr. BAUCUS. Mr. President, the next Senator to speak is on his way here, Senator KERRY of Massachusetts. Is there someone on the other side who wishes to speak? We have 10 minutes equally divided.

Mr. MCCAIN. Mr. President, the Senator from Nebraska, followed by the Senator from Iowa, will have 5 minutes. If I can ask the distinguished manager, my understanding is that after the 20 minutes, there will then be a period for filing amendments and debate.

Mr. BAUCUS. After the 20 minutes, there then is a period during which Senators can call up their amendments, but they are only amendments that have been agreed to by an earlier UC.

Mr. MCCAIN. I thank the manager.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. JOHANNS. Mr. President, I rise to elaborate on a couple points I made a day or so ago on this stimulus package.

Many in this body and constituents across Nebraska know I am a former mayor, a former city counsel person, a former county commissioner, and a former Governor. I have had the opportunity to govern during very good times when the revenues were available. I have had the opportunity to govern during very tough times, where we were trying to figure out how to balance our budget.

I point out, again, that in the State I come from, we not only have to balance the budget, but we are prohibited by our Constitution from borrowing money. So the State has no debt.

I have been in those positions, the beneficiary of programs such as this package but much smaller programs. I have never been, nor has anyone else been in the history of this country, the beneficiary of a spending bill this large. To describe this as large is not to do justice to the discussion. This is enormous.

I am sure what is happening across the country in mayors' offices and Governors' offices as they try to figure out how to deal with this massive amount of money that is being dedicated to what I would argue are valuable programs in the normal budget process—Medicaid, education, special education, parks facilities, whatever it is, although we addressed that with an amendment—what is happening is this: mayors and Governors are looking at their budgets and they are recognizing that there is money that is going to come in huge amounts from the Federal Government. So they are looking at their capital improvements process in their budget and they are saying: What is it that I can now take my local dollars or my State dollars and set to the side and fund with this massive amount of Federal spending that is occurring that is going to rain down on my local government or my State government?

As I said, these are valuable programs, there is no doubt about that. I funded all these programs at one point in my life. What I suggest to this body is you are not going to get any kind of stimulative impact from what you are trying to accomplish. The Governor or the mayor is simply going to look at these dollars as found money, and they are going to take their State and local dollars, set them to the side, and spend the Federal dollars, and no stimulation will happen to the economy. No new jobs will be created. In fact, I would even suggest you will be very hard pressed in the year or 2 years of this stimulus package to even find a new project that would not have otherwise been funded through the normal State or local process.

I also wish to talk about one last piece of this that is very important, and we acted on this with an amendment. But I need to say something that is very important because this needs to survive whatever process is left, and that is this whole issue of competitive bidding.

This is a massive amount of money. The temptation to ignore the transparency of the bidding process is simply going to be too great unless we act, not only today but as this process goes forward. The temptation to allocate this money with the transparency of the bidding process will take control and literally we will be looking back and we will be fighting this and recognizing that money got doled out, it got handed out without any kind of transparency in the competitive bidding process.

I have been there in those offices, where I have had members of the administration come in and say: Governor or mayor, we need to waive the bidding process.

Let me wrap up with this thought. These are valuable programs. I have funded these programs.

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

Mr. JOHANNS. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Massachusetts. Actually, I prefer they use the remaining 5 minutes on the other side.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, many folks on the other side of the aisle claim that spending is better stimulus than tax relief for working men and women. This is certainly not a unanimous opinion among economists, so I would share some recent economic research that analyzes data—not building models—to answer the question of whether spending or tax relief is more effective for economic stimulus.

Christina Romer, who is the Obama administration's Chair of the Council of Economic Advisers, and David Romer, from the University of California at Berkeley, find that $1 of tax relief raises the gross domestic product by about $3. Robert Hall, from Stanford, and Susan Woodward, who is chair of Sand Hill Econometrics, find that $1 of Government spending raises gross domestic product by about $1. Andrew Mountford, from the University of London, and Harold Uhlig, from the University of Chicago, conclude that deficit-financed tax relief works better than either deficit-financed or balanced-budget Government spending increases to improve the gross domestic product. These experts calculate that each $1 of tax relief amounts to $5

of additional gross domestic product 5 years after the shock of recession. Olivier Blanchard, who is the chief economist at the IMF, and Roberto Perotti, from IGIER University, assert that a combination of both tax increases and Government spending increases has a strong negative impact on private investment spending.

In addition to the opinions of these economic experts, a look back at the picture that developed following the 2003 tax relief is also very instructive.

After the 2001 recession ended, both the economy and labor markets continued to sputter. But a significant turnaround occurred soon after the passage of the 2003 tax relief bill. Following nine straight quarters of decline, business investment grew at an annual rate of 6.6 percent between the enactment of the 2003 tax bill and the start of the current recession. Similarly, a period of job growth following the 2003 tax relief was the longest streak of monthly job growth on record.

We have spent a lot of time in this body discussing the balance sheets of financial institutions. The balance sheets of families and individuals throughout the country have been suffering significantly as well. From the third quarter of 2007 to the third quarter of 2008, the net worth of households and nonprofit organizations has dropped by $7.1 trillion, or 8.9 percent.

Families and individuals who receive tax reductions will likely save some of their tax cut to pay down household debt. Some erroneously suggest that this is bad for the economy. Quite to the contrary. When people pay down their debt, their credit improves. Improved credit leads to freeing up bank lending. Reduced debt for families and individuals also increases the amount of long-term income available for spending. So we should not look at households improving their balance sheets as a bad thing economically.

Finally, evidence suggests that permanent tax reductions are more likely to be spent by consumers than one-time stimulus checks or credits. Our focus should be on permanent tax relief to get the engine of our economy running.

Our economy is like the Titanic, and while it continues to go down, the only proposal on the other side is to spend over $700 billion to buy new deck chairs.

Mr. President, I yield the floor, and I reserve the remainder of the time.

The PRESIDING OFFICER. Time has expired.

Who wishes to yield time? The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I thank the distinguished chairman for his efforts on this bill and on this issue as a whole.

I have been listening for the last few days to our colleagues on the other side of the aisle talk as if the last 8 years hasn't happened, as if they have no responsibility for it, and then come back to the floor of the Senate today, and in the last few days, with proposals that have already been tested and, frankly, proven hollow and empty and inadequate. It is kind of surprising to me to see the absence of common sense that has been at the center of the arguments over the course of the last couple of days.

Let me give an example. We keep hearing about how the spending, spending, spending is too big and it is a problem. In fact, spending itself, we have heard in the arguments, is not going to solve this problem. Well, over 40 States in this country now have budget shortfalls—40 States—and the Governors in those States are already cutting essential services. They face the choice of cutting police, fire, teachers, and other critical services. The fact is that as they cut, those people are not able to pay mortgages, not able to go to the store and buy whatever it was they planned to buy, because they are out of a job and therefore lacking cash. They may even become at risk for foreclosure on their homes. So if you want to contribute to toxic assets, the best way to do it is to continue to adopt the policy that you don't put cash into the hands of Americans.

Now, that alone is not going to solve the problem. The normal debt ratio of a household in our country is about—income to household debt—50 percent. Right now, the average household in America is carrying a debt-to-income ratio of about 150 percent. And if all you do is give a tax cut that puts cash into the hands of people—which I understand, incidentally, our proposal does give a tax cut—if that is all you do, a large percentage of that is going to simply go to paying for past acquisitions, for past services provided. It is going to be used by taxpayers to pay off their credit card bills, to pay their debt, but it isn't going to create the kind of spending and consumption that is at the heart of the American economy.

Mr. President, 72 percent of American GDP comes from consumption. Unless we recognize how you stop the tailspin and begin to turn things around, we are ignoring reality. I have heard a lot of talk about we ought to do a tax cut, we ought to do a tax cut. I have supported many tax cuts during my years here, and there are tax cuts in this proposal. But a tax cut is nontargeted. If you put a tax cut into the hands of either a business or an individual today, there is no guarantee they are going to invest their money. There is no guarantee they are going to invest their money in the United States. They are free to invest anywhere they want, if they choose to invest.

Let's look at that. When you have a tailspin in the economy, as we do today, and confidence is declining, as it is today, if you are a banker and if somebody comes in to borrow money from you, you have to look at the prudent lending practices and standards by which you are going to make that loan. In today's climate, the inclination of a prudent banker is not to make the loan. Why? Because they see consumerism contracting, because they see the tailspin in housing, because they see the lack of new building, new contracts, and you are locked into a vicious cycle—not a virtuous cycle, a vicious cycle, a downward cycle. This effort is to break that cycle.

Almost every major economist has suggested that it is going to take a very significant component of that ugly word ''spending'' in order to prime the pump and begin to shift the psychology and turn things around. Now, is that all we need to do? No. And President Obama has said that is not all we need to do.

To the Senator from Tennessee, who has been talking about housing and you have to stop the housing slide first, let me say to him respectfully that I sat in the White House a year ago with Secretary Paulson, President Bush, and Vice President Cheney, and I was the only person in the room who said: Mr. President, if you are going to do a stimulus now, you ought to put housing into this package. And I turned to the Secretary and I said: Mr. Secretary, you could be negotiating right now to keep people in their homes at a fixed mortgage rate and a new valuation, and you should do it. And their heads nodded, and they said: That sounds like a good idea.

GORDON SMITH and I came back to the Senate, and we put in a $15 billion provision in the Finance Committee, which passed the Finance Committee 20 to 1. It came to the floor of the Senate, and guess what. The very people who are here on the floor now saying we have to do housing stripped it out of that provision. The President and the administration opposed it. And for 9 months they sat there while 10,000 homes a day were being foreclosed, and they allowed us to slide into where we are today. So when I hear my colleagues come and say we have to fix housing now, they are about 10 months to a year late on that effort. They have created, because of their indifference a year ago, a situation where it is out of control. Every major economist in the country is now telling us: You have to stop the fall.

If 40 States in our country are facing a predicament, it is incumbent on us to help those States not lay off those firefighters, not lay off those teachers, and help them go with a readymade project.

I have heard colleague after colleague say: Well, what job is going to be created through this spending? Well, let me tell you very directly. If you have a shovel-ready project, we can put that into place tomorrow. There are thousands of them across the country ready to go.

We have a $1.6 trillion infrastructure deficit. While other countries have

been investing in high-speed rail transportation, schools, and other parts of their economy, we haven't. We have been giving tax cuts to the wealthiest people in the country. And the price of that is that today we have the largest gap between the middle class and the wealthy that we have ever had in this country. The fact is, none of those people are guaranteed to invest that money in any of the new projects the way we are. So Government—yes, Government—has the ability to be able to make a decision that the private sector won't necessarily make today.

I have supported almost every private sector effort through here over the years. I have supported 100 percent a zero capital gains reduction so that we could excite investment and venture capital into new enterprises with respect to energy and alternative fuel and new materials and nanotechnology and communications and artificial intelligence—all the things that would provide the high value-added job base of the future for our country. And most economists will tell each of my colleagues, without a party label, that if we were to invest now in those future efforts, we would be creating a much stronger base for our jobs in the future.

That is what this seeks to do. This bill, this stimulus effort, seeks to break the downward cycle and encourage investment in those kinds of products that provide a high value-added job and strengthen America's economy for the long run.

The fact is that doing the stimulus and doing housing aren't going to fix this crisis either. The truth is that the majority of our banks in this country are fundamentally insolvent. Paul Krugman has referred to a number of large banks as zombie banks because their assets and liabilities are almost either even or negative. But if you look at those assets in many of them, they are in the toxic category. And if they legitimately mark their books today at the value of the marketplace, they would not be, according to most standards, solvent.

So we are going to visit on this floor within a short period of time how we are going to recapitalize the banks. This effort will not be satisfied with what we are doing here alone. But I guarantee you, every day that we dawdle, every day we keep this going, forgetting about reality and debating what are old and, frankly, discredited approaches to the economy, we are going to create more toxic assets, more people are going to lose their jobs, and more confidence will be lost as we continue to go down.

Frankly, the difference between $50 billion on this bill or $100 billion—let's get it moving—that is not going to make the difference to the economy. What will make the difference to the economy is whether we express on this floor a real understanding of what is happening and a real concentrated effort across party lines to address it. That is what the American people are waiting for.

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

The PRESIDING OFFICER. The Senator has 6 seconds.

Mr. KERRY. I thank the Chair.

I hope we are going to get to the common sense that is at the center of this and do what we need to do for the American people quickly.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Louisiana is recognized.

AMENDMENT NO. 107

Mr. VITTER. Mr. President, I rise to speak in support of the second Vitter amendment I have at the desk, which I am very hopeful will be voted on later in the day. As I have explained on the floor of the Senate several times in this debate, I am one of those folks, very concerned that overall this so-called stimulus bill is just a long laundry list of Washington big government spending programs, not anything focused or disciplined that will really create jobs in the short term in this economy. But my amendment I am discussing now is focused on a very specific item in that long laundry list that I believe is not only unproductive but is truly offensive, given the history of the last several years. That is an item of almost $2.25 billion in the present underlying Senate bill that could go toward neighborhood stabilization, that would be available for nonprofit groups, including ACORN, to access. I might add, that figure in the House bill is $4.2 billion with at least $100 million virtually earmarked for nonprofit groups such as ACORN.

Why do I find this so objectionable and so offensive? Two simple reasons. No. 1, this would further part of the Government policy that got us in this mess to begin with, that started on the housing side by encouraging so much subprime lending that led to enormous, and in fact predictable, defaults that started this decline. No. 2, I believe with regard to a group such as ACORN, this is little more than a political payoff because ACORN acted as a truly partisan organization in their campaign activities for the last several years, including this fall, and was guilty of egregious fraud with regard to voter registration activities.

Let me take point No. 1 first. We all know many factors led us to this current economic crisis. But one of them, one big one, was certainly Government policy and Government programs—and there was a lot of it—that built up and encouraged the subprime lending mess. Certainly, major funding over several years that went to ACORN and similar groups was exactly part of that. Are we going to learn from our experience and at least stop that policy, stop that encouragement of subprime lending that could not be supported, that led to more and more foreclosures and a plummeting housing market, eventually a plummeting economy overall? Are we going to stop that and correct it? With this sort of money in the stimulus bill available to a group such as ACORN, in fact, we would be advancing even more of that bad policy.

Make no mistake about it, that is exactly the sort of housing activity ACORN focuses on, what they are known for, what they are proud of. Let me give one clear example to make the point, which is from the New Mexico chapter of ACORN, New Mexico ACORN Fair Housing. They received a grant of about $100,000, among others, in 2007. They got this grant for a very specific program with the title, ''How To Take Advantage Of Subprime Mortgages.''

I give them an A for truth in advertising. That is exactly what they were about in New Mexico and across the country, how to take advantage of subprime mortgages which encourages stuff—let's build it up—and, in fact, they helped build it up and, in fact, it cratered. As you know, that has been ACORN's housing mission in communities around the country.

My second point is perhaps even more fundamental, which is that ACORN has been guilty of egregious fraud and politicization of what they do with taxpayer funds for several years, including the last election cycle. We should not be sending more taxpayer dollars to them in light of this history. I would go so far as to say the effort by some to do that is little more than political payoff.

What am I talking about? I think we have heard these stories from the past campaign: registering thousands of voters who were either asked to register multiple times or people who were registered without their knowledge or the registering of voters who outright did not exist. That was a very common practice by this organization. ACORN employees have admitted to it, who told sad stories of feeling incredible pressure to register voters to meet completely unrealistic quota numbers. That is sad indeed.

A good example is Washington State where felony charges were actually filed against seven persons for committing the single largest case of voter fraud in the State's history. This was in response to the King County Canvassing Board's revocation of 1,762 allegedly fraudulent voter registrations submitted by ACORN. In this case the prosecuting attorney told the board that six ACORN workers had admitted to filling out registration forms with names they found in phone books the previous October. ACORN further actually agreed to reimburse King County $25,000 for all the investigative and other costs they had to bring to that case. Not exactly innocent mistakes but outright voter registration fraud.

Fraud and criminality are nothing new to the organization. As we have read in 1999 and 2000, nearly $1 million was embezzled by Dale Rathke, brother of the ACORN founder, through faulty credit card charges and other means.

Given this very clear history, a history of promoting one of the main problems that led us to this mess in

the subprime market, a history of being a political organization and in a very partisan way committing outright voter and voter registration fraud, I do not think we should be putting taxpayer dollars in this stimulus bill which can go to and benefit ACORN.

My amendment is very plain and very simple. It says no money in the stimulus bill can go to—will go to, under any circumstances, ACORN.

I look forward to a debate and vote on this amendment. I will be asking for a rollcall vote on this amendment so we can get a strong sense of the Senate on the record, particularly if this issue proceeds to conference.

Mr. President with that, before I yield the floor, I ask that the amendment be made pending.

Mr. BAUCUS. Objection.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Objection. That is not allowed in this agreement. I am sorry.

I misunderstood. I thought you wanted a queue for a vote.

Mr. VITTER. No, I would like the amendment pending.

Mr. BAUCUS. You can call up your amendment and it will be made pending.

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

Mr. VITTER. I thank the Chair.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. VITTER] proposes an amendment numbered 107 to amendment No. 98.

Mr. VITTER. 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: Prohibiting direct or indirect use of funds to fund the Association of Community Organizations for Reform Now (ACORN))

On page 431, between lines 8 and 9, insert the following:

**SEC. ___. PROHIBITION ON USE OF FUNDS BY OR FOR ACORN.**

None of the funds appropriated or otherwise made available by this Act may be used directly or indirectly to fund the Association of Community Organizations for Reform Now (ACORN).

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, there are a series of amendments under the order under which Senators can call up specified amendments. I would like to go back and forth, Republican and Democrat and so forth. I also urge Senators to enter into time agreements for their speeches when they call up their amendments. I urge us now to move to amendment No. 501, called up by Senators CONRAD and GRAHAM.

Let me ask Senator CONRAD what kind of time agreement might be reasonable for him.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I ask my colleague, Senator GRAHAM, how much time would he need?

Mr. GRAHAM. Ten minutes.

Mr. CONRAD. Ten minutes each?

Mr. BAUCUS. Mr. President, I make that request.

The PRESIDING OFFICER. Will the Senator from Montana please repeat the agreement?

Mr. BAUCUS. I ask unanimous consent the time on the Conrad-Graham amendment be limited to 10 minutes.

Mr. LEAHY. Mr. President, reserving the right to object, and I shall not, I wonder if the distinguished senior Senator from Montana could give me some idea regarding the broadband amendment which I had pending, when it would be coming up.

Mr. BAUCUS. I might say to my good friend from Vermont, there is a previous order entered into which listed amendments under which Senators could call up their amendments. I think it is about 10 or 12, roughly. I do not see the name of the Senator on this list.

Following disposition of this list, we will then enter a different period when different action can be taken by the Senate. I would have to consult with the leader to see what he wants to do following disposition of this list.

Mr. LEAHY. Mr. President, as I said, I shall not object, but I note I have been trying for several days, since the time I submitted that amendment, to bring it up. It will require a slight modification, agreed to by both the Republican and Democratic side. I just want to have some idea when it might come. I have no objection to the unanimous consent request.

Mr. SESSIONS. Mr. President, reserving the right to object, I also have an amendment on the E-Verify system that I believe very strongly should be voted on or perhaps accepted. It is in the House bill. I wonder what kind of confidence Senator BAUCUS can give us. That would be a matter that would be voted on. It is not in the next group of amendments.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. I say to my friend, there are many Senators who approached me, asking if we could take up their amendment following this list of amendments now. I cannot give a specific answer to any Senator at this point except to say that we will go through this list we are on right now under which Senators can call up amendments, and I will be consulting with the leader to try to figure out what is the next order of business. I will make it as fair as possible. I think the Senator will acknowledge that all day long—yesterday—we have gone back and forth to try to make it fair for both sides. But I cannot say what the exact procedure will be following the disposition of these amendments. I will try my very best to accommodate the Senator, as I will every other Senator, but I have to consult with the leader first to know what that is.

Mr. SESSIONS. I thank Senator BAUCUS. I know he has an incredibly difficult job in working through all of this. I would say, I am uneasy about this. I will not object now, but I do want to have some assurance this very important amendment would at least have a right to have a vote.

Mr. BAUCUS. I appreciate that very much.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. I renew my request that the time on the Conrad-Graham amendment be limited to 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I think we had 10 minutes each.

Mr. BAUCUS. I misunderstood. Ten each. That is the request.

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

Mr. DODD. Reserving the right to object, is there some time in opposition to the amendment?

Mr. BAUCUS. That is a good question.

Five minutes to the Senator from Connecticut to speak in opposition to the amendment.

The PRESIDING OFFICER. Is there objection to the request as modified? Without objection, it is so ordered. The Senator from South Carolina is recognized.

AMENDMENT NO. 501, AS MODIFIED, TO AMENDMENT NO. 98

Mr. GRAHAM. Mr. President, I believe we have a modification of the amendment at the desk. I ask that be incorporated. It is amendment No. 501. I ask it be called up.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report the amendment as modified.

The legislative clerk read as follows:

The Senator from South Carolina, [Mr. GRAHAM], for himself and Mr. CONRAD, proposes an amendment numbered 501, as modified, to amendment No. 98.

Mr. GRAHAM. 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 limit wasteful spending, to fund a systematic program of foreclosure prevention, to be administered by the Federal Deposit Insurance Corporation, and for other purposes)

On page 6, strike lines 1 through 4.

On page 37, strike lines 1 through 5.

On page 37, line 10, strike ''$9,000,000,000'' and insert ''$8,800,000,000''.

On page 37, line 13, strike ''not'' and all that follows through ''libraries:'' on line 16.

On page 44, line 18, strike ''$300,000,000'' and insert ''$275,000,000''.

On page 44, line 25, after the semicolon insert ''and''.

On page 45, line 2, strike ''; and'' and insert a period.

On page 45, strike lines 3 through 5.

On page 57, line 10, strike ''$1,169,291,000'' and insert ''$1,069,291,000''.

On page 57, line 14, strike ''$571,843,000'' and insert ''$531,843,000''.

On page 57, line 18, strike ''$112,167,000'' and insert ''$92,167,000''.

On page 57, line 22, strike ''$927,113,000'' and insert ''$887,113,000''.

On page 92, strike lines 1 through 20.

On page 93, line 7, strike ''$9,048,000,000'' and insert ''$8,048,000,000''.

On page 93, line 12, strike ''$6,000,000,000'' and insert ''$5,000,000,000''.

On page 93, line 23, strike ''$7,000,000,000'' and insert ''$6,000,000,000''.

On page 95, strike lines 1 through 8.

On page 123, line 9, strike ''$3,250,000,000'' and insert ''$2,050,000,000''.

On page 123, strike line 18 and all that follows through page 124, line 9.

On page 124, line 10, strike ''(3)'' and insert ''(2)''.

On page 124, line 13, strike ''(4)'' and insert ''(3)''.

On page 124, line 15, strike ''(5)'' and insert ''(4)''.

On page 125, line 1, strike ''(6)'' and insert ''(5)''.

On page 127, line 23, strike ''$1,088,000,000'' and insert ''$1,000,000,000''.

On page 127, line 24, strike ''of which'' and all that follows through ''and'' on page 128, line 3.

On page 128, strike lines 8 through 22.

On page 130, strike lines 4 through 10.

On page 213, line 22, strike ''$64,961,000'' and insert ''$59,476,000''.

On page 213, line 25, strike ''; and'' and all that follows through ''initiatives'' on lines 25 and 26.

On page 137, line 17, strike ''$5,800,000,000'' and insert ''$5,325,000,000''.

On page 139, line 22, after ''funds:'' insert ''*Provided further*, That none of the amounts available under this paragraph may be used for the screening or prevention of any sexually transmitted disease or for any smoking cessation activities.''

On page 391, line 5, strike ''$79,000,000,000'' and insert ''$62,150,000,000''.

At the end of division A, add the following:

## TITLE XVII—FORECLOSURE PREVENTION MORTGAGE MODIFICATIONS

**SEC. 1701. DEFINITIONS.**

In this title—

(1) the term ''Corporation'' means the Federal Deposit Insurance Corporation;

(2) the term ''Chairperson'' means the Chairperson of the Board of Directors of the Corporation;

(3) the term ''Secretaries'' means the Secretary of the Treasury and the Secretary of Housing and Urban Development, jointly;

(4) the term ''program'' means the foreclosure prevention and mortgage modification program established under this section; and

(5) the term ''eligible mortgage'' means an extension of credit that is secured by real property that is the primary residence of the borrower.

**SEC. 1702. LOAN MODIFICATION PROGRAM.**

(a) ESTABLISHMENT.—The Chairperson shall establish a systematic foreclosure prevention and mortgage modification program, in consultation with the Secretaries, that—

(1) provides lenders and loan servicers with compensation to cover administrative costs for each eligible mortgage modified according to the required standards; and

(2) provides loss sharing or guarantees for certain losses incurred if a modified eligible mortgage should subsequently redefault.

(b) PROGRAM COMPONENTS.—The program established under subsection (a) shall include the following components:

(1) EXCLUSION FOR EARLY PAYMENT DEFAULT.—To promote sustainable mortgages, loss sharing or guarantees under the program shall be available only after the borrower has made a specified minimum number of payments on the modified mortgage, as determined by the Chairperson.

(2) STANDARD NET PRESENT VALUE TEST.—In order to promote consistency and simplicity in implementation and auditing under the program, the Chairperson shall prescribe and require lenders and loan servicers to apply a standardized net present value analysis for participating lenders and loan servicers that compares the expected net present value of modifying past due mortgage loans with the net present value of foreclosing on such mortgage loans. The Chairperson shall use standard industry assumptions to ensure that a consistent standard for affordability is provided, based on a ratio of the borrower's mortgage-related expenses to gross monthly income specified by the Chairperson.

(3) SYSTEMATIC LOAN REVIEW BY PARTICIPATING LENDERS AND SERVICERS.—

(A) REQUIREMENT.—Any lender or loan servicer that participates in the program shall be required—

(i) to undertake a systematic review of all of the eligible mortgage loans under its management;

(ii) to subject each such eligible mortgage loan to the standard net present value test prescribed by the Chairperson to determine whether it is suitable for modification under the program; and

(iii) to offer modifications for all eligible mortgages that meet such test.

(B) DISQUALIFICATION.—Any lender or loan servicer that fails to undertake a systematic review and to carry out modifications where they are justified, as required by subparagraph (A), shall be disqualified from further participation in the program, pending proof of compliance with subparagraph (A).

(4) MODIFICATIONS.—Modifications to eligible mortgages under the program may include—

(A) reduction in interest rates and fees;

(B) term or amortization extensions;

(C) forbearance or forgiveness of principal; and

(D) other similar modifications, as determined appropriate by the Chairperson.

(5) LOSS SHARE CALCULATION.—In order to ensure the administrative efficiency and effective operation of the program and to provide adequate incentive to lenders and loan servicers to modify eligible mortgages and avoid unnecessary foreclosures, the Chairperson shall define appropriate standardized measures for loss sharing or guarantees.

(6) DE MINIMIS TEST.—The Chairperson shall implement a de minimis test to exclude from loss sharing under the program any modification that does not lower the monthly loan payment to the borrower by at least 7 to 15 percent, at the determination of the Chairperson.

(7) TIME LIMIT ON LOSS SHARING PAYMENT.—At the determination of the Chairperson, a loss sharing guarantee under the program shall terminate between 5 and 15 years after the date on which the mortgage modification is consummated, as determined by the Chairperson.

**SEC. 1703. ALTERNATIVE COMPONENTS.**

(a) IN GENERAL.—The Chairperson may, with the approval of the Secretaries, and after making the certifications to Congress required by subsection (b), implement foreclosure prevention and mitigation actions other than those authorized under section 1702.

(b) CERTIFICATION TO CONGRESS.—The Chairperson shall certify to Congress that the Chairperson believes the alternative foreclosure mitigation actions would provide equivalent or greater impact or have a more cost-effective impact on foreclosure mitigation than those authorized under section 1702. Such certification shall contain quantitative projections of the benefit of pursuing the alternative actions in place of or in addition to the actions authorized under section 1702.

**SEC. 1704. TIMELY IMPLEMENTATION.**

The Chairperson shall begin implementation of, and shall allow lenders and loan servicers to begin participation in, the mortgage modification program under this title not later than 1 month after the date of enactment of this Act.

**SEC. 1705. SAFE HARBOR FOR LOAN SERVICERS.**

(a) LOAN MODIFICATIONS AND WORKOUT PLANS.—Notwithstanding any other provision of law, and notwithstanding any investment contract between a loan servicer and a securitization vehicle or investor, a loan servicer that acts consistent with the duty set forth in section 129A(a) of Truth in Lending Act (15 U.S.C. 1639a) shall not be liable for entering into a loan modification or workout plan under the program established under this title, or with respect to any mortgage that meets all of the criteria set forth in subsection (b)(2), to—

(1) any person, based on that person's ownership of a residential mortgage loan or any interest in a pool of residential mortgage loans or in securities that distribute payments out of the principal, interest, and other payments on loans in the pool;

(2) any person who is obligated to make payments determined in reference to any loan or any interest referred to in paragraph (1); or

(3) any person that insures any loan or any interest referred to in paragraph (1) under any provision of law or regulation of the United States or of any State or political subdivision of any State.

(b) ABILITY TO MODIFY MORTGAGES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, and notwithstanding any investment contract between a loan servicer and a securitization vehicle or investor, with respect to any mortgage loan that meets all of the criteria set forth in paragraph (2), or which is modified in accordance with the loan modification program established under this title, a loan servicer—

(A) shall not be limited in the ability to modify mortgages, the number of mortgages that can be modified, the frequency of loan modifications, or the range of permissible modifications;

(B) shall not be obligated to repurchase loans from or otherwise make payments to the securitization vehicle on account of a modification, workout, or other loss mitigation plan for a residential mortgage or a class of residential mortgages that constitute a part or all of the mortgages in the securitization vehicle; and

(C) shall not lose the safe harbor protection provided under subsection (a) due to actions taken in accordance with subparagraphs (A) and (B).

(2) CRITERIA.—A mortgage loan described in this paragraph is a mortgage loan with respect to which—

(A) default on the payment of such mortgage has occurred or is reasonably foreseeable;

(B) the property securing such mortgage is occupied by the mortgagor; and

(C) the loan servicer reasonably and in good faith believes that the anticipated recovery on the principal outstanding obligation of the mortgage under the particular modification or workout plan or other loss mitigation action will exceed, on a net present value basis, the anticipated recovery on the principal outstanding obligation of the mortgage to be realized through foreclosure.

(c) APPLICABILITY.—This section shall apply only with respect to modifications, workouts, and other loss mitigation plans initiated before July 1, 2010.

(d) REPORTING.—Each loan servicer that engages in loan modifications or workout plans subject to the safe harbor in this section shall report to the Chairperson on a regular basis regarding the extent, scope, and results of the loan servicer's modification activities, subject to the rules of the Chairperson regarding the form, content, and timing of such reports.

(e) DEFINITION OF SECURITIZATION VEHICLES.—For purposes of this section, the term 'securitization vehicle' means a trust, corporation, partnership, limited liability entity, special purpose entity, or other structure that—

(1) is the issuer, or is created by the issuer, of mortgage pass-through certificates, participation certificates, mortgage-backed securities, or other similar securities backed by a pool of assets that includes residential mortgage loans; and

(2) holds such mortgages.

**SEC. 1706. FUNDING.**

There is appropriated to the Secretary of the Treasury to cover the costs incurred by the Corporation in carrying out the mortgage modification program established under this title, $22,725,000,000. Funds that are unused by July 1, 2010, shall be returned to the General Fund of the Treasury of the United States, unless otherwise directed by Congress.

**SEC. 1707. FDIC COSTS AND AUTHORITY.**

(a) TRANSFER FROM SECRETARY.—The Chairperson shall, from time to time, request payment of the anticipated costs of carrying out the program, including any administrative costs, and the Secretary of the Treasury shall immediately pay the amounts requested to the Corporation from the funds made available under section 1706.

(b) CORPORATION AUTHORITY.—In carrying out its responsibilities under this title, the Corporation may exercise its authority under section 9 of the Federal Deposit Insurance Act.

**SEC. 1708. REPORT.**

Before the end of the 2-month period beginning on the date of enactment of this Act and every 3 months thereafter, the Chairperson shall submit a report to the Congress detailing the implementation results and costs of the mortgage modification program, and containing such recommendations for legislative or administrative action as the Chairperson may determine to be appropriate.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

AMENDMENT NO. 501

Mr. GRAHAM. Mr. President, I will try to make this as quick as possible. This is as a result of the ''gang of two.'' I would encourage everybody here to form your own gang and see if you can save some money and do some good for the taxpayer. But it has been a real pleasure working with Senator CONRAD, who is the chairman of the Budget Committee, who knows more than I will ever hope to know about this, and has probably forgotten more than most of us know about budgeting and spending.

We have looked at this bill, and we have similar concerns. One of the things we agree on, I think pretty strongly, is that no amount of stimulus package, no matter how well constructed, is going to solve the Nation's problems unless you do something about housing and banking.

We found some common ground on the housing part. Sheila Bair, who is the Director of the Federal Deposit Insurance Corporation, who was allowed to stay in her position by President Obama—and I compliment him for doing that; she is a very smart lady—she has been telling people throughout the country that there is a way to get ahead of the foreclosure problem if she had some money to modify mortgages that are troubled. So what we have done is we have answered her call. She has indicated to us, through a letter, and what we have done is taken $22.725 billion, transferred it to her organization, and she will be able to use that money to deal with service providers to renegotiate mortgage loans that are underwater or about to go into default, make sure that the overall payments of the mortgageholder are no more than 31 percent so people can afford it. The lender and investors would be required to achieve reductions through a combination of interest rate reduction, extended amortization, and principal forbearance.

In other words, she tells us if we gave her this amount of money, she could sit down with the private sector and do the following:

This proposal is no silver bullet. But we do estimate that it could reduce projected foreclosures by some 1.5 million, assuming the program would last around 14 months.

Now, let me say that again. Some 1.5 million Americans, with this amount of money, in her opinion, could avoid having their homes foreclosed on. I don't have names and faces, but imagine for a moment people you know. That is a very big deal to me. And the money, $26-plus billion, is taken out of the underlying bill. We offset it. And as a compliment to my friend from North Dakota, it took us about 3 minutes to find offsets in this bill.

What we are able to do is we took a $75 billion fund for States that was undesignated spending, no real rhyme or reason how it will stimulate the economy in the near term, and we said, wait a minute, we know $16.85 billion, if given to the FDIC organization, Ms. Bair, if they got $16 billion of that pot of money, they could save 1.5 million people from foreclosure. If we would do that, it would help the housing market in general.

Again, my colleagues, we can print money until the press breaks. If you do not deal with housing and banking, we are never going to shore up this economy. This is, I think, a very responsible amendment. We could do a lot more with this bill. But we have the ability to transfer funds from the underlying bill to the FDIC that could be used in a way to work with the private sector financial managers to help 1.5 million people from going into foreclosure in the next 14 months.

I am very proud of the amendment. I am sure it is no silver bullet, as she indicates, but it shows you what we can do around here if we keep our eye on the ball. At the end of the day, whatever amount this bill comes out to be, we have done very little for housing and nothing for banking.

Our dear friend, Senator DODD, on the Banking Committee, knows, and the rest of us should know, that if you do not get credit flowing, if you do not shore up housing, there is no amount of stimulus in the world that is going to bring this economy back.

I urge all of my colleagues to support this amendment, because it will help Americans in the near term save their home from foreclosure. It is responsibly spent, and the offsets, I think, are reasonable.

I will let my friend from North Dakota tell you about the stimulative effect of the offsets to our economy versus the stimulative effect of the protection of housing of our amendment.

With that, I yield to my friend from North Dakota.

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

Mr. CONRAD. I thank Senator GRAHAM from South Carolina for teaming up on this amendment. I think it is critically important that this amendment be adopted, because it goes right to the heart of the financial crisis we are facing.

Housing is right at the center of the economic meltdown that is occurring, and precious little is being done in this economic recovery bill to address it.

I salute Senator ISAKSON for his amendment the other night, because that is the other half of a package I think makes sense for housing. The Isakson amendment broadens the credit, an amendment that I offered in the Finance Committee that was adopted. Now we have the second piece of the puzzle, that is, to address foreclosures.

Some will say, we will wait. We will do this in the TARP. Well, No. 1, there is not sufficient funding in TARP to deal with housing and the financial sector. In fact, the testimony before the Budget Committee—Senator GRAHAM heard it, I heard it—said we are going to need $300 to $500 billion more in the TARP for the financial sector, without addressing at all the housing crisis.

I say to my colleagues, I urge my colleagues to think very carefully about this prospect. We know this economy cannot recover without housing being healthier, and without the financial sector being healthier.

This amendment addresses housing, and it does it by reallocating funding, not adding more money to this package, but reallocating money within the

package. It is fully paid for, $22.8 billion that is needed to have the FDIC go forward with its plan to reduce foreclosures in America.

The Senator from South Carolina said it well. The letter from Sheila Bair makes it clear. This amendment, under her estimate, would avert 1.5 million home foreclosures in this country. I do not think we should wait. I do not think we should count on a TARP plan that is already underfunded to deal with the financial crisis as the basis for funding this approach. I think we should do it here. I think we should do it now. And I think we should do it in a way that is paid for.

There is a certain level of expectation that occurs when a package comes over from the House, and various allocations are made. The problem is, that is not going to be the final bill leaving this Chamber. That is clear. So adjustments are going to have to be made. Priorities are going to have to be determined.

I assert to my colleagues, housing ought to be certainly one of the highest priorities to be addressed in any economic recovery package. There are other things in this legislation that may be meritorious, may be good, some of them stimulative, some of them less so. We have tried to focus on those things that are of questionable value in terms of stimulus. We started with the so-called stabilization fund. Now Governors are going to get several hundred billion dollars under this plan. But one part of it, the economic stabilization fund, constitutes a slush fund if ever there was one.

There are absolutely no strings attached. Governors can use it for any purpose. We have reduced that by some 70 percent. That is the biggest pay-for here. Then we have taken other items that have become the object of ridicule, $400 million for sexually transmitted diseases, $75 million for smoking cessation, and on it goes, things that are of questionable value with respect to stimulus, things that, some of them, have very slow spend-out rates. In one of them, only 17 percent of the money is spent in the first 2 years, so 83 percent is beyond 2 years.

We have tried to be careful and judicious with respect to the pay-fors to fund what I think has to be a critical priority.

Mr. President, how much time have I consumed?

The PRESIDING OFFICER. The Senator has used 5 minutes.

Mr. CONRAD. Mr. President, I want to say this before we give Senator GRAHAM another chance, and then we are happy to hear Senator DODD's concern. This is a critical moment for this bill. Are we going to address one of the two major crises facing this country, or are we going to largely say wait for another day? Wait for another day. Wait for the TARP funds that are already oversubscribed.

There is about $300 billion left in TARP funds. The testimony before the Budget Committee was crystal clear, from economists across a broad spectrum, Republicans and Democrats, that you are going to need another $300 to $500 billion in the TARP to deal with the financial crisis.

I say to my colleagues, if we want to deal with something fundamental with respect to housing, here is our opportunity to do so.

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

The PRESIDING OFFICER. The Senator from South Carolina has 4½ minutes remaining.

Mr. GRAHAM. Mr. President, as I understand the TARP funding situation, we are somewhere in the $310 billion range in terms of funds left. I voted for TARP. It was a very tough vote for all of us. And the first $350 billion, let's put it this way, I do not think inspired a lot of confidence in the American people. I was told we were going to buy toxic assets with the money, that we were going to get those bad debts off the balance sheets so people could lend money. Unfortunately, most of the money went to banks. And I do not have any idea what bank got what, and I have no idea what they did with the money. I know the chairman of the Banking Committee is trying to figure that out.

The confidence level of the American people in us is pretty low right now. Do we understand what we are doing and how are we going to get there? I can assure you there is going to be more money requested for housing and banking.

Every dollar we spend in the stimulus package that is off the mark is borrowed money, and it is going to make it harder to get new money for housing and banking. So, dear colleague, the next time we go to the American people and ask them to trust us with more of their money to fix banking and housing, they are going to judge us by TARP and this stimulus package. I am afraid we are not doing very well in their sight. This amendment will help in a small way. We can do a lot more.

Mr. President, I ask unanimous consent that Senator BOND be added as a cosponsor.

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

Mr. GRAHAM. Mr. President, I ask unanimous consent to have printed in the RECORD the letter from Sheila Bair to me and Senator CONRAD about what this would do for housing: 1.5 million people would avoid foreclosure if this program were enacted for 14 months. That is a pretty good use of money.

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

FEDERAL DEPOSIT
INSURANCE CORPORATION,
*Washington, DC, February 4, 2009.*

Hon. LINDSEY GRAHAM,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR GRAHAM: This letter is in response to your inquiry regarding the Federal Deposit Insurance Corporation proposal to reduce unnecessary foreclosures by providing partial guarantees against future loss for distressed mortgages that are restructured to provide affordable payments over the life of the loan. We believe the best way to address the problem of unnecessary foreclosures in scale is to provide appropriate economic incentives for the systematic restructuring of unaffordable mortgages into affordable, sustainable obligations.

Specifically, our proposal would require lenders and mortgage investors to restructure unaffordable mortgages into loans with payments no greater than 31 percent of the borrower's income. Lender and investors would be required to achieve these reductions through a combination of interest rate reductions, extended amortization, and principal forebearance. In return, the government would agree to share a portion of the losses if the loan later defaulted. In developing this proposal, we have drawn from our long experience in restructuring the troubled loans of failed banks into performing assets, thereby enhancing their value on sale. As millions of unnecessary foreclosures drag down home prices and harm our economy, we believe there is an urgent need for a federal program to provide appropriate incentives for loan modifications as an alternative. More widescale loan restructuring would help our economy and preserve homeownership, while making good business sense as the value of a performing mortgage will generally be greater than that of a foreclosed home.

This proposal is no silver bullet, but we do estimate that it could reduce projected foreclosures by some 1.5 million, assuming the program would last around 14 months. The projected costs of the program are $24.4 billion or less.

The enclosed document from our website provides additional details about our loss sharing proposal. Please let me know if we can provide additional information.

Sincerely,

SHEILA C. BAIR,
*Chairman.*

Enclosure.

FDIC LOSS SHARING PROPOSAL TO PROMOTE AFFORDABLE LOAN MODIFICATIONS

BACKGROUND

Although foreclosures are costly to lenders, borrowers and communities, the pace of loan modifications continues to be extremely slow (around 4 percent of seriously delinquent loans each month). It is imperative to provide incentives to achieve a sufficient scale in loan modifications to stem the reductions in housing prices and rising foreclosures.

Modifications should be provided using a systematic and sustainable process. The FDIC has initiated a systematic loan modification program at IndyMac Federal Bank to reduce first lien mortgage payments to as low as 31% of monthly income. Modifications are based on interest rate reductions, extension of term, and principal forebearance. A loss share guarantee on redefaults of modified mortgages can provide the necessary incentive to modify mortgages on a sufficient scale, while leveraging available government funds to affect more mortgages than outright purchases or specific incentives for every modification. The FDIC would be prepared to serve as contractor for Treasury and already has extensive experience in the IndyMac modification process.

BASIC STRUCTURE AND SCOPE OF PROPOSAL

This proposal is designed to promote wider adoption of such a systematic loan modification program:

1. by paying servicers $1,000 to cover expenses for each loan modified according to the required standards; and

2. sharing a proportion of losses incurred if a modified loan should subsequently re-default

We envision that the program can be applied to the estimated 1.4 million non-GSE mortgage loans that were 60 days or more past due as of June 2008, plus an additional 3 million non-GSE loans that are projected to become delinquent by year-end 2009. Of this total of approximately 4.4 million problem loans, we expect that about half can be modified, resulting in some 2.2 million loan modifications under the plan.

DETAILS ON PROGRAM DESIGN

Eligible Borrowers: The program will be limited to loans secured by owner-occupied properties.

Exclusion for Early Payment Default: To promote sustainable mortgages, government loss sharing would be available only after the borrower has made a minimum number of payments on the modified mortgage.

Standard NPV Test: In order to promote consistency and simplicity in implementation and audit, a standard test comparing the expected net present value (NPV) of modifying past due loans compared to the strategy of foreclosing on them will be applied. Under this NPV test, standard assumptions will be used to ensure that a consistent standard for affordability is provided based on a 31% borrower mortgage debt-to-income ratio.

Systematic Loan Review by Participating Servicers: Participating servicers would be required to undertake a systematic review of all of the loans under their management, to subject each loan to a standard NPV test to determine whether it is a suitable candidate for modification, and to modify all loans that pass this test. The penalty for failing to undertake such a systematic review and to carry out modifications where they are justified would be disqualification from further participation in the program until such a systematic program was introduced.

Simplified Loss Share Calculation: In order to ensure the administrative efficiency of this program, the calculation of loss share basis would be as simple as possible. In general terms, the calculation would be based on the difference between the net present value of the modified loan and the amount of recoveries obtained in a disposition by refinancing, short sale or REO sale, net of disposal costs as estimated according to industry standards. Interim modifications would be allowed.

De minimis Test: To lower administrative costs, a de minimis test excludes from loss sharing any modification that did not lower the monthly payment at least 10 percent.

Eight-year Limit on Loss Sharing Payments: The loss sharing guarantee ends eight years of the modification.

IMPACT OF THE PROGRAM

The table below outlines some of the basic assumptions behind the scale of the plan and its expected costs. To summarize, we expect that about half of the projected 4.4 million problem loans between now and year-end 2009 can be modified. Assuming a redefault rate of 33 percent, this plan could reduce the number of foreclosures during this period by some 1.5 million at a projected program cost of $24.4 billion.

PROJECTED NUMBER OF COST OF LOAN MODIFICATIONS UNDER FDIC LOSS SHARING PROPOSAL

1.6 million total loans 60+/90+ past due now

GSE loans make up about 13 percent of problem loans at present

Net: 1.4 million non-GSE problem loans at present

3.8 million new total loans 60+/90+ past due by y.e. 2009

Assume: GSE loans make up 20 percent of new problem loans through y.e. 2009

Net 3.04 million new non-GSE problem loans through y.e. 2009

Total non-GSE problem loans through y.e. 2009: 4.44 million

Modify 1/2, or 2.22 million loans

Avg. loan size $200,000

Total book value of loans modified = $444 billion

Avg. program cost (FDIC assumptions) = 5.5 percent

Est. total program cost = $24.4 billion

Assuming redefault rate of 33 percent, almost 1.5 million foreclosures avoided

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. First, let me begin by thanking both of my colleagues from North Dakota and South Carolina for their interest in the subject matter.

Now, as I pointed out, 2 years ago tomorrow, I think it was, February 7, 2007, as the new chairman of the Banking Committee, I held my first hearings, and the first hearings were on the foreclosure crisis.

At that time, a fellow by the name of Eakes testified before the committee and predicted 2.2 million foreclosures in the country. He was scoffed at all across the country for having such an outrageous prediction.

In fact, the criticism was correct. It was an outrageous prediction, because it was not 2.2 million, it is now 8 million.

I see my friend from New Jersey, BOB MENENDEZ, who was at that hearing 2 years ago today. And he predicted a tsunami, were his words—I will never forget them—of how foreclosures were occurring in the country. And again, people laughed and ridiculed and suggested that we were somehow predicting things that were never going to happen.

We have all learned, painfully, the results. We are in the pickle we are in today because we didn't respond to the foreclosure crisis at the time. This is a major problem that deserves major attention. When we wrote the so-called TARP legislation in September, we required four things. I won't bother with the first three; they were accountability, taxpayer issues. One of the four points was to mitigate against foreclosures. We have learned, painfully over the last number of weeks, that virtually nothing was done about foreclosure mitigation with the original $350 billion tranche.

My concerns—and I appreciate immensely the effort we are finally getting some attention to this issue and looking for resources—are the following: One, I am not sure foreclosure mitigation ought to be a part of a stimulus package. You can make a case for doing something about foreclosures, but that is why we have the TARP program. It is not only the financial system. They are, of course, interrelated. It is not like there is a housing issue and a financial system at risk that are separate issues. They are the same issue, the foreclosure issue and the financial mess.

I am going to be offering shortly, along with Senators REID and MARTINEZ, legislation that requires that of the $310 to $350 billion in the second tranche, that $50 billion be dedicated to foreclosure mitigation because that was what the intention was originally. While I am attracted to the proposal made by Sheila Bair at FDIC—and I mention that in the amendment as one of the ideas, but there are a number of ideas. I say, respectfully, to both my good friends, Senators GRAHAM and CONRAD, as I read the amendment, it would require the adoption of the Sheila Bair approach. To me, that is worrisome because it is one idea but not the only idea, to allocate $20-some-odd billion to one idea at a time when we ought to be looking at various ideas that might actually work to mitigate foreclosures. She believes $25 billion would do 1.2. She thinks $50 would double that number to 2.2 or close to 3. We have a lot of numbers that get thrown around here.

My point is, it ought to be something we try not to congressionally mandate. We are good at a lot of things in the Congress, but when we start micromanaging ideas such as this, we get ourselves into trouble. That is why, hopefully, we have smart people out there who will consider ideas and manage them well. But up here, when you try to set accounting standards or rigidly determine a particular formulation, I get uneasy.

The amendment we will offer goes beyond foreclosure mitigation. We also clean up HOPE for Homeowners, which we all supported last summer—almost all of us did—as a way to try and also deal with foreclosure mitigation. My concern would be that the adoption of this amendment would preclude the adoption of the second amendment. I, respectfully, suggest that what we have offered as our second amendment is a more comprehensive approach.

I have held 82 hearings. I see my friend from Kentucky, Senator BUNNING, a member of the committee. We spent a lot of time over the last 2 years on these issues. We haven't all agreed every time on everything—but 82 hearings and meetings, a third of which were on this subject matter alone. I know we all respect each other for doing the jobs we try to do. But having spent this much time trying to figure out what is the best answer, it seems to me TARP resources ought to be used, stimulant money ought to be used for job creation. Not that I wouldn't like to have extra resources to deal with this. We ought to have a broad approach so we are not rigidly locked into a congressionally mandated formula.

I won't bother to address offsets. My colleagues are trying very hard to do what we all ought to do and that is to pay for various things. I will let others go down the list and whether they like or dislike the various offsets.

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

Mr. DODD. I ask unanimous consent for 1 additional minute.

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

Mr. DODD. I find myself sort of in an awkward position. I don't want to be in the position of disagreeing with trying to do something about foreclosure mitigation. But we end up doing this and the next and we get to 75 or in excess of $75 billion for this particular issue, we are getting excessive, it seems to me, without knowing whether a smaller amount might achieve the job. If we are mandating it with two provisions, then we are excluding resources that could be used for other things, including job creation, which is the debate about the stimulus package. My friend from North Dakota and I have talked about this privately, and I thank my colleagues for raising the issue. I truly have mixed emotions about this because I like what they are doing on the one hand, but I am concerned that as between the two choices—the one Senators MARTINEZ, REID, and I will offer and this one—I think we offer a more comprehensive one, one that relies on greater flexibility and uses TARP money rather than stimulant money to achieve the result.

Mr. SCHUMER. Will my colleague yield for a question?

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

Mr. SCHUMER. I ask unanimous consent for 2 minutes to ask a question.

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

Mr. SCHUMER. Mr. President, I agree completely with my colleague's sentiments. Why, in this hard fought bill, where we don't have enough money for everything else and we are all worried about it and we know we have money from the TARP, $50 to $100 billion promised to deal with housing, why take the money out of here when we need it for infrastructure and for middle-class tax cuts and all the other things. I ask my colleague, in effect, to the people being foreclosed upon, is there any difference if we take the money out of TARP or take the money out of this stimulus, even though we know there is a huge difference to all the other people who will suffer $20 billion in cuts? Is there any difference, in effect, on their lives and on how we can help them?

Mr. DODD. There is only in this sense. This bill has a specific requirement that a particular plan be adopted and funded with this proposal. I admire Sheila Bair's proposal, but we also recognize there are others. At the same time, if we are dealing with foreclosure mitigation but not getting that person who is probably in foreclosure because they may have lost a job, if we don't make it possible for them to get back to work because we minimize the resources in the stimulus, saving their home but not saving their job ends up with sort of a very mixed message.

Mr. SCHUMER. Excellent point.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I submit we will not save people's jobs or their homes unless we have a comprehensive strategy to address both. The problem with the economic recovery package is there is precious little in here that does anything about the housing crisis. We hear the assurance that we can take the money from the TARP. The problem is the TARP, by testimony before the Budget Committee, is oversubscribed as it is.

Let's do the math. There is about $300 billion left in the TARP. The testimony before the Budget Committee is, we need $300 to $500 billion on top of that $300 billion just to deal with the financial crisis. That doesn't leave any money for the housing crisis. Here we have before us a vehicle to face up to foreclosures. Senator DODD is absolutely right. I remember well his holding a hearing on foreclosures. I remember well his coming to this floor with legislation. I remember well filibuster after filibuster against dealing with it. Now is the time. We should not wait to take on the foreclosure crisis in America. More foreclosures, more homes lost, more people unable to pay, more banks have their capital impaired, fewer loans being made, more jobs lost. This is an opportunity to deal with the housing crisis and to have it paid for and to have it paid for out of economic recovery funds.

I don't know how I would explain to my constituents that housing wasn't a key part of an economic recovery package.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. CONRAD. I retain that time.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. If I believed we could fix housing and the banking situation with $310 billion, I would sit down and withdraw the amendment. I don't think we can. I am trying to help. As to my friend from New York, if you think it is more important to spend $400 million to deal with sexually transmitted diseases than it is to save 1.5 million homes, vote against us. I have an offset here. Go through this. If you think this is a better use of money than allocating money to save people from losing their homes, vote no. We are not in a perfect world. We are in a miserable world. We have a stimulus package that has very little to do with stimulating the economy and a lot to do with growing the Government. We have a housing problem and a banking problem that are going to cost a lot more than $300 billion. That is what we are trying to say to our colleagues. The problems are massive. The spending bill is too large. We are trying to create some sense of priorities and urgency. So the $16 billion slush fund that is not going to create any job, if you think it is better to have that than it is to save 1.5 million homes from foreclosure with a program that Sheila Bair thinks will work, let's do it.

I wish to work with Senator DODD to improve the funding available to deal with foreclosures. This is not a silver bullet, but it will help. We have our priorities mixed up. We have a spending bill that doesn't create jobs. It grows the Government. We don't have enough money to fix housing and the underlying banking problem because we have been incompetent with the first $350 billion. I am not blaming anybody. I am telling America the worst is yet to come, and we are wasting money and wasting time. This is not a perfect world. This is a Congress making it up as we go. I would like to get some rhyme or reason as to what we are doing. This amendment has a rhyme or reason about what we are doing.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I ask unanimous consent that 10 more minutes be allocated to the Conrad-Graham amendment, equally divided, because there are some who still want to speak in opposition to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the chairman of the committee who is managing the bill. Maybe I will just take a few minutes. I understand we have another colleague who is on his way and wants to speak.

The comment was made that this amendment requires us to use the Sheila Bair approach. Let me say, in this whole crisis, the Government official who shines the brightest and the best has been Sheila Bair. She is the person who has warned us that this tsunami of foreclosures was coming. She is the one who warned us of the financial crisis. She is the one who had the most consistent track record about dealing with it and dealing with it effectively. Institution after institution she has taken over, under the rules and the law, have been dealt with in the most economically rational way.

Now she has come forward with a plan that observers and economists of every stripe have said is outstanding. It has the best prospects for success at preventing people from losing their homes.

This is much more than numbers on a page. When we talk about 1.5 million people not going through foreclosure if our amendment is adopted, according to Sheila Bair and her professional staff, 1.5 million people, this is much more than that number. Think of what is happening in those families, when they have the sense they are going to lose their homes and start through a legal process that sucks them down. I read yesterday what was happening in courts locally as people went in facing foreclosure, the absolute desperation of the people, the confusion, the chaos in their lives. With this amendment, we have a chance to avert 1.5 million

American families from going through foreclosure. It is paid for. It is paid for in the least painful way.

Let me conclude on the notion of waiting for TARP. The TARP funds are simply insufficient to deal with the financial crisis and the housing crisis. There can be no question. I predict right here, right now, this administration will be coming to us in the weeks ahead asking for between $400 and $500 billion more of TARP funds just to deal with the financial crisis. Senator GRAHAM was there. We had three of the most outstanding economists in the country, Democrats and Republicans, telling us exactly that. To hope and pray that somehow the TARP funds are going to be the savior for housing foreclosure is not something I would want to count on.

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

Mr. CONRAD. I am happy to yield.

Mr. GRAHAM. Does the Senator agree with me that whether we can get the public to buy into $500 billion, $400 billion more, has a lot to do with their confidence level in how we are spending their money through the TARP and through the stimulus package? We are trying to improve their confidence level by having offsets that make sense; does he agree that is the purpose?

Mr. CONRAD. I think it is just fundamental that one way to build confidence with the American people is to show them we are using their precious taxpayer dollars in the highest priority areas and we are doing it in a responsible way—not adding to deficits and debt, not creating a huge bow wave for the Federal budget going forward. Some of the items we have taken out only spend out 17 percent in the next 2 years; 83 percent is beyond.

So I hope my colleagues are listening carefully to this debate because this one really matters. Mr. President, 1.5 million homes can avoid foreclosure.

Let me say, we have not locked in a rigid approach on the FDIC proposal on dealing with foreclosures. We have allowed them to make modifications in their plan so it can take in the best ideas of others. But I think every observer, every economist who has looked at the FDIC plan has confirmed what Sheila Bair has told us in writing today: that this amendment, voted on today, could help prevent 1.5 million people from losing their homes and creating a further downdraft in this economy—more foreclosures, more banks cannot lend, more jobs lost. That is exactly what an economic recovery package should be about.

Mr. President, how much time do I retain?

The PRESIDING OFFICER. There is 2 minutes for the proponents of the amendment.

Mr. CONRAD. Mr. President, I am happy to yield.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I yield whatever time my colleague from New York would need.

Mr. SCHUMER. Three minutes.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Thank you, Mr. President, and I thank my friend from Connecticut, our leader and chairman of the Banking Committee, for his time and his words.

Let me be clear to my colleagues, this is not about whether you want to help people who face foreclosure. It has been a fight I have been making since a year and a half ago, when Senators BROWN and CASEY and I put money into the appropriations bill of 2008 for counselors. Nor is it about the priorities of where you should cut that specifically are laid out by my friend and great chairman of the Budget Committee, Senator CONRAD. This is very simple common sense. We are sitting here. A bill may not even pass because we cannot decide where we can make cuts. We have some who want a number lower. We have some who want a number higher. The fights are over important issues such as education and health care and roads and broadband and all of the things we think we need to get this economy working again—some short term, some long term.

We all agree with that. We all agree with helping those who need help because their homes may be foreclosed upon. However, the reason I think we should have an overwhelming vote against the amendment of my good friend from North Dakota is simple: The money comes from the wrong place.

We have $50 billion to $100 billion in the TARP—the second half of the TARP—that has been committed by President Obama to do the very things my colleague wishes to take out of the stimulus bill. Why don't we wait? We are going to have an announcement early next week about those moneys. Wouldn't it be foolish to take those moneys out of this bill when we are so hurting and we have so limited money? It is as if we have seven children in a bed and enough blanket for five and there is a struggle as to whose feet are going to be stuck out or who is not going to be covered? Wouldn't it be embarrassing if next week the administration announces they are taking this very money out of the TARP? It just does not make any sense, in my judgment, in my humble judgment.

So I urge my colleagues to reject this amendment, whatever side they are on. If they think the money should not be taken out of the specific list Senator CONRAD has compiled, if they think it should go to foreclosure and come from something else——

The PRESIDING OFFICER (Mr. BURRIS). The Senator's time has expired.

Mr. SCHUMER. Mr. President, would my colleague have 2 more minutes? Are we limited in time?

Mr. BAUCUS. We are limited, Mr. President.

I am sorry. The Senator is managing the time.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, this is, obviously, a discussion that has provoked a bit more discussion than I think any of us anticipated, and it is a worthwhile discussion. So I ask unanimous consent that there be an additional 10 minutes because I know there are several other Members who want to be heard on this amendment, and certainly my colleague from North Dakota may request some additional time as well. We may not use it all, but to give us enough time to flesh this out, if we can, I ask for 10 additional minutes.

Mr. CONRAD. Is that equally divided?

Mr. DODD. Yes, equally divided. I do not know how much time we will need, but just to—and I will yield whatever time my colleague from New York needs. Two minutes.

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

The Senator from New York.

Mr. SCHUMER. Mr. President, I thank my colleague.

So under the amendment of my friend from North Dakota, the money would not come from the banks but come from all these programs we like. Under the next amendment that will be offered by the chairman of the Banking Committee, the Senator from Connecticut, the money will come—instead of going to banks, it will go directly into foreclosure. If we do what the Senator from North Dakota wants, there is going to be $150 billion to $100 billion more going to the banks.

I think many of us think that money that was in the first $350 billion was not wisely spent. If we do what the Senator from Connecticut will propose shortly, the money will not come out of education and health care and broadband, but it will come out of giving more money to the banks. So if you want extra money for the banks, the amendment from the Senator from North Dakota is in order.

Mr. GRAHAM. Mr. President, will the Senator yield for a question?

Mr. SCHUMER. Mr. President, I am happy to yield to my friend from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. The point I am trying to make, I say to the Senator, is, I may be wrong, but I do not believe the remaining amount of money in TARP—$310 billion, I believe it is—will take care of what we need to do with our banking problem and our housing problem. Am I wrong?

Mr. SCHUMER. Mr. President, I think my colleague may not be wrong. But I would add this, given that it is my time: Whether we only need $200 billion or $310 billion or $500 billion or $600 billion more, let's take the money we have out of this pocket, which is not being spent well, from the banks, and use it instead of money out of this hardly fought economic recovery bill. That is my basic point.

I thank my colleague for yielding.

I hope, with a great deal of respect, we will reject the amendment offered by the Senator from North Dakota and then do the same thing but take the money from the banks by supporting the amendment offered by the Senator from Connecticut.

I yield the floor and yield back my time.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I have heard now from the Senator from New York that we should wait to deal with foreclosures—we should wait. Well, that is the opportunity that is before us. We can make a choice on this amendment. We can wait some more to deal with foreclosures or we can take action today.

Sheila Bair, the much respected head of the FDIC, has said that if our amendment passes, we can avert 1.5 million Americans from being foreclosed upon. You want to wait on that? What are you going to wait for? You are going to wait to take the money out of the TARP when there is insufficient money in the TARP to deal with the financial crisis, much less the housing crisis and the financial crisis?

Look, this is the curious sort of Washington math that has us in deep trouble. We talk about using money that has already been spoken for, and somehow we are supposed to use it twice, maybe three times. I suggest it is much better to act now and to use real money to pay for it rather than be counting on a fund that is already oversubscribed.

Now, this notion of waiting leaves me cold. Mr. President, 1.5 million people are out there facing foreclosure, and those families could have the foreclosure averted if we act. This is not the time to wait. This is the time to act.

Mr. GRAHAM. Mr. President, will the Senator yield for a question?

Mr. CONRAD. Mr. President, I am happy to yield.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. GRAHAM. If our colleagues looked at the items we are using to offset, do you agree with me, I say to the Senator, not only could most of these items wait, it would be probably good we never spent the money at all?

So when you talk about priorities between 1.5 million people who could be saved from foreclosure in 14 months with this money versus what we are offsetting—and only 17 percent of the offset money, I say to the Senator, I believe, is spent in the first year—the $22 billion we give to the FDIC to manage foreclosures would save 1.5 million homes in 14 months.

So I would argue we are not shortchanging anyone by offsetting this money, that what is in the offset not only could wait, a lot of it could wait till hell froze over because it makes no sense to spend it to begin with.

So it is not as if we are robbing somebody with a useful program. We have looked into this $800 billion, $900 billion—whatever it is—bill, I say to the Senator, and we are astonished to find that maybe there is some money in here that does not make a whole lot of sense in terms of stimulating the economy, saving housing or banking, and I think we have done a pretty good job of offsetting it.

I would ask my colleagues one simple question, and I will end with a question to the Senator from North Dakota. If you assume we are going to be asking the American people for more money to fix their housing problem and their banking problem, the question I have is, one, why wait when we can do something now? And why would you put what is in this bill in this offset ahead of housing? I just do not understand that. Do you, as the Senator from North Dakota?

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Chair.

I really do not. I really do not understand the logic of waiting. We could take action today, action that is paid for, and save money out of the TARP fund that is already oversubscribed. It is as clear as it can be, there are not sufficient funds in the TARP to do all that is being demanded of it. I do not know how anything makes more sense or is of a higher priority in an economic recovery program than to avert foreclosure. It ties directly to jobs because if a house is foreclosed on, all the houses in the neighborhood lose value. Then what happens? Then more homes are upside down.

Already, one in every four or one in every five homes in America is upside down. They owe more than the house is worth. If more houses go through foreclosure, more homes lose value, more people start not to make their payments, the banks have less capital, they are less able to lend, businesses are less able to carry on their activity, more jobs are lost, and more foreclosure occurs.

The critical thing is to break the chain. That is the opportunity this amendment presents.

Mr. President, how much time remains on our side?

The PRESIDING OFFICER. Two minutes.

The Senator from Connecticut.

Mr. DODD. Mr. President, first of all, acting now or acting later—assuming we vote on this amendment offered by my friends from South Carolina and North Dakota, within minutes after that, I will be offering the amendment that would require that the $50 billion come out of the TARP money. I do not know what delay we are talking about.

We are promoting the same piece of legislation. The money has already been appropriated to deal TARP, so it is there. So the question is not about delaying one in favor of the other. The question is, Which pot do you want to draw from?

This is sort of a disconnect amendment. We were debating a stimulus package, I thought. Maybe we are not. I know there is some debate about that in the Chamber.

Mr. GRAHAM. Mr. President, I hate to do this because I hate it when people do it to me, but I just want to ask a question, if I could.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. DODD. Mr. President, I yield to my colleague for a question.

The PRESIDING OFFICER. The Senator yields.

The Senator from South Carolina.

Mr. GRAHAM. I think the Banking Committee chairman has a major dilemma on his hands, at no fault of his own. If I thought $310 billion would do it, I would not be here. I think you are going to need more money, and if you take 50 out of the TARP, you are going to have whatever the math is left, and that is still not enough.

So what we are trying to do is get money for housing and taking it out of a bill that I think has a lot of room to be offset. I am trying to help, not hurt. I think you are going to need both.

Mr. DODD. Mr. President, I appreciate the remarks of my colleague. I only have 1 minute. I have not been directly involved in the Finance or Appropriations Committees, but I have listened to the debate over the last several days, and I think the debate is this: Is this bill a stimulus bill? If it is a stimulus bill, we are talking about job creation. Is it a foreclosure bill? Maybe we changed the debate. If it is a foreclosure debate, I thought I was on something else. So if we want to talk about putting people to work and simultaneously now we are going to take $23 billion out of the stimulus bill and put it in foreclosure mitigation, it seems to me this is a different debate.

I would just say to my colleagues as someone who has chairmanship with jurisdiction over TARP at this point: No, the money has not been allocated. In fact, we have the Secretary of the Treasury coming to our committee on Tuesday to describe exactly what their intentions are with the $310 billion to $350 billion, and I don't know what it is yet.

This much I will tell you. I went through all the debate and the discussion last fall with the previous administration, and we as a body said: We want you to do three or four things with that money, one of which is foreclosure mitigation. I got the commitments, all the handshakes, and not a nickel of it was spent on it. I am assuming this new crowd may be a bit different on that subject matter. But if you were to ask me whether I have a commitment that any of that $310 billion or $350 billion is going to be spent on housing, my answer is I don't know.

I have an amendment with Senator MARTINEZ and Senator REID in a minute that mandates that $50 billion go to foreclosure mitigation out of the TARP funds. No debate any longer, you have to do it. You know, burn me once, burn me twice—we all know the expression. So I am not going to run the risk

of watching another TARP come along and end up going to Citi and Bank of America and everyone else and nothing happening on foreclosure mitigation.

So it is a choice we have to make. We have a stimulus bill to do something about job creation. That is the debate over the last week. Many of my colleagues on the other side have raised issues about whether we are spending money to actually create jobs in the country. That is a legitimate debate. But you can't on the one hand complain about this bill because it doesn't create jobs and then offer a $24 billion amendment that doesn't do anything about jobs. It deals with foreclosure.

Now, if you are going to take $75 billion and dedicate it to a subject matter that can be handled with a lot less, that is a waste of money. So it is a matter of choices. We are bypassing each other. The debate is about stimulus.

Now, $16 billion, $17 billion of the money comes out of one fund for States. My colleagues ought to look at this. There is a lot of other spending. I am not going to pretend to understand this; I don't serve on the committee. I respect those who think some of this is unnecessary spending. But $17 billion going back to the States for job creation, I would remind my colleagues, is what they cut out of the bill if this amendment is adopted. I suspect the States all across this country may be counting on some of that for job creation, maybe not.

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

Mr. DODD. I ask unanimous consent for 1 additional minute.

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

Mr. CONRAD. Equally divided.

Mr. DODD. Well, then 2 minutes.

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

Mr. DODD. We are going round and round on this, but I find this debate—again, I want to make the point that I am grateful to both of my colleagues for raising the issue of foreclosures in housing. I find myself somewhat at cross-purposes because, on the one hand I agree with what they are trying to do; on the other hand—I say this respectfully—I think we are undermining our cause by approaching it this way. We are diminishing the effect of the stimulus bill by doing something on housing, which is a legitimate issue but is not the subject of the debate of the underlying bill, and we are simultaneously potentially denying our opportunity to mandate that this new administration dedicate resources within the TARP to deal exactly with the underlying cause of the economic crisis.

So that is the real choice involved. Again, I say it is an awkward debate and argument. I know Senator INOUYE and others wish to be heard on these appropriations issues and, particularly, I suspect the $16 billion to the States. I will let my colleagues make that case. I know Senator INOUYE would like some time on that to address that issue. But that is the real point in a sense. I have listened to my colleagues say this bill is loaded up with things that don't effect job creation, and I would say, respectfully, by insisting upon foreclosure mitigation in this bill, it seems to me we are just contributing to the very arguments being made about the underlying criticism of the legislation.

I yield the floor.

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

The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, there are very few Members for whom I have higher regard or greater affection than the Senator from Connecticut. So I say that I could not more profoundly disagree when I hear him say foreclosure mitigation has nothing to do with jobs.

Why is this economy in free fall? Well, one central reason is the housing crisis. Foreclosures are a symptom of the underlying disease, and if you don't treat it, this body is getting sicker and sicker and sicker. The Senator offers as an alternative to take $50 billion out of the existing TARP fund. The problem is the existing TARP fund doesn't have enough money for the purpose for which it was created, which was to deal with the fiscal crisis.

So this has everything to do with economic recovery. It has everything to do with jobs. It has everything to do with strengthening the economy. I know Senator GRAHAM is seeking recognition.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. GRAHAM. Mr. President, I think the Senator from Connecticut has asked a very good question. What are we doing here? Are we trying to spend TARP money? Well, apparently we are going to do that next. I thought we were stimulating the economy.

The President said this is a spending bill. Well, all spending doesn't stimulate the economy: $400 million for sexually transmitted disease research and $75 million to get people to quit smoking—those things don't stimulate the economy in the near term. They may be very worthwhile. You have issues with TARP. I didn't think we were going to come over here and divide TARP. I am with you, Senator DODD, I don't think you have enough money.

What I want to do with my colleague from North Dakota is to let the body know we are spending a lot of money—more than any American can appreciate—on things that don't stimulate the economy. If you want to get our economy back on its feet, take some of the money we are going to waste in this bill and put it into a program that will save 1.5 million people from foreclosure. I think it is smart to do that now. I think it is smart to look at TARP and maybe grow the fund if it is necessary.

That is the point. This bill has lost focus. For one person it is spending. For the other person it is rearranging TARP. For us it is trying to save housing. I don't think we know what we are doing. I think we need to understand we don't have enough money in TARP to fix America's problems with housing and banking, and every dollar we waste here and what we are taking out of this bill is purely waste, in my opinion.

To help housing is smart. If you don't think it is smart, vote no. I will respect you. But this whole process has gotten out of hand.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I would like to remind my colleagues there are a number of Senators waiting to propose amendments, and I think this amendment has been very much debated. I look forward to Senator BUNNING and Senator GRASSLEY and other Senators who are waiting to present amendments.

Mr. BAUCUS. Mr. President, the Senator from Arizona is absolutely correct. It has been a good debate we have had on the Dodd-Conrad-Graham issue.

The next amendment that can be called up on the list would be on the Republican side of the aisle. I don't know who wants to call up his amendment next, but someone on the Republican side of the aisle should do so, and I am hoping perhaps we could enter into some kind of time agreement.

Mr. GRASSLEY. Mr. President, 5 minutes for me.

Mr. BAUCUS. Say 10 minutes equally divided; is that all right?

Mr. GRASSLEY. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. MENENDEZ. Mr. President, reserving the right to object, which amendment are we talking about?

Mr. BAUCUS. Grassley No. 297. There would be a time limit for debate only, no vote on the amendment.

Mr. MENENDEZ. How much time?

Mr. BAUCUS. Ten minutes equally divided has been the suggestion.

Mr. MENENDEZ. Could we move that to 20 minutes equally divided?

Mr. BAUCUS. We could, equally divided.

Mr. GRASSLEY. Mr. President, I would just as soon leave it at 5 minutes because we have all of these other colleagues. We just spent an hour on one amendment, and we have plenty of people on both sides of the aisle. I think we ought to be tolerant toward our colleagues and make this debate very short. If you want me to do it in 4 minutes, I will do it in 4 minutes.

Mr. BAUCUS. I appreciate that, but unfortunately there are Senators on this side of the aisle who want to speak in opposition, and the total time they want to use is more than 4 minutes. I will hold it to 20 minutes equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. MCCAIN. Reserving the right to object, I think 5 minutes on this side and 10 minutes on your side.

Mr. BAUCUS. I appreciate that, but if we don't get an agreement, it is going to be longer. So discretion being the better part of valor, I suggest 20 minutes equally divided.

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

The Senator from Iowa is recognized.

AMENDMENT NO. 297 TO AMENDMENT NO. 98

Mr. GRASSLEY. Mr. President, amendment No. 297 is an FMAP amendment. This amendment is about $2.3 billion of the $87 billion that is in this bill for Medicare. There will be no less money spent in Medicare overall. It will still be $87 billion. We are talking about the $87 billion and the formula as to how it is divided.

Let me ask my colleagues a question: If Congress is going to give States $87 billion in Medicaid funds, shouldn't the formula be fair? The exceedingly complex formula in this bill is simply not fair to certain States. It is not fair to States with low unemployment rates or States that have not seen the recession hit full force yet, and for those States where the recession hasn't hit, it is just around the corner. For instance, in the Midwest agricultural areas, we tend to be countercyclical. We tend to be lagging when we hit recession. Yet we will be coming along into recession when the other parts of the country are recovering.

Now, those States I just mentioned that have low unemployment, as an example, will see less of the $87 billion than other States. My amendment gives each State a flat 9.5-percent increase in their FMAP payments, and the States can choose which 9 consecutive quarters in any 11-quarter period best fits the economic needs of their State. That is a better, more fair way to spend the $87 billion.

This amendment is budget neutral. According to data provided by the Government Accountability Office, my amendment redistributes about $2.3 billion of FMAP spending in the bill. Almost 75 percent of that redistribution comes from four States: California, Illinois, Massachusetts, and New York. With a redistribution, nearly 75 percent of which comes from four States, 34 States will receive more Medicaid FMAP funds under this amendment.

If Congress is going to spend $87 billion on States through Medicaid FMAP, I believe we have to do it more fairly.

I wish to quickly run through the States that will do better so you can decide if you want your State to have more money or less money. More money will go to Alabama, Alaska, Arizona, Arkansas, the District of Columbia, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, West Virginia, Wisconsin, and Wyoming.

Before I yield the floor and reserve my time, under the unanimous consent agreement that has been entered into, I call up my amendment No. 297 and make it pending.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 297.

The amendment is as follows:

(Purpose: To provide the same temporary increase in the FMAP for all States and to permit States to choose the period through June 2011 for receiving the increase)

Beginning on page 714, strike line 1 and all that follows through page 725, line 14, and insert the following:

**SEC. 5001. TEMPORARY INCREASE OF MEDICAID FMAP.**

(a) PERMITTING MAINTENANCE OF FMAP.—Subject to subsections (d), (e), (f), and (g) if the FMAP determined without regard to this section for a State for—

(1) fiscal year 2009 is less than the FMAP as so determined for fiscal year 2008, the FMAP for the State for fiscal year 2008 shall be substituted for the State's FMAP for fiscal year 2009, before the application of this section;

(2) fiscal year 2010 is less than the FMAP as so determined for fiscal year 2008 or fiscal year 2009 (after the application of paragraph (1)), the greater of such FMAP for the State for fiscal year 2008 or fiscal year 2009 shall be substituted for the State's FMAP for fiscal year 2010, before the application of this section; and

(3) fiscal year 2011 is less than the FMAP as so determined for fiscal year 2008, fiscal year 2009 (after the application of paragraph (1)), or fiscal year 2010 (after the application of paragraph (2)), the greatest of such FMAP for the State for fiscal year 2008, fiscal year 2009, or fiscal year 2010 shall be substituted for the State's FMAP for fiscal year 2011, before the application of this section, but only for the first, second, and third calendar quarters in fiscal year 2011.

(b) GENERAL 9.5 PERCENTAGE POINT INCREASE.—Subject to subsections (d), (e), (f), and (g), for each State for calendar quarters during the recession adjustment period (as defined in subsection (h)(2)), the FMAP (after the application of subsection (a)) shall be increased (without regard to any limitation otherwise specified in section 1905(b) of the Social Security Act) by 9.5 percentage points.

(c) INCREASE IN CAP ON MEDICAID PAYMENTS TO TERRITORIES.—Subject to subsections (e), (f), and (g), with respect to entire fiscal years occurring during the recession adjustment period and with respect to fiscal years only a portion of which occurs during such period (and in proportion to the portion of the fiscal year that occurs during such period), the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsections (f) and (g) of section 1108 of the Social Security Act (42 6 U.S.C. 1308) shall each be increased by 9.5 percent.

(d) SCOPE OF APPLICATION.—The increases in the FMAP for a State under this section shall apply for purposes of title XIX of the Social Security Act and shall not apply with respect to—

(1) disproportionate share hospital payments described in section 1923 of such Act (42 U.S.C. 1396r–4);

(2) payments under title IV of such Act (42 U.S.C. 601 et seq.) (except that the increases under subsections (a) and (b) shall apply to payments under part E of title IV of such Act (42 U.S.C. 670 et seq.));

(3) payments under title XXI of such Act (42 U.S.C. 1397aa et seq.);

(4) any payments under title XIX of such Act that are based on the enhanced FMAP described in section 2105(b) of such Act (42 U.S.C. 1397ee(b)); or

(5) any payments under title XIX of such Act that are attributable to expenditures for medical assistance provided to individuals made eligible under a State plan under title XIX of the Social Security Act (including under any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) because of income standards (expressed as a percentage of the poverty line) for eligibility for medical assistance that are higher than the income standards (as so expressed) for such eligibility as in effect on July 1, 2008.

(e) STATE INELIGIBILITY.—

(1) MAINTENANCE OF ELIGIBILITY REQUIREMENTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), a State is not eligible for an increase in its FMAP under subsection (a) or (b), or an increase in a cap amount under subsection (c), if eligibility standards, methodologies, or procedures under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) are more restrictive than the eligibility standards, methodologies, or procedures, respectively, under such plan (or waiver) as in effect on July 1, 2008.

(B) STATE REINSTATEMENT OF ELIGIBILITY PERMITTED.—Subject to subparagraph (C), a State that has restricted eligibility standards, methodologies, or procedures under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) after July 1, 2008, is no longer ineligible under subparagraph (A) beginning with the first calendar quarter in which the State has reinstated eligibility standards, methodologies, or procedures that are no more restrictive than the eligibility standards, methodologies, or procedures, respectively, under such plan (or waiver) as in effect on July 1, 2008.

(C) SPECIAL RULES.—A State shall not be ineligible under subparagraph (A)—

(i) for the calendar quarters before July 1, 2009, on the basis of a restriction that was applied after July 1, 2008, and before the date of the enactment of this Act, if the State prior to July 1, 2009, has reinstated eligibility standards, methodologies, or procedures that are no more restrictive than the eligibility standards, methodologies, or procedures, respectively, under such plan (or waiver) as in effect on July 1, 2008; or

(ii) on the basis of a restriction that was directed to be made under State law as of July 1, 2008, and would have been in effect as of such date, but for a delay in the request for, and approval of, a waiver under section 1115 of such Act with respect to such restriction.

(2) COMPLIANCE WITH PROMPT PAY REQUIREMENTS.—No State shall be eligible for an increased FMAP rate as provided under this section for any claim submitted by a provider subject to the terms of section 1902(a)(37)(A) of the Social Security Act (42 U.S.C. 1396a(a)(37)(A)) during any period in which that State has failed to pay claims in accordance with section 1902(a)(37)(A) of such Act. Each State shall report to the Secretary, no later than 30 days following the 1st day of the month, its compliance with the requirements of section 1902(a)(37)(A) of the Social Security Act as they pertain to claims made for covered services during the preceding month.

(3) NO WAIVER AUTHORITY.—The Secretary may not waive the application of this subsection or subsection (f) under section 1115 of the Social Security Act or otherwise.

(f) REQUIREMENTS.—

(1) IN GENERAL.—A State may not deposit or credit the additional Federal funds paid to the State as a result of this section to any reserve or rainy day fund maintained by the State.

(2) STATE REPORTS.—Each State that is paid additional Federal funds as a result of this section shall, not later than September 30, 2011, submit a report to the Secretary, in such form and such manner as the Secretary shall determine, regarding how the additional Federal funds were expended.

(3) ADDITIONAL REQUIREMENT FOR CERTAIN STATES.—In the case of a State that requires political subdivisions within the State to contribute toward the non-Federal share of expenditures under the State Medicaid plan required under section 1902(a)(2) of the Social Security Act (42 U.S.C. 1396a(a)(2)), the State is not eligible for an increase in its FMAP under subsection (b), or an increase in a cap amount under subsection (c), if it requires that such political subdivisions pay for quarters during the recession adjustment period a greater percentage of the non-Federal share of such expenditures, or a greater percentage of the non-Federal share of payments under section 1923, than the respective percentage that would have been required by the State under such plan on September 30, 2008, prior to application of this section.

(g) STATE SELECTION OF RECESSION ADJUSTMENT RELIEF PERIOD.—The increase in a State's FMAP under subsection (a) or (b), or an increase in a State's cap amount under subsection (c), shall only apply to the State for 9 consecutive calendar quarters during the recession adjustment period. Each State shall notify the Secretary of the 9-calendar quarter period for which the State elects to receive such increase.

(h) DEFINITIONS.—In this section, except as otherwise provided:

(1) FMAP.—The term ''FMAP'' means the Federal medical assistance percentage, as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)), as determined without regard to this section except as otherwise specified.

(2) POVERTY LINE.—The term ''poverty line'' has the meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by such section.

(3) RECESSION ADJUSTMENT PERIOD.—The term ''recession adjustment period'' means the period beginning on October 1, 2008, and ending on June 20, 2011.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(5) STATE.—The term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(i) SUNSET.—This section shall not apply to items and services furnished after the end of the recession adjustment period.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, I wish to submit a question to the Senator from Iowa.

Mr. GRASSLEY. I yield, Mr. President.

Mr. BUNNING. I ask Senator GRASSLEY, is it accurate to say that my State of Kentucky will get an additional $92 million in Medicare funds if the Senator's amendment passes; if the amendment fails, that money would go to California, Illinois, Massachusetts, and New York?

Mr. GRASSLEY. Yes, from the figures I have, the Senator is absolutely right. That number is that amount.

Mr. BUNNING. Thank you very much.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 3 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, I first would point out that in the Grassley amendment the amount of Medicaid money—not Medicare money but Medicaid—is not affected. What is affected and what is at stake is the formula.

Do you give it across the board to every State equally or do you give the majority of it across the board but you keep a part of it, which goes to States that are particularly distressed?

In 2006, the GAO issued a report that said two major things: 1, the best measure of Medicaid distress is unemployment; 2, it is more efficient to target funding to States with the greatest need. That is a fact. We all know that.

This bill accomplishes those very clear recommendations made by the GAO. It ties Medicaid relief to unemployment and it targets relief to States that need it the most.

The Grassley amendment would make Medicaid relief less efficient and prolong the budget woes in States experiencing the greatest economic distress. I think it is a matter of fairness and not complicated. It doesn't attack the integrity of the Medicaid Program itself.

I urge my colleagues to oppose the Grassley amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Ms. KLOBUCHAR. Mr. President, I rise today in strong opposition to Senator GRASSLEY's amendment, which removes the targeted assistance for the temporary increase in Federal Medicaid funding contained in this bill.

It is well established that Medicaid enrollment increases in direct relation to unemployment growth. For every percentage increase in unemployment, States see an additional 1 million people seeking Medicaid assistance. I find it deeply troubling that at a point when health care is most needed, Minnesota and other States will not be given the assistance the situation demands.

By eliminating the portion of assistance that is targeted based on States' unemployment rates, Senator GRASSLEY's amendment would significantly reduce assistance for States facing the largest increases in their unemployment rates and the largest budget deficits.

Instead of providing aid to those who need it most, his amendment provides relief for States that are, in some cases, even enjoying a budget surplus. Nineteen of the 20 States facing the smallest increase in unemployment would get more assistance under this amendment. Is that an effective use of Federal money? At a time when we should be focusing all our efforts on ways we can best spend taxpayer dollars, sending aid to States that have less need doesn't make sense.

I ask my colleagues to consider this. This is about accountability to the people of this country. This is about targeted assistance. We have heard a lot about targeting spending, putting spending where we need it. This is also about targeted assistance to the States that need it most.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from New Jersey.

The Presiding officer. The Senator from New Jersey is recognized.

Mr. MENENDEZ. Mr. President, I rise in very strong opposition to this amendment. It is interesting—I guess the arguments for and against this bill move, depending upon your point of view, especially those who are against the bill overall. They have certain standards, and then they obliterate those standards when it doesn't work for them. For example, targeting. What does the Government Accountability Office say? They say targeting is important.

According to a letter from the GAO—Members of Congress implied that it is more efficient to target funding to States with what? Greater need. That larger amounts of funding are needed to get the same stimulative effect if an across-the-board approach is used. With less targeting, more funding goes to States with less need; less funding goes to States that need it the most. So much for it being targeted. The Government Accountability Office says targeting means you want to do it the way that was devised originally—by the way, this came over from the House with a 50/50 proposition. Then the chairman of the Finance Committee said, well, let's try to work that out in a more conciliatory way and put it at 60/40. Amendments were offered that made it 80/20. We are talking about States that have higher unemployment, more people who don't have a job, who cannot put food on the table, and at the end of the day find themselves in desperate need. So States with higher unemployment clearly have a greater need for assistance. The higher the State's unemployment, the more people qualify for Medicaid and the less revenue a State has to pay for those increased Medicaid rolls.

Therefore, increases in unemployment, which is where the underlying bill is, and was even in a greater way, is the recognition. It is not about just spreading the wealth across the process and, more importantly, spreading the amount of taxpayer money across the

process; this is about targeting where greater numbers of people are unemployed. States like my own that have high percentages of unemployment, would be happy to give you the unemployment in your States and not realize it in our States at higher levels. But it seems to me the way this is being pursued—this particular amendment—by eliminating targeting, that reduces assistance to the States with the worst economic problems and thus the greatest need for relief.

So by eliminating the portion of assistance targeted based on a State's unemployment rates, the amendment significantly reduces assistance for States facing the largest increases in their unemployment rate. That doesn't make sense. In addition, this amendment, at a time in which we are saying we want it to be stimulative—and I have heard arguments on how the money doesn't get out there quickly enough—well, this amendment permits the States to delay by 6 months, potentially reducing the stimulative effect of this portion of the legislation.

Finally, 19 of the 20 States facing the smallest increase in unemployment would get more assistance under this amendment—a little counterintuitive. If the State has more unemployment, it would get less money. For all of those reasons, and because this is already dramatically shifted in the way my colleague from Iowa wants, this amendment should be defeated both in the Nation's interest, in the pursuit of targeted and stimulative and, at the same time, basic fairness.

I reserve whatever time I have remaining.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I am going to tell the Senator from New Jersey that I agree with him totally on part of the money that is in this $87 billion. He is absolutely right on his argument for $10.8 billion of the money that is in there. That is the money we have had the CBO say is going to be spent for Medicaid for the unemployed. But what about the other $75 billion or $76 billion? We don't apologize for it somehow. It is a slush fund to States.

There is no rationale for that part of the money to go out under the same circumstances as the result of the recession—the fact that people are going to need more medical care. I ask him to consider that the Senator is right for a small part of this $87 billion—$10.8 billion of it—but wrong about the remaining amount of it. So that is why I have my amendment as a matter of fairness for money being distributed to the States, unrelated to unemployment, or medical care that is needed because of unemployment.

I want to spend my few minutes telling you what States benefit: Alabama, $41 million; Alaska, $45 million; Arizona, $58 million; Arkansas, $99 million; District of Columbia, $43 million; Georgia, $31 million; Idaho, $16 million; Indiana, $29 million; Iowa, $128 million; Kansas, $61 million; Kentucky, $92 million; Louisiana, $158 million; Maine, $23 million; Maryland, $1 million; Mississippi, $102 million; Missouri, $51 million; Montana, $25 million; Nebraska, $52 million; New Hampshire, $22 million; New Mexico, $86 million; North Carolina, $54 million; North Dakota, $25 million; Ohio, $78 million; Oklahoma, $86 million; Oregon, $4 million; South Carolina, $47 million; South Dakota, $24 million; Tennessee, $32 million; Texas, $547 million; Utah, $59 million; Vermont, $2 million; West Virginia, $86 million; Wisconsin, $55 million; Wyoming, $13 million.

I think what we are talking about here is a matter of fairness for those States—for the portion of the FMAP that doesn't need to be needed except for medical care for the unemployed. The part going to States under the FMAP formula needs a more fair distribution.

I will yield back my time.

Mr. MENENDEZ. I reserved the remainder of my time.

Mr. GRASSLEY. Then I will not yield back my time.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. How much time do I have?

The PRESIDING OFFICER. Two minutes.

Mr. MENENDEZ. Mr. President, I appreciate what my distinguished colleague from Iowa is trying to do—bring more money to his State. The question is whether it is fundamentally fair. The answer is no.

Let me tell you the States that will get hit pretty badly here: California, Colorado, Connecticut, Delaware, Florida, Illinois, Massachusetts, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, and Washington, to name a few.

The fundamental question is whether we are going to live to this credo of whether targeted is important or whether timely is important. Well, we have the Government Accountability Office saying that the way we are doing it—the way that would be undone by the Senator from Iowa would undo the targeted; it would undo the ability to have the greatest impact to be stimulative. In essence, it would hurt States that have the greatest need. We are one country. I often have voted for issues that have very little benefit for my State, but I understand that at a given moment in time, they are in the greatest interest of the country. Agriculture is one example, and there are others. The bottom line is that we have rising numbers of people, higher unemployment rates, more demand on Medicaid, and less opportunity for individuals to be able to get the resources in States that are already cash strapped. I have listened to moral hazard. There has been no talk about that. We want to teach the States a lesson now. There was no talk about moral hazard when the regulators were asleep at the switch and Wall Street was getting billions. You want to teach States a lesson now? You are going to hurt people. This amendment will hurt people who otherwise would have resources under the bill that have already been adjusted to give States such as my colleagues' more research.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, GAO's argument about targeting applies to decreases in Medicaid due to the recession. This isn't about targeting. This is seven times more than is needed for Medicaid. I will agree to targeting for that $10.8 billion. The rest should be more fairly targeted.

This amendment should be a simple vote. The complex funding formula for spending the $87 billion in Medicare in this bill is not fair. It should be a flat increase to all States.

That is what my amendment does. Thirty-four States do better with the formula under my amendment. So you can vote to give your State its fair share or, if you vote against it, you are voting not to give them that fair share.

I yield the floor. As long as the other side's time is used up, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, in the spirit of agreement, there will now be an amendment on the Democratic side. I suggest Senator CANTWELL be recognized for the purpose of calling up her amendment. I ask the Senator to agree to a time agreement of 10 minutes equally divided. I think it is going to be accepted.

Ms. CANTWELL. Five minutes equally.

Mr. BAUCUS. Ten minutes equally divided.

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

AMENDMENT NO. 274, AS MODIFIED, TO AMENDMENT NO. 98

Ms. CANTWELL. I call up amendment No. 274, as modified.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Washington [Ms. CANTWELL], for herself, Mr. BINGAMAN, Mr. CARPER, Mr. SCHUMER and Mr. HATCH, proposes an amendment numbered 274, as modified, to amendment No. 98.

The amendment is as follows:

(Purpose: To improve provisions relating to energy tax incentives and provisions relating manufacturing tax incentives for energy property)

On page 457, line 15, strike ''Section'' and insert the following:

(a) IN GENERAL.—Section

On page 457, between lines 16 and 17, insert the following:

(b) CLARIFICATION WITH RESPECT TO GREEN COMMUNITY PROGRAMS.—Clause (ii) of section 54D(f)(1)(A) is amended by inserting ''(including the use of loans, grants, or other repayment mechanisms to implement such programs)'' after ''green community programs''.

Beginning on page 457, line 18, strike all through page 458, line 16, and insert the following:

**SEC. 1121. EXTENSION AND MODIFICATION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.**

(a) IN GENERAL.—Section 25C is amended by striking subsections (a) and (b) and inserting the following new subsections:

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the sum of—

''(1) the amount paid or incurred by the taxpayer during such taxable year for qualified energy efficiency improvements, and

''(2) the amount of the residential energy property expenditures paid or incurred by the taxpayer during such taxable year.

''(b) LIMITATION.—The aggregate amount of the credits allowed under this section for taxable years beginning in 2009 and 2010 with respect to any taxpayer shall not exceed $1,500.''.

(b) MODIFICATIONS OF STANDARDS FOR ENERGY-EFFICIENT BUILDING PROPERTY.—

(1) ELECTRIC HEAT PUMPS.—Subparagraph (B) of section 25C(d)(3) is amended to read as follows:

''(B) an electric heat pump which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2009.''.

(2) CENTRAL AIR CONDITIONERS.—Subparagraph (C) of section 25C(d)(3) is amended by striking ''2006'' and inserting ''2009''.

(3) WATER HEATERS.—Subparagraph (D) of section 25C(d)(3) is amended to read as follows:

''(E) a natural gas, propane, or oil water heater which has either an energy factor of at least 0.82 or a thermal efficiency of at least 90 percent.''.

(4) WOOD STOVES.—Subparagraph (E) of section 25C(d)(3) is amended by inserting '', as measured using a lower heating value'' after ''75 percent''.

(c) MODIFICATIONS OF STANDARDS FOR OIL FURNACES AND HOT WATER BOILERS.—

(1) IN GENERAL.—Paragraph (4) of section 25C(d) is amended to read as follows:

''(4) QUALIFIED NATURAL GAS, PROPANE, AND OIL FURNACES AND HOT WATER BOILERS.—

''(A) QUALIFIED NATURAL GAS FURNACE.—The term 'qualified natural gas furnace' means any natural gas furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(B) QUALIFIED NATURAL GAS HOT WATER BOILER.—The term 'qualified natural gas hot water boiler' means any natural gas hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(C) QUALIFIED PROPANE FURNACE.—The term 'qualified propane furnace' means any propane furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(D) QUALIFIED PROPANE HOT WATER BOILER.—The term 'qualified propane hot water boiler' means any propane hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(E) QUALIFIED OIL FURNACES.—The term 'qualified oil furnace' means any oil furnace which achieves an annual fuel utilization efficiency rate of not less than 90.

''(F) QUALIFIED OIL HOT WATER BOILER.—The term 'qualified oil hot water boiler' means any oil hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 25C(d)(2)(A) is amended to read as follows:

''(ii) any qualified natural gas furnace, qualified propane furnace, qualified oil furnace, qualified natural gas hot water boiler, qualified propane hot water boiler, or qualified oil hot water boiler, or''.

(d) MODIFICATIONS OF STANDARDS FOR QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—

(1) QUALIFICATIONS FOR EXTERIOR WINDOWS, DOORS, AND SKYLIGHTS.—Subsection (c) of section 25C is amended by adding at the end the following new paragraph:

''(4) QUALIFICATIONS FOR EXTERIOR WINDOWS, DOORS, AND SKYLIGHTS.—Such term shall not include any component described in subparagraph (B) or (C) of paragraph (2) unless such component is equal to or below a U factor of 0.30 and SHGC of 0.30.''.

(2) ADDITIONAL QUALIFICATION FOR INSULATION.—Subparagraph (A) of section 25C(c)(2) is amended by inserting ''and meets the prescriptive criteria for such material or system established by the 2009 International Energy Conservation Code, as such Code (including supplements) is in effect on the date of the enactment of the American Recovery and Reinvestment Tax Act of 2009'' after ''such dwelling unit''.

(e) EXTENSION.—Section 25C(g)(2) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(2) EFFICIENCY STANDARDS.—The amendments made by paragraphs (1), (2), and (3) of subsection (b) and subsections (c) and (d) shall apply to property placed in service after December 31, 2009.

On page 461, strike lines 8 to 10 and insert the following:

(b) ENSURING CONSUMER ACCESSIBILITY TO ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY IN THE CASE OF ELECTRICITY.—Section 179(d)(3) is amended by striking subparagraph (B) and inserting the following:

''(B) for the recharging of motor vehicles propelled by electricity, but only if—

''(i) the property complies with the Society of Automotive Engineers' connection standards,

''(ii) the property provides for non-restrictive access for charging and for payment interoperability with other systems, and

''(iii) the property—

''(I) is located on property owned by the taxpayer, or

''(II) is located on property owned by another person, is placed in service with the permission of such other person, and is fully maintained by the taxpayer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

**SEC. 1124. RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS AND SMART GRID SYSTEMS.**

(a) 5-YEAR RECOVERY PERIOD.—

(1) IN GENERAL.—Subparagraph (B) of section 168(e)(3) is amended by striking ''and'' at the end of clause (vi), by striking the period at the end of clause (vii) and inserting '', and'', and by adding at the end the following new clauses:

''(viii) any qualified smart electric meter, and

''(ix) any qualified smart electric grid system.''.

(2) CONFORMING AMENDMENTS.—Subparagraph (D) of section 168(e)(3) is amended by inserting ''and'' at the end of clause (i), by striking the comma at the end of clause (ii) and inserting a period, and by striking clauses (iii) and (iv).

(b) TECHNICAL AMENDMENTS.—Paragraphs (18)(A)(ii) and (19)(A)(ii) of section 168(i) are each amended by striking ''16 years'' and inserting ''10 years''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

(2) TECHNICAL AMENDMENT.—The amendments made by subsection (b) shall take effect as if included in section 306 of the Energy Improvement and Extension Act of 2008.

On page 467, strike lines 1 through 18, and insert the following:

**PART VI—MODIFICATION OF CREDIT FOR CARBON DIOXIDE SEQUESTRATION**

**SEC. 1151. APPLICATION OF MONITORING REQUIREMENTS TO CARBON DIOXIDE USED AS A TERTIARY INJECTANT.**

(a) IN GENERAL.—Section 45Q(a)(2) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) disposed of by the taxpayer in secure geological storage.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 45Q(d)(2) is amended—

(A) by striking ''subsection (a)(1)(B)'' and inserting ''paragraph (1)(B) or (2)(C) of subsection (a)'',

(B) by striking ''and unminable coal seems'' and inserting '', oil and gas reservoirs, and unminable coal seams'', and

(C) by inserting ''the Secretary of Energy, and the Secretary of the Interior,'' after ''Environmental Protection Agency''.

(2) Section 45Q(e) is amended by striking ''captured and disposed of or used as a tertiary injectant'' and inserting ''taken into account in accordance with subsection (a)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to carbon dioxide captured after the date of the enactment of this Act.

Beginning on page 467, strike line 21 and all that follows through page 470, line 23, and insert the following:

**SEC. 1161. MODIFICATION OF CREDIT FOR QUALIFIED PLUG-IN ELECTRIC MOTOR VEHICLES.**

(a) INCREASE IN VEHICLES ELIGIBLE FOR CREDIT.—Section 30D(b)(2)(B) is amended by striking ''250,000'' and inserting ''500,000''.

(b) EXCLUSION OF NEIGHBORHOOD ELECTRIC VEHICLES FROM EXISTING CREDIT.—Section 30D(e)(1) is amended to read as follows:

''(1) MOTOR VEHICLE.—The term 'motor vehicle' means a motor vehicle (as defined in section 30(c)(2)), which is treated as a motor vehicle for purposes of title II of the Clean Air Act.''.

(c) CREDIT FOR CERTAIN OTHER VEHICLES.—Section 30D is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and

(2) by inserting after subsection (e) the following new subsection:

''(f) CREDIT FOR CERTAIN OTHER VEHICLES.—For purposes of this section—

''(1) IN GENERAL.—In the case of a specified vehicle, this section shall be applied with the following modifications:

''(A) For purposes of subsection (a)(1), in lieu of the applicable amount determined under subsection (a)(2), the applicable amount shall be 10 percent of so much of the cost of the specified vehicle as does not exceed $40,000.

''(B) Subsection (b) shall not apply and no specified vehicle shall be taken into account under subsection (b)(2).

''(C) In the case of a specified vehicle which is a 2- or 3-wheeled motor vehicle, subsection (c)(1) shall be applied by substituting '2.5 kilowatt hours' for '4 kilowatt hours'.

''(D) In the case of a specified vehicle which is a low-speed motor vehicle, subsection (c)(3) shall not apply.

''(2) SPECIFIED VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'specified vehicle' means—

''(i) any 2- or 3-wheeled motor vehicle, or

''(ii) any low-speed motor vehicle,

which is placed in service after December 31, 2009, and before January 1, 2012.

''(B) 2- OR 3-WHEELED MOTOR VEHICLE.—The term '2- or 3-wheeled motor vehicle' means any vehicle—

''(i) which would be described in section 30(c)(2) except that it has 2 or 3 wheels,

''(ii) with motive power having a seat or saddle for the use of the rider and designed to travel on not more than 3 wheels in contact with the ground,

''(iii) which has an electric motor that produces in excess of 5-brake horsepower,

''(iv) which draws propulsion from 1 or more traction batteries, and

''(v) which has been certified to the Department of Transportation pursuant to section 567 of title 49, Code of Federal Regulations, as conforming to all applicable Federal motor vehicle safety standards in effect on the date of the manufacture of the vehicle.

''(C) LOW-SPEED MOTOR VEHICLE.—The term 'low-speed motor vehicle' means a motor vehicle (as defined in section 30(c)(2)) which—

''(i) is placed in service after December 31, 2009, and

''(ii) meets the requirements of section 571.500 of title 49, Code of Federal Regulations.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsections (a) and (c) shall take effect on the date of the enactment of this Act.

(2) OTHER MODIFICATIONS.—The amendments made by subsection (b) shall apply to property placed in service after December 31, 2009, in taxable years beginning after such date.

**SEC. 1162. CONVERSION KITS.**

(a) IN GENERAL.—Section 30B (relating to alternative motor vehicle credit) is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

''(i) PLUG-IN CONVERSION CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the plug-in conversion credit determined under this subsection with respect to any motor vehicle which is converted to a qualified plug-in electric drive motor vehicle is 10 percent of so much of the cost of the converting such vehicle as does not exceed $40,000.

''(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—The term 'qualified plug-in electric drive motor vehicle' means any new qualified plug-in electric drive motor vehicle (as defined in section 30D(c), determined without regard to paragraphs (4) and (6) thereof).

''(B) PLUG-IN TRACTION BATTERY MODULE.—The term 'plug-in traction battery module' means an electro-chemical energy storage device which—

''(i) which has a traction battery capacity of not less than 2.5 kilowatt hours,

''(ii) which is equipped with an electrical plug by means of which it can be energized and recharged when plugged into an external source of electric power,

''(iii) which consists of a standardized configuration and is mass produced,

''(iv) which has been tested and approved by the National Highway Transportation Safety Administration as compliant with applicable motor vehicle and motor vehicle equipment safety standards when installed by a mechanic with standardized training in protocols established by the battery manufacturer as part of a nationwide distribution program,

''(v) which complies with the requirements of section 32918 of title 49, United States Code, and

''(vi) which is certified by a battery manufacturer as meeting the requirements of clauses (i) through (v).

''(C) CREDIT ALLOWED TO LESSOR OF BATTERY MODULE.—In the case of a plug-in traction battery module which is leased to the taxpayer, the credit allowed under this subsection shall be allowed to the lessor of the plug-in traction battery module.

''(D) CREDIT ALLOWED IN ADDITION TO OTHER CREDITS.—The credit allowed under this subsection shall be allowed with respect to a motor vehicle notwithstanding whether a credit has been allowed with respect to such motor vehicle under this section (other than this subsection) in any preceding taxable year.

''(3) TERMINATION.—This subsection shall not apply to conversions made after December 31, 2012.''.

(b) CREDIT TREATED AS PART OF ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(a) is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) the plug-in conversion credit determined under subsection (i).''.

(c) NO RECAPTURE FOR VEHICLES CONVERTED TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.—Paragraph (8) of section 30B(h) is amended by adding at the end the following: '', except that no benefit shall be recaptured if such property ceases to be eligible for such credit by reason of conversion to a qualified plug-in electric drive motor vehicle.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2008, in taxable years beginning after such date.

Beginning on page 518, strike line 1 and all that follows through page 521, line 23, and insert the following:

''(2) CERTAIN QUALIFIED PROGRESS EXPENDITURES RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

''(3) LIMITATION.—The amount which is treated for all taxable years with respect to any qualifying advanced energy project shall not exceed the amount designated by the Secretary as eligible for the credit under this section.

''(c) DEFINITIONS.—

''(1) QUALIFYING ADVANCED ENERGY PROJECT.—

''(A) IN GENERAL.—The term 'qualifying advanced energy project' means a project—

''(i) which re-equips, expands, or establishes a manufacturing facility for the production of property which is—

''(I) designed to be used to produce energy from the sun, wind, geothermal deposits (within the meaning of section 613(e)(2)), or other renewable resources,

''(II) designed to manufacture fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles,

''(III) designed to manufacture electric grids to support the transmission of intermittent sources of renewable energy, including storage of such energy,

''(IV) designed to capture and sequester carbon dioxide emissions,

''(V) designed to refine or blend renewable fuels or to produce energy conservation technologies (including energy-conserving lighting technologies and smart grid technologies), or

''(VI) other advanced energy property designed to reduce greenhouse gas emissions as may be determined by the Secretary, and

''(ii) any portion of the qualified investment of which is certified by the Secretary under subsection (d) as eligible for a credit under this section.

''(B) EXCEPTION.—Such term shall not include any portion of a project for the production of any property which is used in the refining or blending of any transportation fuel (other than renewable fuels).

''(2) ELIGIBLE PROPERTY.—The term 'eligible property' means any property which is part of a qualifying advanced energy project and is necessary for the production of property described in paragraph (1)(A)(i).

''(d) QUALIFYING ADVANCED ENERGY PROJECT PROGRAM.—

''(1) ESTABLISHMENT.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Secretary, in consultation with the Secretary of Energy, shall establish a qualifying advanced energy project program to consider and award certifications for qualified investments eligible for credits under this section to qualifying advanced energy project sponsors.

''(B) LIMITATION.—The total amount of credits that may be allocated under the program shall not exceed $2,000,000,000.

''(2) CERTIFICATION.—

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application containing such information as the Secretary may require during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1).

''(B) TIME TO MEET CRITERIA FOR CERTIFICATION.—Each applicant for certification shall have 2 years from the date of acceptance by the Secretary of the application during which to provide to the Secretary evidence that the requirements of the certification have been met.

''(C) PERIOD OF ISSUANCE.—An applicant which receives a certification shall have 5 years from the date of issuance of the certification in order to place the project in service and if such project is not placed in service by that time period then the certification shall no longer be valid.

''(3) SELECTION CRITERIA.—In determining which qualifying advanced energy projects to certify under this section, the Secretary—

''(A) shall take into consideration only those projects where there is a reasonable expectation of commercial viability, and

''(B) shall take into consideration which projects—

''(i) will provide the greatest domestic job creation (both direct and indirect) during the credit period,

''(ii) will provide the greatest net impact in avoiding or reducing air pollutants or anthropogenic emissions of greenhouse gases,

''(iii) have the greatest readiness for commercial employment, replication, and further commercial use in the United States,

''(iv) will provide the greatest benefit in terms of newness in the commercial market,

''(v) have the lowest levelized cost of generated or stored energy, or of measured reduction in energy consumption or greenhouse gas emission (based on costs of the full supply chain), and

''(vi) have the shortest project time from certification to completion.

On page 524, after line 3, insert the following:

**SEC. 1303. INCENTIVES FOR MANUFACTURING FACILITIES PRODUCING PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES AND COMPONENTS.**

(a) DEDUCTION FOR MANUFACTURING FACILITIES.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by inserting after section 179E the following new section:

**"SEC. 179F. ELECTION TO EXPENSE MANUFACTURING FACILITIES PRODUCING PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES AND COMPONENTS.**

''(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat the applicable percentage of the cost of any qualified plug-in electric drive motor vehicle manufacturing facility property as an expense which is not chargeable to a capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified manufacturing facility property is placed in service.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is—

''(1) 100 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service before January 1, 2012, and

''(2) 50 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service after December 31, 2011, and before January 1, 2015.

''(c) ELECTION.—

''(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

''(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

''(d) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plug-in electric drive motor vehicle manufacturing facility property' means any qualified property—

''(A) the original use of which commences with the taxpayer,

''(B) which is placed in service by the taxpayer after the date of the enactment of this section and before January 1, 2015, and

''(C) no written binding contract for the construction of which was in effect on or before the date of the enactment of this section.

''(2) QUALIFIED PROPERTY.—

''(A) IN GENERAL.—The term 'qualified property' means any property which is a facility or a portion of a facility used for the production of—

''(i) any new qualified plug-in electric drive motor vehicle (as defined by section 30D(c)), or

''(ii) any eligible component.

''(B) ELIGIBLE COMPONENT.—The term 'eligible component' means any battery, any electric motor or generator, or any power control unit which is designed specifically for use with a new qualified plug-in electric drive motor vehicle (as so defined).

''(e) SPECIAL RULE FOR DUAL USE PROPERTY.—In the case of any qualified plug-in electric drive motor vehicle manufacturing facility property which is used to produce both qualified property and other property which is not qualified property, the amount of costs taken into account under subsection (a) shall be reduced by an amount equal to—

''(1) the total amount of such costs (determined before the application of this subsection), multiplied by

''(2) the percentage of property expected to be produced which is not qualified property.

''(f) ELECTION TO RECEIVE LOAN IN LIEU OF DEDUCTION.—

''(1) IN GENERAL.—If a taxpayer elects to have this subsection apply for any taxable year—

''(A) subsection (a) shall not apply to any qualified plug-in electric drive motor vehicle manufacturing facility property placed in service by the taxpayer,

''(B) such taxpayer shall receive a loan from the Secretary in an amount and under such terms as provided in section 1303(b) of the American Recovery and Reinvestment Tax Act of 2009, and

''(C) in the taxable year in which such qualified loan is repaid, each of the limitations described in paragraph (2) shall be increased by the qualified plug-in electric drive motor vehicle manufacturing facility amount which is—

''(i) determined under paragraph (3), and

''(ii) allocated to such limitation under paragraph (4).

''(2) LIMITATIONS TO BE INCREASED.—The limitations described in this paragraph are—

''(A) the limitation imposed by section 38(c), and

''(B) the limitation imposed by section 53(c).

''(3) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY AMOUNT.—For purposes of this paragraph—

''(A) IN GENERAL.—The qualified plug-in electric drive motor vehicle manufacturing facility amount is an amount equal to the applicable percentage of any qualified plug-in electric drive motor vehicle manufacturing facility which is placed in service during the taxable year.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is—

''(i) 35 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service before January 1, 2012, and

''(ii) 17.5 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service after December 31, 2011, and before January 1, 2015.

''(C) SPECIAL RULE FOR DUAL USE PROPERTY.—In the case of any qualified plug-in electric drive motor vehicle manufacturing facility property which is used to produce both qualified property and other property which is not qualified property, the amount of costs taken into account under subparagraph (A) shall be reduced by an amount equal to—

''(i) the total amount of such costs (determined before the application of this subparagraph), multiplied by

''(ii) the percentage of property expected to be produced which is not qualified property.

''(4) ALLOCATION OF QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY AMOUNT.—The taxpayer shall, at such time and in such manner as the Secretary may prescribe, specify the portion (if any) of the qualified plug-in electric drive motor vehicle manufacturing facility amount for the taxable year which is to be allocated to each of the limitations described in paragraph (2) for such taxable year.

''(5) ELECTION.—

''(A) IN GENERAL.—An election under this subsection for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

''(B) ELECTION IRREVOCABLE.—Any election made under this subsection may not be revoked except with the consent of the Secretary.''.

(b) LOAN PROGRAM.—

(1) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall provide a loan to any person who is allowed a deduction under section 179F of the Internal Revenue Code and who makes an election under section 179F(f) of such Code in an amount equal to the qualified plug-in electric drive motor vehicle manufacturing facility amount (as defined in such section 179F(f)).

(2) TERM.—Such loan shall be in the form of a senior note issued by the taxpayer to the Secretary of the Treasury, secured by the qualified plug-in electric drive motor vehicle manufacturing facility property (as defined in section 179F of the Internal Revenue Code of 1986) of the taxpayer, and having a term of 20 years and interest payable at the applicable Federal rate (as determined under section 1274(d) of the Internal Revenue Code of 1986).

(3) APPROPRIATIONS.—There is hereby appropriated to the Secretary of the Treasury such sums as may be necessary to carry out this subsection.

(c) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 179F. Election to expense manufacturing facilities producing plug-in electric drive motor vehicle and components.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

AMENDMENT NO. 274, AS FURTHER MODIFIED

Ms. CANTWELL. I ask that the amendment be further modified with the changes at the desk.

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

The amendment is as follows:

On page 457, line 15, strike ''Section'' and insert the following:

(a) IN GENERAL.—Section

On page 457, between lines 16 and 17, insert the following:

(b) CLARIFICATION WITH RESPECT TO GREEN COMMUNITY PROGRAMS.—Clause (ii) of section 54D(f)(1)(A) is amended by inserting ''(including the use of loans, grants, or other repayment mechanisms to implement such programs)'' after ''green community programs''.

Beginning on page 457, line 18, strike all through page 458, line 16, and insert the following:

**SEC. 1121. EXTENSION AND MODIFICATION OF CREDIT FOR NONBUSINESS ENERGY PROPERTY.**

(a) IN GENERAL.—Section 25C is amended by striking subsections (a) and (b) and inserting the following new subsections:

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the sum of—

''(1) the amount paid or incurred by the taxpayer during such taxable year for qualified energy efficiency improvements, and

''(2) the amount of the residential energy property expenditures paid or incurred by the taxpayer during such taxable year.

''(b) LIMITATION.—The aggregate amount of the credits allowed under this section for taxable years beginning in 2009 and 2010 with respect to any taxpayer shall not exceed $1,500.''.

(b) MODIFICATIONS OF STANDARDS FOR ENERGY-EFFICIENT BUILDING PROPERTY.—

(1) ELECTRIC HEAT PUMPS.—Subparagraph (B) of section 25C(d)(3) is amended to read as follows:

''(B) an electric heat pump which achieves the highest efficiency tier established by the Consortium for Energy Efficiency, as in effect on January 1, 2009.''.

(2) CENTRAL AIR CONDITIONERS.—Subparagraph (C) of section 25C(d)(3) is amended by striking ''2006'' and inserting ''2009''.

(3) WATER HEATERS.—Subparagraph (D) of section 25C(d)(3) is amended to read as follows:

''(E) a natural gas, propane, or oil water heater which has either an energy factor of at least 0.82 or a thermal efficiency of at least 90 percent.''.

(4) WOOD STOVES.—Subparagraph (E) of section 25C(d)(3) is amended by inserting '', as measured using a lower heating value'' after ''75 percent''.

(c) MODIFICATIONS OF STANDARDS FOR OIL FURNACES AND HOT WATER BOILERS.—

(1) IN GENERAL.—Paragraph (4) of section 25C(d) is amended to read as follows:

''(4) QUALIFIED NATURAL GAS, PROPANE, AND OIL FURNACES AND HOT WATER BOILERS.—

''(A) QUALIFIED NATURAL GAS FURNACE.—The term 'qualified natural gas furnace' means any natural gas furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(B) QUALIFIED NATURAL GAS HOT WATER BOILER.—The term 'qualified natural gas hot water boiler' means any natural gas hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(C) QUALIFIED PROPANE FURNACE.—The term 'qualified propane furnace' means any propane furnace which achieves an annual fuel utilization efficiency rate of not less than 95.

''(D) QUALIFIED PROPANE HOT WATER BOILER.—The term 'qualified propane hot water boiler' means any propane hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.

''(E) QUALIFIED OIL FURNACES.—The term 'qualified oil furnace' means any oil furnace which achieves an annual fuel utilization efficiency rate of not less than 90.

''(F) QUALIFIED OIL HOT WATER BOILER.—The term 'qualified oil hot water boiler' means any oil hot water boiler which achieves an annual fuel utilization efficiency rate of not less than 90.''.

(2) CONFORMING AMENDMENT.—Clause (ii) of section 25C(d)(2)(A) is amended to read as follows:

''(ii) any qualified natural gas furnace, qualified propane furnace, qualified oil furnace, qualified natural gas hot water boiler, qualified propane hot water boiler, or qualified oil hot water boiler, or''.

(d) MODIFICATIONS OF STANDARDS FOR QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—

(1) QUALIFICATIONS FOR EXTERIOR WINDOWS, DOORS, AND SKYLIGHTS.—Subsection (c) of section 25C is amended by adding at the end the following new paragraph:

''(4) QUALIFICATIONS FOR EXTERIOR WINDOWS, DOORS, AND SKYLIGHTS.—Such term shall not include any component described in subparagraph (B) or (C) of paragraph (2) unless such component is equal to or below a U factor of 0.30 and SHGC of 0.30.''.

(2) ADDITIONAL QUALIFICATION FOR INSULATION.—Subparagraph (A) of section 25C(c)(2) is amended by inserting ''and meets the prescriptive criteria for such material or system established by the 2009 International Energy Conservation Code, as such Code (including supplements) is in effect on the date of the enactment of the American Recovery and Reinvestment Tax Act of 2009'' after ''such dwelling unit''.

(e) EXTENSION.—Section 25C(g)(2) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(2) EFFICIENCY STANDARDS.—The amendments made by paragraphs (1), (2), and (3) of subsection (b) and subsections (c) and (d) shall apply to property placed in service after December 31, 2009.

On page 461, strike lines 8 to 10 and insert the following:

(b) ENSURING CONSUMER ACCESSIBILITY TO ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY IN THE CASE OF ELECTRICITY.—Section 179(d)(3) is amended by striking subparagraph (B) and inserting the following:

''(B) for the recharging of motor vehicles propelled by electricity, but only if—

''(i) the property complies with the Society of Automotive Engineers' connection standards,

''(ii) the property provides for non-restrictive access for charging and for payment interoperability with other systems, and

''(iii) the property—

''(I) is located on property owned by the taxpayer, or

''(II) is located on property owned by another person, is placed in service with the permission of such other person, and is fully maintained by the taxpayer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

**SEC. 1124. RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS.**

(a) TEMPORARY 5-YEAR RECOVERY PERIOD.—

(1) IN GENERAL.—Subparagraph (B) of section 168(e)(3) is amended by striking ''and'' at the end of clause (vi), by striking the period at the end of clause (vii) and inserting '', and'', and by adding at the end the following new clause:

''(viii) any qualified smart electric meter which is placed in service before January 1, 2011.''.

(2) CONFORMING AMENDMENT.—Clause (iii) of section 168(e)(3)(D) is amended by inserting ''which is placed in service after December 31, 2010'' after ''electric meter''.

(b) TECHNICAL AMENDMENTS.—Paragraphs (18)(A)(ii) and (19)(A)(ii) of section 168(i) are each amended by striking ''16 years'' and inserting ''10 years''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

(2) TECHNICAL AMENDMENT.—The amendments made by subsection (b) shall take effect as if included in section 306 of the Energy Improvement and Extension Act of 2008.

On page 467, strike lines 1 through 18, and insert the following:

**PART VI—MODIFICATION OF CREDIT FOR CARBON DIOXIDE SEQUESTRATION**

**SEC. 1151. APPLICATION OF MONITORING REQUIREMENTS TO CARBON DIOXIDE USED AS A TERTIARY INJECTANT.**

(a) IN GENERAL.—Section 45Q(a)(2) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) disposed of by the taxpayer in secure geological storage.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 45Q(d)(2) is amended—

(A) by striking ''subsection (a)(1)(B)'' and inserting ''paragraph (1)(B) or (2)(C) of subsection (a)'',

(B) by striking ''and unminable coal seems'' and inserting '', oil and gas reservoirs, and unminable coal seams'', and

(C) by inserting ''the Secretary of Energy, and the Secretary of the Interior,'' after ''Environmental Protection Agency''.

(2) Section 45Q(e) is amended by striking ''captured and disposed of or used as a tertiary injectant'' and inserting ''taken into account in accordance with subsection (a)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to carbon dioxide captured after the date of the enactment of this Act.

Beginning on page 467, strike line 21 and all that follows through page 470, line 23, and insert the following:

**SEC. 1161. MODIFICATION OF CREDIT FOR QUALIFIED PLUG-IN ELECTRIC MOTOR VEHICLES.**

(a) INCREASE IN VEHICLES ELIGIBLE FOR CREDIT.—Section 30D(b)(2)(B) is amended by striking ''250,000'' and inserting ''500,000''.

(b) EXCLUSION OF NEIGHBORHOOD ELECTRIC VEHICLES FROM EXISTING CREDIT.—Section 30D(e)(1) is amended to read as follows:

''(1) MOTOR VEHICLE.—The term 'motor vehicle' means a motor vehicle (as defined in section 30(c)(2)), which is treated as a motor vehicle for purposes of title II of the Clean Air Act.''.

(c) CREDIT FOR CERTAIN OTHER VEHICLES.—Section 30D is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and

(2) by inserting after subsection (e) the following new subsection:

''(f) CREDIT FOR CERTAIN OTHER VEHICLES.—For purposes of this section—

''(1) IN GENERAL.—In the case of a specified vehicle, this section shall be applied with the following modifications:

''(A) For purposes of subsection (a)(1), in lieu of the applicable amount determined under subsection (a)(2), the applicable amount shall be 10 percent of so much of the cost of the specified vehicle as does not exceed $40,000.

''(B) Subsection (b) shall not apply and no specified vehicle shall be taken into account under subsection (b)(2).

''(C) In the case of a specified vehicle which is a 2- or 3-wheeled motor vehicle, subsection (c)(1) shall be applied by substituting '2.5 kilowatt hours' for '4 kilowatt hours'.

''(D) In the case of a specified vehicle which is a low-speed motor vehicle, subsection (c)(3) shall not apply.

''(2) SPECIFIED VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'specified vehicle' means—

''(i) any 2- or 3-wheeled motor vehicle, or

''(ii) any low-speed motor vehicle,

which is placed in service after December 31, 2009, and before January 1, 2012.

''(B) 2- OR 3-WHEELED MOTOR VEHICLE.—The term '2- or 3-wheeled motor vehicle' means any vehicle—

''(i) which would be described in section 30(c)(2) except that it has 2 or 3 wheels,

''(ii) with motive power having a seat or saddle for the use of the rider and designed to travel on not more than 3 wheels in contact with the ground,

''(iii) which has an electric motor that produces in excess of 5-brake horsepower,

''(iv) which draws propulsion from 1 or more traction batteries, and

''(v) which has been certified to the Department of Transportation pursuant to section 567 of title 49, Code of Federal Regulations, as conforming to all applicable Federal motor vehicle safety standards in effect on the date of the manufacture of the vehicle.

''(C) LOW-SPEED MOTOR VEHICLE.—The term 'low-speed motor vehicle' means a motor vehicle (as defined in section 30(c)(2)) which—

''(i) is placed in service after December 31, 2009, and

''(ii) meets the requirements of section 571.500 of title 49, Code of Federal Regulations.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsections (a) and (c) shall take effect on the date of the enactment of this Act.

(2) OTHER MODIFICATIONS.—The amendments made by subsection (b) shall apply to property placed in service after December 31, 2009, in taxable years beginning after such date.

**SEC. 1162. CONVERSION KITS.**

(a) IN GENERAL.—Section 30B (relating to alternative motor vehicle credit) is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

''(i) PLUG-IN CONVERSION CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the plug-in conversion credit determined under this subsection with respect to any motor vehicle which is converted to a qualified plug-in electric drive motor vehicle is 10 percent of so much of the cost of the converting such vehicle as does not exceed $40,000.

''(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—The term 'qualified plug-in electric drive motor vehicle' means any new qualified plug-in electric drive motor vehicle (as defined in section 30D(c), determined without regard to paragraphs (4) and (6) thereof).

''(B) PLUG-IN TRACTION BATTERY MODULE.—The term 'plug-in traction battery module' means an electro-chemical energy storage device which—

''(i) which has a traction battery capacity of not less than 2.5 kilowatt hours,

''(ii) which is equipped with an electrical plug by means of which it can be energized and recharged when plugged into an external source of electric power,

''(iii) which consists of a standardized configuration and is mass produced,

''(iv) which has been tested and approved by the National Highway Transportation Safety Administration as compliant with applicable motor vehicle and motor vehicle equipment safety standards when installed by a mechanic with standardized training in protocols established by the battery manufacturer as part of a nationwide distribution program,

''(v) which complies with the requirements of section 32918 of title 49, United States Code, and

''(vi) which is certified by a battery manufacturer as meeting the requirements of clauses (i) through (v).

''(C) CREDIT ALLOWED TO LESSOR OF BATTERY MODULE.—In the case of a plug-in traction battery module which is leased to the taxpayer, the credit allowed under this subsection shall be allowed to the lessor of the plug-in traction battery module.

''(D) CREDIT ALLOWED IN ADDITION TO OTHER CREDITS.—The credit allowed under this subsection shall be allowed with respect to a motor vehicle notwithstanding whether a credit has been allowed with respect to such motor vehicle under this section (other than this subsection) in any preceding taxable year.

''(3) TERMINATION.—This subsection shall not apply to conversions made after December 31, 2012.''.

(b) CREDIT TREATED AS PART OF ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(a) is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) the plug-in conversion credit determined under subsection (i).''.

(c) NO RECAPTURE FOR VEHICLES CONVERTED TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.—Paragraph (8) of section 30B(h) is amended by adding at the end the following: '', except that no benefit shall be recaptured if such property ceases to be eligible for such credit by reason of conversion to a qualified plug-in electric drive motor vehicle.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2008, in taxable years beginning after such date.

Beginning on page 518, strike line 1 and all that follows through page 521, line 23, and insert the following:

''(2) CERTAIN QUALIFIED PROGRESS EXPENDITURES RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

''(3) LIMITATION.—The amount which is treated for all taxable years with respect to any qualifying advanced energy project shall not exceed the amount designated by the Secretary as eligible for the credit under this section.

''(c) DEFINITIONS.—

''(1) QUALIFYING ADVANCED ENERGY PROJECT.—

''(A) IN GENERAL.—The term 'qualifying advanced energy project' means a project—

''(i) which re-equips, expands, or establishes a manufacturing facility for the production of property which is—

''(I) designed to be used to produce energy from the sun, wind, geothermal deposits (within the meaning of section 613(e)(2)), or other renewable resources,

''(II) designed to manufacture fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles,

''(III) designed to manufacture electric grids to support the transmission of intermittent sources of renewable energy, including storage of such energy,

''(IV) designed to capture and sequester carbon dioxide emissions,

''(V) designed to refine or blend renewable fuels or to produce energy conservation technologies (including energy-conserving lighting technologies and smart grid technologies), or

''(VI) other advanced energy property designed to reduce greenhouse gas emissions as may be determined by the Secretary, and

''(ii) any portion of the qualified investment of which is certified by the Secretary under subsection (d) as eligible for a credit under this section.

''(B) EXCEPTION.—Such term shall not include any portion of a project for the production of any property which is used in the refining or blending of any transportation fuel (other than renewable fuels).

''(2) ELIGIBLE PROPERTY.—The term 'eligible property' means any property which is part of a qualifying advanced energy project and is necessary for the production of property described in paragraph (1)(A)(i).

''(d) QUALIFYING ADVANCED ENERGY PROJECT PROGRAM.—

''(1) ESTABLISHMENT.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Secretary, in consultation with the Secretary of Energy, shall establish a qualifying advanced energy project program to consider and award certifications for qualified investments eligible for credits under this section to qualifying advanced energy project sponsors.

''(B) LIMITATION.—The total amount of credits that may be allocated under the program shall not exceed $2,000,000,000.

''(2) CERTIFICATION.—

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application containing such information as the Secretary may require during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1).

''(B) TIME TO MEET CRITERIA FOR CERTIFICATION.—Each applicant for certification shall have 2 years from the date of acceptance by the Secretary of the application during which to provide to the Secretary evidence that the requirements of the certification have been met.

''(C) PERIOD OF ISSUANCE.—An applicant which receives a certification shall have 5 years from the date of issuance of the certification in order to place the project in service and if such project is not placed in service by that time period then the certification shall no longer be valid.

''(3) SELECTION CRITERIA.—In determining which qualifying advanced energy projects to certify under this section, the Secretary—

''(A) shall take into consideration only those projects where there is a reasonable expectation of commercial viability, and

''(B) shall take into consideration which projects—

''(i) will provide the greatest domestic job creation (both direct and indirect) during the credit period,

''(ii) will provide the greatest net impact in avoiding or reducing air pollutants or anthropogenic emissions of greenhouse gases,

''(iii) have the greatest readiness for commercial employment, replication, and further commercial use in the United States,

''(iv) will provide the greatest benefit in terms of newness in the commercial market,

''(v) have the lowest levelized cost of generated or stored energy, or of measured reduction in energy consumption or greenhouse gas emission (based on costs of the full supply chain), and

''(vi) have the shortest project time from certification to completion.

On page 524, after line 3, insert the following:

**SEC. 1303. INCENTIVES FOR MANUFACTURING FACILITIES PRODUCING PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES AND COMPONENTS.**

(a) DEDUCTION FOR MANUFACTURING FACILITIES.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by inserting after section 179E the following new section:

**''SEC. 179F. ELECTION TO EXPENSE MANUFACTURING FACILITIES PRODUCING PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES AND COMPONENTS.**

''(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat the applicable percentage of the cost of any qualified plug-in electric drive motor vehicle manufacturing facility property as an expense which is not chargeable to a capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified manufacturing facility property is placed in service.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is—

''(1) 100 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service before January 1, 2012, and

''(2) 50 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service after December 31, 2011, and before January 1, 2015.

''(c) ELECTION.—

''(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

''(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

''(d) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plug-in electric drive motor vehicle manufacturing facility property' means any qualified property—

''(A) the original use of which commences with the taxpayer,

''(B) which is placed in service by the taxpayer after the date of the enactment of this section and before January 1, 2015, and

''(C) no written binding contract for the construction of which was in effect on or before the date of the enactment of this section.

''(2) QUALIFIED PROPERTY.—

''(A) IN GENERAL.—The term 'qualified property' means any property which is a facility or a portion of a facility used for the production of—

''(i) any new qualified plug-in electric drive motor vehicle (as defined by section 30D(c)), or

''(ii) any eligible component.

''(B) ELIGIBLE COMPONENT.—The term 'eligible component' means any battery, any electric motor or generator, or any power control unit which is designed specifically for use with a new qualified plug-in electric drive motor vehicle (as so defined).

''(e) SPECIAL RULE FOR DUAL USE PROPERTY.—In the case of any qualified plug-in electric drive motor vehicle manufacturing facility property which is used to produce both qualified property and other property which is not qualified property, the amount of costs taken into account under subsection (a) shall be reduced by an amount equal to—

''(1) the total amount of such costs (determined before the application of this subsection), multiplied by

''(2) the percentage of property expected to be produced which is not qualified property.

''(f) ELECTION TO RECEIVE LOAN IN LIEU OF DEDUCTION.—

''(1) IN GENERAL.—If a taxpayer elects to have this subsection apply for any taxable year—

''(A) subsection (a) shall not apply to any qualified plug-in electric drive motor vehicle manufacturing facility property placed in service by the taxpayer,

''(B) such taxpayer shall receive a loan from the Secretary in an amount and under such terms as provided in section 1303(b) of the American Recovery and Reinvestment Tax Act of 2009, and

''(C) in the taxable year in which such qualified loan is repaid, each of the limitations described in paragraph (2) shall be increased by the qualified plug-in electric drive motor vehicle manufacturing facility amount which is—

''(i) determined under paragraph (3), and

''(ii) allocated to such limitation under paragraph (4).

''(2) LIMITATIONS TO BE INCREASED.—The limitations described in this paragraph are—

''(A) the limitation imposed by section 38(c), and

''(B) the limitation imposed by section 53(c).

''(3) QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY AMOUNT.—For purposes of this paragraph—

''(A) IN GENERAL.—The qualified plug-in electric drive motor vehicle manufacturing facility amount is an amount equal to the applicable percentage of any qualified plug-in electric drive motor vehicle manufacturing facility which is placed in service during the taxable year.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is—

''(i) 35 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service before January 1, 2012, and

''(ii) 17.5 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service after December 31, 2011, and before January 1, 2015.

''(C) SPECIAL RULE FOR DUAL USE PROPERTY.—In the case of any qualified plug-in electric drive motor vehicle manufacturing facility property which is used to produce both qualified property and other property which is not qualified property, the amount of costs taken into account under subparagraph (A) shall be reduced by an amount equal to—

''(i) the total amount of such costs (determined before the application of this subparagraph), multiplied by

''(ii) the percentage of property expected to be produced which is not qualified property.

''(4) ALLOCATION OF QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE MANUFACTURING FACILITY AMOUNT.—The taxpayer shall, at such time and in such manner as the Secretary may prescribe, specify the portion (if any) of the qualified plug-in electric drive motor vehicle manufacturing facility amount for the taxable year which is to be allocated to each of the limitations described in paragraph (2) for such taxable year.

''(5) ELECTION.—

''(A) IN GENERAL.—An election under this subsection for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall be made in such manner as the Secretary may by regulations prescribe.

''(B) ELECTION IRREVOCABLE.—Any election made under this subsection may not be revoked except with the consent of the Secretary.''.

(b) LOAN PROGRAM.—

(1) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall provide a loan to any person who is allowed a deduction under section 179F of the Internal Revenue Code and who makes an election under section 179F(f) of such Code in an amount equal to the qualified plug-in electric drive motor vehicle manufacturing facility amount (as defined in such section 179F(f)).

(2) TERM.—Such loan shall be in the form of a senior note issued by the taxpayer to the Secretary of the Treasury, secured by the qualified plug-in electric drive motor vehicle manufacturing facility property (as defined in section 179F of the Internal Revenue Code of 1986) of the taxpayer, and having a term of 20 years and interest payable at the applicable Federal rate (as determined under section 1274(d) of the Internal Revenue Code of 1986).

(3) APPROPRIATIONS.—There is hereby appropriated to the Secretary of the Treasury such sums as may be necessary to carry out this subsection.

(c) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 179F. Election to expense manufacturing facilities producing plug-in electric drive motor vehicle and components.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Ms. CANTWELL. Mr. President, I thank my colleagues, Senator HATCH and Senator BINGAMAN, for helping us work on this modified language—Senator BINGAMAN, particularly—related to plug-in vehicles. I thank my colleagues who have worked on additional amendments as part of this qualification of the ITC manufacturing credit; conservation bonds in the underlying bill that I know my colleague, Senator FEINGOLD, has worked on; Senators BINGAMAN and CARPER on a technical fix to carbon sequestration; I know the Senators in the Northeast and the Northwest have worked on provisions of existing modifications to the wood stove amendment we helped in the 2007 bill; and my colleagues, Senators SNOWE, FEINSTEIN, BINGAMAN, and KERRY on updates for the enhancement effectiveness of home energy efficiency in the Tax Code.

I think all of these things make for a very important amendment for the stimulus package because it is about immediate stimulus and it is about job creation, both in the near term and the opportunity for tremendous job creation in the long term.

The underlying amendment deals with the issue of creating and expensing for those who invest in plug-in battery technology or components. The United States currently is the leader in research and development of battery technology. Unfortunately, the number of manufacturing facilities in the United States that take advantage of that R&D is zero—zero opportunities currently in manufacturing in the United States.

What we know around the globe is that countries, such as China, have over 250,000 people working on battery technology and over 150 partners. We know Europeans and others are quick to work on this technology. Why? Because many people believe we are going to make this transformation off fossil fuel and on to cars powered by our electricity grid. So we know we are moving in that direction, but we are not doing anything to provide incentives so that manufacturing can take place in the United States.

I am not talking necessarily about domestic manufacturers. I am not saying we are not talking about them. We are talking about making sure—whether it is Toyota, whether it is Tesla Motors, or someone not even on the horizon today, or what is happening in Detroit—that the United States does not continue to import their battery technology but starts manufacturing in the United States.

This is a great opportunity for us in manufacturing to complement the ITC manufacturing credit that went to

other renewable energy sources, such as wind and solar, to bring some of that manufacturing into the United States. I think that provision is tremendously important, but I say to my colleagues on the Senate floor, I cannot think of a bigger opportunity for job creation in the future than helping to make this transition off fossil fuel and on to the grid. If we fail to make this step now, we will be as dependent on foreign battery technology as we are on Mideast fossil fuel today. We don't want to make that mistake.

We know in the small business provisions of this bill, we are giving expensing opportunities so that with the depreciation rate takedown, people will make more investments now. That is the same thing we are doing here, making investments in plug-in technology to stimulate job creation around this technology and help us with millions of long-term jobs and an opportunity to get off fossil fuel and deliver for our constituents a cheaper source of transportation in the future.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I support the Cantwell amendment. Frankly, in the regular order, somebody who opposes the Cantwell amendment should be speaking. I will take a little of her time. It is a good amendment, and I hope it gets adopted. I don't think anybody wants to speak in opposition.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I ask the manager if I might have 2 minutes. Just 2 minutes. I would like to respond.

Mr. BAUCUS. Fine.

Mr. SESSIONS. Mr. President, from what we understand so far, one part of this bill is $9 billion. It scores at $9 billion. We have a strong commitment to hybrid automobiles. I have supported that in the past. We are dealing with that issue in the Energy Committee. As I understand it, this is spending in addition to what is already in the bill. I think that is going to cause concerns.

I ask my colleagues to be cautious about signing on to a bill that has not gone through committee and represents such a huge expenditure of money that is unpaid.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Does the Senator from Washington have time remaining?

Ms. CANTWELL. Mr. President, in response to my colleague, the notion of plug-in technology was discussed in the Finance Committee. We decided to offer this amendment on the floor instead. We know the economic opportunity we are going to lose by not making this investment is great.

What is so unique about this is that it is stimulative now, it is job creation, and it, as the President says, puts us in a position in a key technology area in which we know the United States wants to be competitive. I believe it is a very winning proposition for the stimulus bill.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, briefly, I appreciate Senator CANTWELL. I know she is one of the leaders in the effort to reduce our dependence on foreign oil and reduce emissions. But I will note, the amount of money going into hybrids reaches a point where we have to be careful.

Diesel engines get about 40 percent more mileage than regular gasoline engines. Europeans have half their vehicles in diesel. We have about 3 percent. We have to be careful when we have this kind of incentive that it is going at the best possible thing.

I am not prepared to say this is not the best way to do it, for sure. I believe the Energy Committee and maybe EPW ought to be able to have hearings on this before we make such a dramatic change.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I urge the Chair to recognize Senator BUNNING to call up his amendment.

Mr. BUNNING. Mr. President, I would like 10 minutes.

Mr. BAUCUS. Ten minutes equally divided.

Mr. BUNNING. Ten minutes for Senator BUNNING.

Mr. BAUCUS. Ten minutes to the Senator from Kentucky.

Mr. BUNNING. The Senator can give whatever time he chooses to the other side.

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

AMENDMENT NO. 531 TO AMENDMENT NO. 98

Mr. BUNNING. Mr. President, I call up my amendment No. 531.

The PRESIDING OFFICER (Mr. BROWN). The clerk will report.

The bill clerk read as follows:

The Senator from Kentucky [Mr. BUNNING] proposes an amendment numbered 531 to amendment No. 98.

Mr. BUNNING. 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 temporarily increase the limitations on offsetting ordinary income with capital losses and to strike the 5-year carryback of general business credits)

On page 464, strike lines 2 and 23, and insert the following:

**SEC. 1141. TEMPORARY INCREASE IN PERSONAL CAPITAL LOSS DEDUCTION LIMITATION.**

(a) IN GENERAL.—Section 1211 is amended by adding at the end the following new subsection:

''(c) SPECIAL RULE FOR TAXABLE YEARS BEGINNING IN 2009.—In the case of a taxable year beginning after December 31, 2008, and before January 1, 2010, subsection (b)(1) shall be applied—

''(1) by substituting '$15,000' for '$3,000', and

''(2) by substituting '$7,500' for '$1,500'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2008.

Mr. BUNNING. Mr. President, our economy is ailing—everybody knows that—and the symptoms are a sharp drop in consumer spending and a large rise in unemployment. As many of my colleagues have already observed, this bill treats the symptoms only and it does it so ineffectively.

There are some Democrats, even in the White House, who agree with this. Just the other day, one House Democrat said his leadership ''does not care'' what is in the bill; ''they just want to pass it and they want it to be unanimous.'' They don't care. That is just shameful.

The unemployment statistics we are seeing are just staggering. Never in our history have we seen job cuts at the rate and severity we are seeing today: over 500,000 losses per month for the last 5 months. Over 600,000 in losses were reported just last Tuesday.

This bill really does very little to help businesses keep people employed. It gives the poorest Americans $500 in cash and the prospect of a government job on a construction site, but it does not get to the heart of the problem in the private sector.

It is our responsibility on behalf of every child who will pay for this massive amount of spending in this bill to get the solution right, and we can do better, much better.

One of the best economists in this country—one who predicted this crisis in advance—said recently that he believes most U.S. banks are insolvent. Their equity has been wiped out due to the massive leveraged bets related to housing. Unfortunately, bank regulators, such as Tim Geithner, Ben Bernanke, and Alan Greenspan, failed to properly assess the danger to the economy presented by these irresponsible bets.

Many experts are now acknowledging what I have said for years: that currency manipulation by China and other countries fueled the credit bubble in the United States and Europe that drove up housing prices to unsustainable levels.

As a direct result, many households are now insolvent as well. They are carrying mortgage debts that exceed the value of their homes, and even with the $500 from the make work pay credit, they will not go out and spend it until the problem is addressed.

This amendment I am offering today will address a major injustice in the Tax Code that many taxpayers will encounter for the first time this year. This problem will drive the effective tax rates of many taxpayers to European confiscatory levels at the worst possible time. I am referring to the limit on capital losses.

Since the peak of the markets in 2007, investors have lost $7.5 trillion in wealth. More than half of this amount is in taxable accounts. If we do not adjust the limits, taxpayers will be unable to deduct real economic losses

from their income tax, and this will result in higher effective tax rates.

Two respected economists have recommended my amendment as a way to stimulate the economy. In an article in the Wall Street Journal titled ''Let's Stimulate Private Risk Taking,'' economists from Harvard University and the University of Chicago wrote that my amendment would stimulate risk taking by rewarding the downside of new investments and increasing the upside.

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

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

[From the Wall Street Journal, Jan. 21, 2009]

LET'S STIMULATE PRIVATE RISK TAKING

(By Alberto Alesina and Luigi Zingales)

In virtually all economics classes, including those taught by the many excellent economists on the Obama team, the idea of government spending as an engine for growth is not a popular topic. Yet despite their skepticism of Keynesianism in the classroom, when it comes to public policy, these economists happily endorse a large stimulus package that could bring our deficit to 10% of GDP. Why?

One explanation is that these economists think this recession is an extraordinary one. In normal recessions—the argument goes—an increase in discretionary government spending is unnecessary and even counterproductive. But in the event that a recession becomes a depression, a Keynesian stimulus package might work.

There are certainly economic models that show how government spending can shift the economy from a bad equilibrium (where people do not search for jobs because they do not expect to find them, and firms do not invest because they do not expect to sell), to a good equilibrium (where people search for jobs, and firms invest and generate demand for their goods).

But this particular recession is unique not in its dimensions, but in its sources. First, it is the result of a financial crisis that severely affected stock-market valuations. The bad equilibrium did not originate in the labor market, but in the credit market, where investors are reluctant to lend to risky firms. This reluctance is making it difficult for these firms to refinance their debt, forcing them to default on their credit, further validating investors' fear. Thus, the problem is how to increase investors' willingness to take risk. It's unclear how the proposed stimulus package would help inspire investors to do so.

The second reason this recession is unusual is that it was caused in large part by a significant current-account imbalance due to the low savings rate of Americans (families and government). Even assuming that more public spending would increase private consumption—a big if—such a measure would cause even more imbalance.

So how do we stimulate the economy without increasing the already large current-account deficit? It's not easy, but here is an idea: Create the incentive for people to take more risk and move their savings from government bonds to risky assets. There is no better way to encourage this than a temporary elimination of the capital-gains tax for all the investments begun during 2009 and held for at least two years.

If we fear this is not enough, we can temporarily increase the size of the capital loss that is deductible against ordinary income. This will reduce the downside of new investments and increase the upside.

More savings need to be invested, and firms need an incentive to invest in order to help aggregate demand in the short term and promote long-term growth. The best way to do this is to make all capital expenditures and research and development investments done in 2009 fully tax deductible in the current fiscal year.

A large temporary tax incentive may be just enough to jolt investors from their current paralysis to take action. Such a switch will also be fueled by the temporary capital-gains tax cut mentioned above, which will motivate people to move their savings from money-market funds to stocks, increasing valuations, investments and confidence.

Many are concerned about what we can do to help the poor weather this crisis. Unlike during the Great Depression, we have an unemployment subsidy that protects the poor from the most severe consequences of this recession. If we want to further protect them, it is better to extend this unemployment subsidy than to invest in hasty public projects. Furthermore, tax cuts have a much better effect on job creation than highway rehabilitation.

No doubt, it is much easier to sell the public and Congress a plan for more public works than tax cuts, particularly while Main Street despises Wall Street—with some good reason. But the role of a good economic team is to courageously propose the right economic policy, even when it is unpopular. The role of a president is to sell it politically, as real change we can believe in.

Mr. BUNNING. Mr. President, since 2007, investors have lost $1.7 trillion in stock market values. Nearly half these losses are taxable accounts and their owners are subject to a $3,000 limit on capital losses.

The way this limit works is that no matter how much money you lose in stocks or real estate, you are only allowed to deduct $3,000 per year against other income. The remaining loss is ignored.

Given the state of the markets, millions of taxpayers have stock losses that far exceed $3,000. Nevertheless, the Tax Code will treat these people as though they earned much more during the year.

For an example, a family that earns $100,000 and pays $30,000 in Federal and State taxes has a tax rate of 30 percent. If the family loses $40,000 in savings and it is only able to deduct $3,000, it will push the family's effective tax rate up to 48.5 percent.

The $3,000 fixed limit on capital losses was last adjusted in 1976. Before the midseventies, the tax writers in Congress were not as knowledgeable about what inflation can do to savings as we are today. It was common for Congress to write dollar limits into the Tax Code without any thought of what inflation would do to its value in future years. Since 1977, inflation has eroded the value of the limit by more than 71 percent. My amendment would adjust the limit for inflation, increasing it to $15,000 for any losses incurred this year.

When I offered this amendment in the Finance Committee, Chairman BAUCUS committed to addressing the problem on a permanent basis sometime this year. I welcome this opportunity to work with him on this long-term overdue problem.

My amendment also reduces the cost of the bill by about $4.9 billion because I am also striking a remarkable provision that for the first time would allow corporations to use tax credits even if they have no income. This is nothing more than corporate welfare and Soviet-style industrial policy. Never before has this body endorsed a refundable tax credit for corporations. This one costs a staggering $10.9 billion. It is bad policy and the money should be spent on broad-based individual tax relief that will stimulate our economy.

I urge my colleagues to vote for this amendment to ensure that taxpayers do not experience an increase in tax rate in the depth of this recession we are now in.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, the Senator from Kentucky has an interesting idea, an interesting proposition, and we did discuss it in committee. I did say in the committee that I think it is an issue that should appropriately be addressed, and I again thank the Senator for bringing up this issue.

I suggest that we now go to Senator FEINGOLD for the purposes of offering an amendment.

The PRESIDING OFFICER (Mr. BURRIS). The Senator from Wisconsin is recognized.

AMENDMENT NO. 485 TO AMENDMENT NO. 98

Mr. FEINGOLD. Mr. President, I ask unanimous consent the pending amendment be set aside so that I may call up amendment No. 485.

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

The clerk will report.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 485 to amendment No. 98.

Mr. FEINGOLD. 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 clarify that certain programs constitute a qualified conservation purpose for qualified energy conservation bonds)

On page 457, between lines 16 and 17, insert the following:

(b) CLARIFICATION WITH RESPECT TO GREEN COMMUNITY PROGRAMS.—Clause (ii) of section 54D(f)(1)(A) is amended by inserting ''(including the use of loans, grants, or other repayment mechanisms to implement such programs)'' after ''green community programs''.

Mr. FEINGOLD. Mr. President, I ask unanimous consent to add Senator STABENOW as a cosponsor of the amendment.

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

Mr. FEINGOLD. Mr. President, this amendment is based on my Community Revitalization Energy Conservation

Act, S. 222, and I am very pleased to be joined by the Senator from Michigan in offering it.

This amendment will address our energy and economic challenges while putting Americans to work. Supporting energy efficiency improvements to America's homes and businesses is one of the smartest ways we can face these challenges to create jobs and reduce our energy consumption.

The goal of this amendment is to decrease energy consumption, create green jobs, and increase the number of energy efficient projects by reducing the significant cost barriers, such as the prohibitive upfront costs to homeowners and businesses who want to make improvements to their homes and buildings.

Aggressively pursuing energy efficiency will help put us on a path toward energy security. Presently, buildings account for 40 percent of total U.S. energy consumption and 70 percent of U.S. electricity consumption. In order for us to decrease our reliance on fossil-based fuels, this has to change. We can achieve 20 to 30 percent energy reduction through better insulation, lighting, and HVAC equipment and controls. Potentially, we have the opportunity to save over $200 billion through building efficiency alone.

The economic recovery package increases the bond limit for the Qualified Energy Conservation Bond Program, which supports conservation upgrades to buildings. It does that by taking that number from $800 million to $3.2 billion. I support this provision, and the Feingold-Stabenow amendment builds on it by modifying the Qualified Energy Conservation Bond Program to include conservation in private buildings using a financing mechanism that would eliminate the prohibitive upfront costs of energy efficiency improvements between homeowners and businesses.

Meanwhile, the amendment would allow State and local governments to promote energy efficiency products by use of electric and water utilities as intermediaries. By using utilities as intermediaries, homeowners and businesses incur no upfront costs and they can then gradually pay back the cost of the energy efficiency retrofits through their electricity or water bills at a rate that does not exceed what they have historically paid.

For example, if a monthly water bill before improvements is $150, and with the improvement the energy costs are down to $110, at most a homeowner or business would pay $40 more monthly toward paying off the cost of the energy efficiency building retrofits which were made possible by this program.

This has worked. Already several States and cities, including Hawaii, Michigan, Berkeley, CA, and Babylon, NY, are beginning to tackle the issue of energy efficiency in residential buildings. In my home State of Wisconsin, efforts are already underway in Milwaukee to use this novel financing mechanism to promote energy efficiency. In partnership with the Center on Wisconsin Strategy, the city is pursuing Me2, or the Milwaukee Energy Efficiency Program. Initial estimates from the Center on Wisconsin Strategy suggest that if you could retrofit nearly all of the existing housing stock in Milwaukee, an initial investment of just under $250 million, it could result in annual energy savings of over $80 million.

All of these efforts to conserve energy require investments in time and money. By combining efforts on two of our greatest challenges, energy and employment, we can create a great opportunity. Energy efficiency and conservation are, of course, in our national interest for our long-term economic well-being, for the health and safety of our citizens and the world as we mitigate the effects of climate change, and for our independence and security as well.

This amendment is endorsed by many key groups, including the Apollo Alliance, the American Council for an Energy Efficient Economy, Air Conditioning Contractors of America, National Electrical Contractors Association, and the Plumbing-Heating-Cooling Contractors National Association.

I thank the Senator from Montana, Senator BAUCUS, for working with me on this amendment and for his support on the amendment. I urge my all of my colleagues to support it. It will support green jobs and help get our economy on the right track.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I suggest that Senator THUNE be recognized for the purpose of offering his amendment.

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

AMENDMENT NO. 538 TO AMENDMENT NO. 98

Mr. THUNE. Mr. President, I thank the Senator from Montana, the manager of this bill, for yielding and for the opportunity to offer this amendment.

As I have indicated, I will start by saying I am very uncomfortable with the notion of spending almost $1 trillion—over $1 trillion if you include interest—on this undertaking when, in my view, it is not timely, temporary, and targeted—as has been suggested should be the criteria for this legislation—but, rather, it is slow, unfocused, and unending. As a consequence of that, as I said, I am very concerned about the size of this and I am very concerned about the substance of it.

I don't believe we ought to spend this amount. I have supported amendments, including Senator MCCAIN's amendment, that were significantly smaller in terms of the size, much more, in my judgment, fiscally responsible, much more targeted and focused on job creation, and doing the types of things I believe will help get the economy growing again. Unfortunately, those amendments—those amendments I have supported, and I have even offered a substitute of my own—have all failed.

I say that to preface my comments as I offer this amendment, to make the point that I am not in favor of or supportive of this size of spending and this size of borrowing from future generations in order to accomplish what, in my judgment, are very questionable job creation goals—frankly, I think based on the CBO study we saw yesterday, very questionable goals in terms of what this might achieve.

I have concluded, however, that with all the amendments that have been offered, many of which are amendments that in my view would reduce some of the wasteful spending in this bill, some of which would refocus it more toward tax relief, more toward infrastructure, and more toward housing—things I think are important in this debate—I have concluded that the way to perhaps shape this is to offer an amendment that, frankly, will clarify what the difference is in this debate. Because I think it all comes down to who spends this money: does Washington spend it or do the American people spend these dollars that are going to come in?

If we are going to commit to spending $936 billion, what my amendment essentially would do is to say that the $936 billion ought to be divided evenly among people who file income tax returns in this country. There are 182 million filers, all of whom would have a significant tax cut if you took a $936 billion pricetag and divided it up among those 182 million filers.

My amendment I think also illustrates the simplicity of this debate, because this is nine pages long. This amendment is nine pages long. The underlying bill is 735 pages long. It takes 735 pages, I would argue, to go through all the various types of spending programs that are created in this bill, many of which are new programs that are going to create liabilities and obligations for the taxpayers well beyond the so-called targeted period in which this assistance is designed to take effect. But my nine-page amendment basically spells out a clearer option that I think we ought to rally around.

Again, as I said before, it is very straightforward. If you are a taxpaying person in this country, if you are someone who files an income tax return—and there are 182 million filers in America—and you make less than $250,000—if you have $250,000 or less in terms of adjusted gross income—then you would be eligible for, if you are a single filer, $5,143 in terms of a tax cut or tax rebate in 2009. This would all spend out in 2009. If you are a married couple filing a joint return, you would get a tax cut totaling $10,286 in 2009.

One of the Democrat arguments for the $1 trillion stimulus is they believe the GDP will shrink by that amount in the near future, primarily because of a decrease in consumer spending, which accounts for approximately 70 percent

of gross domestic product. This amendment would inject $936 billion into the economy by the end of 2009 in the form of a recovery rebate for middle-class tax filers. These tax cuts total approximately 6 to 7 percent of our gross domestic product.

Consumers and taxpayers, not government bureaucrats, would determine how to spend this money. Consumers could decide to make a downpayment on a new home, purchase a new car, get ahead of day-to-day bills, or save and invest for the future. I suggest this is a far more efficient way of stimulating the economy relative to improving fish barriers or designing polar ice breakers or purchasing supercomputers for climate research.

One of the primary arguments my colleagues on the other side, I am sure, will make against this amendment is that most consumers decided to save their tax rebates in 2008 rather than spend the checks they received in the amount of $600 for a single filer and $1,200 for married filing jointly. Well, first, this economic recovery rebate is much larger, which increases the likelihood of a positive impact on consumer spending.

Second, with the advent of the financial crisis, we are at a very different situation relative to January 2008. Even if individuals choose to save half of this tax cut, that would mean a $450 billion infusion of capital into our banking system, which would also help stabilize our financial institutions, and that is a critical part of our economic recovery.

I believe the American people are tired of business as usual in Washington. I think the stimulus package we have before us is a perfect example of how Washington works. It is loaded with a lot of spending, in many cases, as I said before, spending on new programs and a lot of special interest spending. I hope my colleagues will listen to the American people, who I think are following this debate and are, frankly, outraged with the size of the stimulus plan and the notion that it is going to be spent on many of the things they find objectionable. I argue that the American people should be given the choice between a 9-page, very simple and straightforward approach to this, which puts money back in their pockets—in fact, a lot of money; $5,143 if you are a single filer and $10,286 if you are a married couple filing jointly—or a 735-page bill which includes spending for all kinds of things that in my view are not going to be successful when it comes to creating jobs or helping get this economy back on track.

That is the amendment. It is very straightforward. It is very simple. It takes $936 billion and divides it by 182 million tax filers. If they make under $250,000 year it gives them a tax rebate in the amount of $5,143 for a single filer, $10,286 for a married filer filing jointly, married couple filing jointly.

I yield the floor. I ask my colleagues to support the amendment.

The PRESIDING OFFICER. Has the Senator offered the amendment?

Mr. THUNE. Let me say, if I have not already, I ask it be pending. It was filed at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. THUNE)] proposes an amendment numbered 538 to amendment No. 98.

The amendment is as follows:

(Purpose: To replace all spending and tax provisions with a direct rebate to all Americans filing a tax return)

On page 1, beginning with line 6, strike all through page 735, line 7, and insert the following:

**SEC. 2. REBATE TO ALL AMERICANS FILING A TAX RETURN.**

(a) IN GENERAL.—Section 6429 of the Internal Revenue Code of 1986 is amended to read as follows:

**"SEC. 6429. 2009 RECOVERY REBATES FOR INDIVIDUALS.**

''(a) IN GENERAL.—In the case of an eligible individual who has filed a return of tax under chapter 1 for any taxable year beginning in 2007, there shall be allowed a credit against the tax imposed by subtitle A for the taxpayer's first taxable year beginning in 2009 an amount equal to $5,143 ($10,286 in the case of a joint return).

''(b) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The amount of the credit allowed by subsection (a) (determined without regard to this subsection and subsection (f)) shall be zero if the taxpayer's adjusted gross income exceeds $250,000.

''(c) TREATMENT OF CREDIT.—The credit allowed by subsection (a) shall be treated as allowed by subpart C of part IV of subchapter A of chapter 1.

''(d) DEFINITIONS.—For purposes of this section—

''(1) NET INCOME TAX LIABILITY.—The term 'net income tax liability' means the excess of—

''(A) the sum of the taxpayer's regular tax liability (within the meaning of section 26(b)) and the tax imposed by section 55 for the taxable year, over

''(B) the credits allowed by part IV (other than section 24 and subpart C thereof) of subchapter A of chapter 1.

''(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means any individual other than—

''(A) any nonresident alien individual,

''(B) any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, and

''(C) an estate or trust.

''(e) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

''(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (e). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

''(2) JOINT RETURNS.—In the case of a refund or credit made or allowed under subsection (f) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.

''(f) ADVANCE REFUNDS AND CREDITS.—

''(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2007, and who filed a return of tax under chapter 1 for such first taxable year, shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount equal to the advance refund amount for such taxable year.

''(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if this section (other than this subsection) had applied to such taxable year.

''(3) TIMING OF PAYMENTS.—The Secretary shall, subject to the provisions of this title, refund or credit any overpayment attributable to this section as rapidly as possible. No refund or credit shall be made or allowed under this subsection after December 31, 2009.

''(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this section.

''(g) IDENTIFICATION NUMBER REQUIREMENT.—

''(1) IN GENERAL.—No credit shall be allowed under subsection (a) to an eligible individual who does not include on the return of tax for the taxable year—

''(A) such individual's valid identification number, and

''(B) in the case of a joint return, the valid identification number of such individual's spouse.

''(2) VALID IDENTIFICATION NUMBER.—For purposes of paragraph (1), the term 'valid identification number' means a social security number issued to an individual by the Social Security Administration. Such term shall not include a TIN issued by the Internal Revenue Service.

''(3) SPECIAL RULE FOR MEMBERS OF THE ARMED FORCES.—Paragraph (1) shall not apply to a joint return where at least 1 spouse was a member of the Armed Forces of the United States at any time during the taxable year.''.

(b) TREATMENT OF POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS.—

(A) MIRROR CODE POSSESSION.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to the residents of such possession.

(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—No credit shall be allowed against United States income taxes for any taxable year under section 6429 of the Internal Revenue Code of 1986 (as amended by this section) to any person—

(A) to whom a credit is allowed against taxes imposed by the possession by reason of the amendments made by this section for such taxable year, or

(B) who is eligible for a payment under a plan described in paragraph (1)(B) with respect to such taxable year.

(3) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term ''possession of the United States'' includes the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term ''mirror code tax system'' means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from the credit allowed under section 36A of the Internal Revenue Code of 1986 (as added by this section).

(c) REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.—Any credit or refund allowed or made to any individual by reason of section 6429 of the Internal Revenue Code of 1986 (as amended by this section) or by reason of subsection (b) of this section shall not be taken into account as income and shall not be taken into account as resources for the month of receipt and the following 2 months, for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

(d) AUTHORITY RELATING TO CLERICAL ERRORS.—Section 6213(g)(2)(L) is amended by striking ''or 6428'' and inserting ''6428, or 6429''.

(e) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by striking ''and 6428'' and inserting ''6428, and 6429''.

(2) Section 1324(b)(2) of title 31, United States Code, is amended by striking ''or 6428'' and inserting ''6428, or 6429''.

(3) The table of sections for subchapter B of chapter 65 is amended by striking the item relating to section 6429 and inserting the following new item:

''Sec. 6429. 2009 recovery rebates for individuals.''.

(f) EFFECTIVE DATE.—This section, and the amendments made by this section, shall apply to taxable years beginning after December 31, 2008.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I am reminded of the great Baltimore Sun journalist H.L. Menken who said for every complicated problem there is a simple solution—and it is usually wrong.

We have a complicated problem: how to get our country going again. With all due respect, this is a very simple solution and, with all due respect, it has deep problems.

What are they? First of all, there are 49 million Americans who will not get any tax break from this proposal. Who are they? They are the Americans who are working, but they do not earn enough income to pay income taxes. Therefore, they get no deduction. They are not paying taxes. They are not in the 5-percent bracket. They are not in the 10-percent bracket. They just do not earn enough to pay income taxes. So when you talk about reducing taxes, giving rebates to those Americans who pay taxes, those 49 million Americans who are working, who pay payroll taxes, will get no break. Their taxes are not reduced.

I say that because the amendment strikes the whole bill. As I understand the amendment, it takes the amount of the bill and adds it back to taxpayers. The rebate goes to the taxpayers?

Mr. THUNE. Will the Senator yield for a clarification?

Mr. BAUCUS. I am happy to.

Mr. THUNE. I appreciate the question because I think that is one of the arguments that have been made against a lot of the tax amendments we have filed. This was drafted in a way so it is refundable, so all the Americans that you are talking about would also receive that benefit.

Mr. BAUCUS. I might say, Mr. President, reclaiming my time, this amendment strikes the underlying bill. What about States taking people off Medicaid, called FMAP? This bill gives about $86 billion to States so they can keep people on Medicaid, so they are not thrown off Medicaid. What about all the dollars in here that go to help build roads and highways and bridges?

Earlier, I asked my colleagues to remember two figures. What were they again—99 and 79. What is that? Just to repeat, 99 is the percent of dollars in the Finance Committee portion of this bill that are spent in the first 2 years; 99 percent of the whole Finance Committee bill is spent in the first 2 years. That is CBO, and it is Joint Tax. It is their figures. Just do the math.

The other figure I mentioned was 79—79 percent. What does 79 percent represent? All of the dollars in the whole bill, the Finance Committee bill and the Appropriations bill, total it all up—99 percent of the total bill will be spent in the first 2 years; 99 percent of the Finance Committee bill, 79 percent of the whole bill.

Next question: how efficiently are those dollars spent? I have just established that most of the dollars, by far, are going to be spent in the first 2 years—by far. The next question: How efficiently? To what degree will those dollars create jobs? A day or two ago the Congressional Budget Office released a letter that discusses the effects of this bill on jobs, on job creation. The letter says:

For all of the categories that would be affected by the Senate legislation, the resulting budgetary changes are estimated to raise output [and jobs] . . . albeit by different amounts . . . [as follows.]

What does that say? Without taking too much time, it makes it very clear more jobs are created when we spend dollars for the purchase of goods and services. According to CBO—that is a quote:

Direct purchases of goods and services . . . tend to have large effects on GDP.

What tends to have less of an effect? I know it is a mantra, I know it is ideology, but the fact is, what has less effect, to be honest about it, is tax cuts. And the higher the income bracket, according to CBO, the less stimulative effect on the economy.

For example, let's take AMT: 1-year tax cuts for people who pay the alternative minimum tax. What is the stimulative effect? There is a range. CBO does not know the exact amount, but it is a range between 10 cents on the dollar and 50 cents on the dollar. That is how much goes out into the economy. Not very much.

What is the range for purchase of goods and services by Uncle Sam, between $1 and $2.50; for transfers to State and local governments for infrastructure, between $1 and $2.50; for transfers to State and local governments not for infrastructure, between 70 cents to $1.90 on the dollar.

Get this: unemployment benefits, between 80 cents on the dollar and $2.20 on the dollar. Payments to persons for unemployment benefits has a much greater stimulative effect, by far, than does reduction in taxes. I mentioned already the effect of AMT.

My only point, it is interesting to hear what the Senator from South Dakota is saying, and I appreciate him correcting me by saying that 49 million Americans who otherwise do not pay income tax would also get a rebate. I am not sure the size of the rebate. I guess everybody gets the same amount, whether you are an individual or you are married. But we can create a lot more jobs by structuring the payment as it is in this legislation.

A lot of time and thought has gone into it. Virtually every—I will not say every. The bulk of economists, mainstream economists, will say clearly that the job creation effect is much greater with infrastructure than it is for tax cuts. You like to have tax cuts. People like to have dollars in their pockets. But the goal is infrastructure. It is job creation. Spend it early. I might add, I don't know the exact percentage, but a large portion of this bill is already tax cuts. It is large. I think it is 40 percent—40 percent of this bill is tax cuts. I don't think all the bill should be tax cuts. Rather, it should be spread out in a little more complicated way, following the advice of the Baltimore Sun journalist, H.L. Menken.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I ask the manager, do we have a time agreement on this amendment?

Mr. BAUCUS. There is no time agreement, I say to my friend.

Mr. MCCAIN. Could the parties agree to a time agreement?

Mr. BAUCUS. I think we are finished on this one unless the Senator from South Dakota wants to make some remarks.

Mr. MCCAIN. I yield, Mr. President.

Mr. THUNE. Just a couple of points, if I might. I appreciate the observations of the Senator from Montana regarding the amendment, but I do want

to make a couple of corrections. One, of course, is we did apply this in a way that it is refundable so everyone benefits from it. It is delivered in a very straightforward way. It doesn't matter where you are on the income scale, as long as you make under $250,000 a year. I might add, as well, people who make above that amount, I agree, probably are less likely to spend than are those who make under that amount. But this was capped. Eligibility for this refund is based upon how much you make. Your adjusted gross income has to be less than $250,000 a year. So it is not skewed toward the rich. It does skew toward those who are more likely to spend these dollars and put them back into the economy.

I still believe when you start talking about over $5,000 for a single person, over $10,000 for a couple, that is real money to most families, and I suggest a lot of that money is going to be spent. Granted, there will be some who will put it away and save it. As I said before, I don't think that is necessarily a bad thing. We ought to encourage saving, and furthermore it will help get liquidity in the banking system. If they put half into the banks, that is $450 billion that will go into the banking system of our country.

Just with respect to the multiplier effect—there are lots of different analyses that have been done, spending versus tax relief. I draw, of course, on history. If you look back, in the 1960s under Kennedy, 1980s under Reagan, more recently under President Bush, the impact when you reduce the marginal income tax rate, when you reduce the taxes on investment and job creation, in most cases you get more revenue and not less, and you also get a better return in terms of jobs created. In fact, the President's own economist, Dr. Christina Romer, back in March of 2007 did a study that suggested for each dollar of tax cut, you get a 2.2 multiplier effect. In other words, for each percent of GDP that you reduce taxes, you get 2.2 times that in terms of economic growth.

So I simply say, again, when you are allowing American families to keep more of what they earn, and particularly when you start talking about the amounts that we are discussing here, and when you cap it at $250,000 for eligibility so it is not a tax cut for the high end, for the rich—it is for people who are actually more likely to need it, to be able to do all the things they have to do to keep their families going on a daily basis—and you also write it in such a way so that it is refundable so income-tax payers on the lower end of the income scale are also eligible for it, as the Senator from Montana noted, and it is true—it is a very simple approach if you are going to do this—sometimes I think the simple approach is the best approach.

Arguably, 9 pages versus 735 is in the underlying bill. It is a small amount of ink and print by this city's standards. But it is a very straightforward approach which I think the American people will understand and appreciate because they are going to receive this, rather than having this money, all this money we are going to be borrowing from future generations, going into spending programs from which they may not derive any benefit.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, it is time to go to the next Senator. I might say, the language of the amendment offered by the Senator from South Dakota, the language says an eligible individual is one who has filed a tax return. Many people who work don't file tax returns because they don't make enough money, so a lot of people are getting left off.

Next, I suggest the Chair recognize Senator DODD from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

AMENDMENT NO. 501

Mr. DODD. I see my good friend from Arizona and my friend from Oregon. They have been patient. We debated my amendment already so I am just going to be very brief.

Senators CONRAD and GRAHAM and I were discussing the Conrad-Graham amendment. I talked about the alternative idea that I am proposing with Senator MARTINEZ and Senator REID of Nevada, and that is to acquire in this bill—I realize it doesn't relate to the funding in this bill—it would require that $50 billion of TARP money that will now be allocated be dedicated to foreclosure mitigation, including looking at the Sheila Baird FDIC proposal, but not exclusively so. Also, as a second part of that amendment, I suggest some alterations to the Hope For Homeowners Program that we think would make the program far more effective than it has been.

Despite the good intentions of its authors last summer, myself included, it has not produced anywhere near the results we desired. These were suggested by Treasury and others who thought it would help make it more attractive to those in foreclosure.

At the appropriate time, myself and Senators MARTINEZ and REID will offer this amendment. Again, I say to my good friend Senator CONRAD and good friend LINDSEY GRAHAM, I respect the effort they are making. I don't think what they are talking about in the stimulus bill is justified when we can do it out of TARP, and the money that is being suggested should be more focused on stimulation and job creation.

For those reasons, I oppose the Conrad amendment. I remind my colleagues this amendment that Senator MARTINEZ and I will be offering is the right approach for us to be taking regarding TARP funding, which was dedicated initially, at least in part, toward foreclosure mitigation. We are going to require it statutorily, lest there be any doubt in the minds of those managing the program what our congressional intention was when we passed it back late in October.

Mr. President, with that, I apologize for taking any time at all and yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. I don't see Senator ENZI. He was next entitled to offer his amendment, so I urge the Chair to recognize Senator WYDEN to offer an amendment.

Senator ENZI is on.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. MCCAIN. Mr. President, I ask, again, is there a time agreement that would be reasonable?

Mr. BAUCUS. I ask Senator ENZI if he is agreeable to, say, a 5-minute limitation on his amendment.

Mr. ENZI. I have no problem with 5 minutes. I do not think there is anyone in opposition. I will try and keep it under 5 minutes.

The PRESIDING OFFICER. Without objection, the Senator from Wyoming is recognized.

AMENDMENT NO. 293, AS MODIFIED, TO AMENDMENT NO. 98

Mr. ENZI. Mr. President, I call up amendment number 293, as modified.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows.

The Senator from Wyoming [Mr. ENZI] proposes an amendment numbered 293, as modified, to amendment No. 98.

Mr. ENZI. 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 for a manager's amendment)

On page 265, line 2, add at the end the following: ''community mental health center (as defined in section 1913(b)), renal dialysis facility, blood center, ambulatory surgical center described in section 1833(i) of the Social Security Act,''.

On page 265, line 23, strike ''means'' and insert ''includes''.

On page 266, line 2, insert ''access,'' after ''maintenance,''.

On page 270, strike lines 1 through 11, and insert the following:

''(1) STANDARDS.—The National Coordinator shall—

''(A) review and determine whether to endorse each standard, implementation specification, and certification criterion for the electronic exchange and use of health information that is recommended by the HIT Standards Committee under section 3003 for purposes of adoption under section 3004;

''(B) make such determinations under subparagraph (A), and report to the Secretary such determinations, not later than 45 days after the date the recommendation is received by the Coordinator;

''(C) review Federal health information technology investments to ensure that Federal health information technology programs are meeting the objectives of the strategic plan published under paragraph (3); and

''(D) provide comments and advice regarding specific Federal health information technology programs, at the request of the Office of Management and Budget.''.

Beginning on page 273, strike line 21, and all that follows through line 8 on page 274, and insert the following:

''(5) HARMONIZATION.—The Secretary may recognize an entity or entities for the purpose of harmonizing or updating standards and implementation specifications in order to achieve uniform and consistent implementation of the standards and implementation specifications.

''(6) CERTIFICATION.—

''(A) IN GENERAL.—The National Coordinator, in consultation with the Director of the National Institute of Standards and Technology, shall recognize a program or programs for the voluntary certification of health information technology as being in compliance with applicable certification criteria adopted under this subtitle. Such program shall include, as appropriate, testing of the technology in accordance with section 14201(b) of the Health Information Technology for Economic and Clinical Health Act.''.

On page 276, strike lines 15 through 24, and insert the following:

(E) RESOURCE REQUIREMENTS.—The National Coordinator shall estimate and publish resources required annually to reach the goal of utilization of an electronic health record for each person in the United States by 2014, including—

(i) the required level of Federal funding;

(ii) expectations for regional, State, and private investment;

(iii) the expected contributions by volunteers to activities for the utilization of such records; and

(iv) the resources needed to establish or expand education programs in medical and health informatics and health information management to train health care and information technology students and provide a health information technology workforce sufficient to ensure the rapid and effective deployment and utilization of health information technologies.

On page 277, strike lines 8 through 11, and insert the following:

''(8) GOVERNANCE FOR NATIONWIDE HEALTH INFORMATION NETWORK.—The National Coordinator shall implement the recommendations made by the HIT Policy Committee regarding the governance of the nationwide health information network.''.

On page 282, between lines 3 and 4, insert the following:

''(vi) The use of electronic systems to ensure the comprehensive collection of patient demographic data, including, at a minimum, race, ethnicity, primary language, and gender information.

''(vii) Technologies and design features that address the needs of children and other vulnerable populations.''.

On page 283, strike lines 10 through 12, and insert the following:

''(ix) Methods to facilitate secure access by an individual to such individual's protected health information.

''(x) Methods, guidelines, and safeguards to facilitate secure access to patient information by a family member, caregiver, or guardian acting on behalf of a patient due to age-related and other disability, cognitive impairment, or dementia that prevents a patient from accessing the patient's individually identifiable health information.''.

On page 283, between lines 21 and 22, insert the following:

''(4) CONSISTENCY WITH EVALUATION CONDUCTED UNDER MIPPA.—

''(A) REQUIREMENT FOR CONSISTENCY.—The HIT Policy Committee shall ensure that recommendations made under paragraph (2)(B)(vi) are consistent with the evaluation conducted under section 1809(a) of the Social Security Act.

''(B) SCOPE.—Nothing in subparagraph (A) shall be construed to limit the recommendations under paragraph (2)(B)(vi) to the elements described in section 1809(a)(3) of the Social Security Act.

''(C) TIMING.—The requirement under subparagraph (A) shall be applicable to the extent that evaluations have been conducted under section 1809(a) of the Social Security Act, regardless of whether the report described in subsection (b) of such section has been submitted.''.

On page 284, strike lines 1 through 13, and insert the following:

''(2) MEMBERSHIP.—The HIT Policy Committee shall be composed of members to be appointed as follows:

''(A) One member shall be appointed by the Secretary.

''(B) One member shall be appointed by the Secretary of Veterans Affairs who shall represent the Department of Veterans Affairs.

''(C) One member shall be appointed by the Secretary of Defense who shall represent the Department of Defense.

''(D) One member shall be appointed by the Majority Leader of the Senate.

''(E) One member shall be appointed by the Minority Leader of the Senate.

''(F) One member shall be appointed by the Speaker of the House of Representatives.

''(G) One member shall be appointed by the Minority Leader of the House of Representatives.

''(H) Eleven members shall be appointed by the Comptroller General of the United States, of whom—

''(i) three members shall represent patients or consumers;

''(ii) one member shall represent health care providers;

''(iii) one member shall be from a labor organization representing health care workers;

''(iv) one member shall have expertise in privacy and security;

''(v) one member shall have expertise in improving the health of vulnerable populations;

''(vi) one member shall represent health plans or other third party payers;

''(vii) one member shall represent information technology vendors;

''(viii) one member shall represent purchasers or employers; and

''(ix) one member shall have expertise in health care quality measurement and reporting.

''(3) CHAIRPERSON AND VICE CHAIRPERSON.—The HIT Policy Committee shall designate one member to serve as the chairperson and one member to serve as the vice chairperson of the Policy Committee.

''(4) NATIONAL COORDINATOR.—The National Coordinator shall serve as a member of the HIT Policy Committee and act as a liaison among the HIT Policy Committee, the HIT Standards Committee, and the Federal Government.

''(5) PARTICIPATION.—The members of the HIT Policy Committee appointed under paragraph (2) shall represent a balance among various sectors of the health care system so that no single sector unduly influences the recommendations of the Policy Committee.

''(6) TERMS.—

''(A) IN GENERAL.—The terms of the members of the HIT Policy Committee shall be for 3 years, except that the Comptroller General shall designate staggered terms for the members first appointed.

''(B) VACANCIES.—Any member appointed to fill a vacancy in the membership of the HIT Policy Committee that occurs prior to the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has been appointed. A vacancy in the HIT Policy Committee shall be filled in the manner in which the original appointment was made.

''(7) OUTSIDE INVOLVEMENT.—The HIT Policy Committee shall ensure an adequate opportunity for the participation of outside advisors, including individuals with expertise in—

''(A) health information privacy and security;

''(B) improving the health of vulnerable populations;

''(C) health care quality and patient safety, including individuals with expertise in the measurement and use of health information technology to capture data to improve health care quality and patient safety;

''(D) long-term care and aging services;

''(E) medical and clinical research; and

''(F) data exchange and developing health information technology standards and new health information technology.

''(8) QUORUM.—Ten members of the HIT Policy Committee shall constitute a quorum for purposes of voting, but a lesser number of members may meet and hold hearings.

''(9) FAILURE OF INITIAL APPOINTMENT.—If, on the date that is 120 days after the date of enactment of this title, an official authorized under paragraph (2) to appoint one or more members of the HIT Policy Committee has not appointed the full number of members that such paragraph authorizes such official to appoint—

''(A) the number of members that such official is authorized to appoint shall be reduced to the number that such official has appointed as of that date; and

''(B) the number prescribed in paragraph (8) as the quorum shall be reduced to the smallest whole number that is greater than one-half of the total number of members who have been appointed as of that date.

''(10) CONSIDERATION.—The National Coordinator shall ensure that the relevant recommendations and comments from the National Committee on Vital and Health Statistics are considered in the development of policies.''.

On page 287, between lines 16 and 17, insert the following:

''(5) CONSIDERATION.—The National Coordinator shall ensure that the relevant recommendations and comments from the National Committee on Vital and Health Statistics are considered in the development of standards.''.

On page 288, strike lines 4 through 19 and insert the following:

''(3) BROAD PARTICIPATION.—There is broad participation in the HIT Standards Committee by a variety of public and private stakeholders, either through membership in the Committee or through another means.

''(4) CHAIRPERSON; VICE CHAIRPERSON.—The HIT Standards Committee may designate one member to serve as the chairperson and one member to serve as the vice chairperson.

''(5) DEPARTMENT MEMBERSHIP.—The Secretary shall be a member of the HIT Standards Committee. The National Coordinator shall act as a liaison among the HIT Standards Committee, the HIT Policy Committee, and the Federal Government.

''(6) BALANCE AMONG SECTORS.—In developing the procedures for conducting the activities of the HIT Standards Committee, the HIT Standards Committee shall act to ensure a balance among various sectors of the health care system so that no single sector unduly influences the actions of the HIT Standards Committee.

''(7) ASSISTANCE.—For the purposes of carrying out this section, the Secretary may provide or ensure that financial assistance is provided by the HIT Standards Committee to defray in whole or in part any membership

fees or dues charged by such Committee to those consumer advocacy groups and not for profit entities that work in the public interest as a part of their mission.

''(d) OPEN AND PUBLIC PROCESS.—In providing for the establishment of the HIT Standards Committee pursuant to subsection (a), the Secretary shall ensure the following:

''(1) CONSENSUS APPROACH; OPEN PROCESS.—The HIT Standards Committee shall use a consensus approach and a fair and open process to support the development, harmonization, and recognition of standards described in subsection (a)(1).

''(2) PARTICIPATION OF OUTSIDE ADVISERS.—The HIT Standards Committee shall ensure an adequate opportunity for the participation of outside advisors, including individuals with expertise in—

''(A) health information privacy;

''(B) health information security;

''(C) health care quality and patient safety, including individuals with expertise in utilizing health information technology to improve healthcare quality and patient safety;

''(D) long-term care and aging services; and

''(E) data exchange and developing health information technology standards and new health information technology.

''(3) OPEN MEETINGS.—Plenary and other regularly scheduled formal meetings of the HIT Standards Committee (or established subgroups thereof) shall be open to the public.

''(4) PUBLICATION OF MEETING NOTICES AND MATERIALS PRIOR TO MEETINGS.—The HIT Standards Committee shall develop and maintain an Internet website on which it publishes, prior to each meeting, a meeting notice, a meeting agenda, and meeting materials.

''(5) OPPORTUNITY FOR PUBLIC COMMENT.—The HIT Standards Committee shall develop a process that allows for public comment during the process by which the Entity develops, harmonizes, or recognizes standards and implementation specifications.

''(e) VOLUNTARY CONSENSUS STANDARD BODY.—The provisions of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) and the Office of Management and Budget circular 119 shall apply to the HIT Standards Committee.''.

On page 290, line 14, strike ''INITIAL SET OF''.

On page 291, between lines 6 and 7, insert the following:

''(3) SUBSEQUENT STANDARDS ACTIVITY.—The Secretary shall adopt additional standards, implementation specifications, and certification criteria as necessary and consistent with the schedule published under section 3003(b)(2).''.

Beginning on page 293, strike line 7 and all that follows through line 2 on page 295, and insert the following:

**SEC. 3008. TRANSITIONS.**

''(a) ONCHIT.—Nothing in section 3001 shall be construed as requiring the creation of a new entity to the extent that the Office of the National Coordinator for Health Information Technology established pursuant to Executive Order 13335 is consistent with the provisions of section 3001.

''(b) NATIONAL EHEALTH COLLABORATIVE.—Nothing in sections 3002 or 3003 or this subsection shall be construed as prohibiting the National eHealth Collaborative from modifying its charter, duties, membership, and any other structure or function required to be consistent with the requirements of a voluntary consensus standards body so as to allow the Secretary to recognize the National eHealth Collaborative as the HIT Standards Committee.

''(c) CONSISTENCY OF RECOMMENDATIONS.—In carrying out section 3003(b)(1)(A), until recommendations are made by the HIT Policy Committee, recommendations of the HIT Standards Committee shall be consistent with the most recent recommendations made by such AHIC Successor, Inc.''.

On page 292, strike lines 6 through 12, and insert the following:

''(a) IN GENERAL.—The National Coordinator shall support the development and routine updating of qualified electronic health record technology (as defined in section 3000) consistent with subsections (b) and (c) and make available such qualified electronic health record technology unless the Secretary and the HIT Policy Committee determine through an assessment that the needs and demands of providers are being substantially and adequately met through the marketplace.''.

On page 305, strike line 5, strike ''shall coordinate'' and insert ''may review''.

On page 320, between lines 3 and 4, insert the following:

''(10) establishing and supporting health record banking models to further consumer-based consent models that promote lifetime access to qualified health records, if such activities are included in the plan described in subsection (e), and may contain smart card functionality; and''.

On page 342, line 2, insert before the period the following: ''in return for such payment for such offer or maintenance''.

On page 355, line 25, insert before the period the following: ''and the information necessary to improve patient outcomes and to detect, prevent, and manage chronic disease''.

Beginning on page 357, strike line 1 and all that follows through line 12 on page 359, and insert the following:

''(1) IN GENERAL.—In applying section 164.528 of title 45, Code of Federal Regulations, in the case that a covered entity uses or maintains an electronic health record with respect to protected health information—

''(A) the exception under paragraph (a)(1)(i) of such section shall not apply to disclosures through an electronic health record made by such entity of such information; and

''(B) an individual shall have a right to receive an accounting of disclosures described in such paragraph of such information made by such covered entity during only the three years prior to the date on which the accounting is requested.

''(2) REGULATIONS.—The Secretary shall promulgate regulations on what disclosures must be included in an accounting referred to in paragraph (1)(A) and what information must be collected about each such disclosure not later than 18 months after the date on which the Secretary adopts standards on accounting for disclosure described in the section 3002(b)(2)(B)(iv) of the Public Health Service Act, as added by section 13101. Such regulations shall only require such information to be collected through an electronic health record in a manner that takes into account the interests of individuals in learning when their protected health information was disclosed and to whom it was disclosed, and the usefulness of such information to the individual, and takes into account the administrative and cost burden of accounting for such disclosures.

''(3) CONSTRUCTION.—Nothing in this subsection shall be construed as—

''(A) requiring a covered entity to account for disclosures of protected health information that are not made by such covered entity; or

''(B) requiring a business associate of a covered entity to account for disclosures of protected health information that are not made by such business associate.

''(4) REASONABLE FEE.—A covered entity may impose a reasonable fee on an individual for an accounting performed under paragraph (1)(B). Any such fee shall not be greater than the entity's labor costs in responding to the request.

''(5) EFFECTIVE DATE.—

''(A) CURRENT USERS OF ELECTRONIC RECORDS.—In the case of a covered entity insofar as it acquired an electronic health record as of January 1, 2009, paragraph (1) shall apply to disclosures, with respect to protected health information, made by the covered entity from such a record on and after January 1, 2014.

''(B) OTHERS.—In the case of a covered entity insofar as it acquires an electronic health record after January 1, 2009, paragraph (1) shall apply to disclosures, with respect to protected health information, made by the covered entity from such record on and after the later of the following:

''(i) January 1, 2011; or

''(ii) the date that it acquires an electronic health record.

''(C) LATER DATE.—The Secretary may set an effective date that is later that the date specified under subparagraph (A) or (B) if the Secretary determines that such later date it necessary, but in no case may the date specified under—

''(i) subparagraph (A) be later than 2018; or

''(ii) subparagraph (B) be later than 2014.''.

On page 359, line 15, strike ''shall'' and all that follows through ''those'' on line 18, and insert the following: ''shall review and evaluate the definition of health care operations under section 164.501 of title 45, Code of Federal Regulations, and to the extent appropriate, eliminate by regulation''.

On page 359, line 22, insert ''In promulgating such regulations, the Secretary shall not require that data be de-identified or require valid authorization for use or disclosure for activities described in paragraph (1) of the definition of health care operations under such section 164.501.'' after ''disclosure.''.

On page 360, line 6, insert at the end the following: ''Nothing in this subsection may be construed to supersede any provision under subsection (e) or section 13406(a).''.

On page 361, line 2, strike ''and'' and all that follows through ''pose'' on line 5.

On page 361, line 7, strike ''and'' and all that follows through line 10, and insert the following: '', subject to any regulation that the Secretary may promulgate to prevent protected health information from inappropriate access, use, or disclosure.''.

On page 362, strike lines 9 through 13, and insert the following:

(3) REGULATIONS.—Not later than 18 months after the date of enactment of this title, the Secretary shall promulgate regulations to carry out this subsection. In promulgating such regulations, the Secretary—

(A) shall evaluate the impact of restricting the exception described in paragraph (2)(A) to require that the price charged for the purposes described in such paragraph reflects the costs of the preparation and transmittal of the data for such purpose, on research or public health activities, including those conducted by or for the use of the Food and Drug Administration; and

(B) may further restrict the exception described in paragraph (2)(A) to require that the price charged for the purposes described in such paragraph reflects the costs of the preparation and transmittal of the data for such purpose, if the Secretary finds that such further restriction will not impede such research or public health activities.

Beginning on page 364, strike line 1 and all that follows through line 3 on page 365, and insert the following:

(2) PAYMENT FOR CERTAIN COMMUNICATIONS.—A communication by a covered entity or business associate that is described in subparagraph (i), (ii), or (iii) of paragraph (1) of the definition of marketing in section 164.501 of title 45, Code of Federal Regulations, shall not be considered a health care operation for purposes of subpart E of part 164 of title 45, Code of Federal Regulations if the covered entity receives or has received direct or indirect payment in exchange for making such communication, except where—

(A) such communication describes only a health care item or service that has previously been prescribed for or administered to the recipient of the communication, or a family member of such recipient;

(B) each of the following conditions apply—

(i) the communication is made by the covered entity; and

(ii) the covered entity making such communication obtains from the recipient of the communication, in accordance with section 164.508 of title 45, Code of Federal Regulations, a valid authorization (as described in paragraph (b) of such section) with respect to such communication; or

(C) each of the following conditions apply—

(i) the communication is made on behalf of the covered entity;

(ii) the communication is consistent with the written contract (or other written arrangement described in section 164.502(e)(2) of such title) between such business associate and covered entity; and

(iii) the business associate making such communication, or the covered entity on behalf of which the communication is made, obtains from the recipient of the communication, in accordance with section 164.508 of title 45, Code of Federal Regulations, a valid authorization (as described in paragraph (b) of such section) with respect to such communication.

On page 365, strike lines 4 through 7.

On page 369, lines 10 and 11, strike ''Secretary of Health and Human Services shall'' and insert ''the Federal Trade Commission shall, in accordance with section 553 of title 5, United States Code,''.

On page 390, after line 21, insert the following:

(e) REPORT REQUIRED.—Not later than 1 year after the date of enactment of this section, the Government Accountability Office shall submit to Congress and the Secretary of Health and Human Services a report on the impact of any of the provisions of, or amendments made by, this division or division B that are related to the Health Insurance Portability and Accountability Act of 1996 and section 552a of title 5, United States Code, on health insurance premiums and overall health care costs.

Mr. ENZI. This is an extremely important bill for the section that deals with Health IT. Senator KENNEDY and I have been working on that for 3 years as well as many others in this Chamber. If we are going to have health care in this country that improves, we are going to have to have Health IT, and I think everybody realizes that.

We have tried to come up with a mechanism for getting interoperability. We have had good success on that without being able to get the bill passed that we have been working on for 3 years.

But there is a provision that moves Health IT along in this bill, but it needed some modifications so it actually would work. I am ever so pleased people on both sides of the aisle, particularly Senators BAUCUS, KENNEDY, and GRASSLEY, have helped and worked on this. The reason there had to be a modification was a little while ago we were able to clear up one more difficulty in that bill.

Without this, it will not work well. There are still other things that ought to be done with it. There are still other things I would like to have with Health IT. There are some things in there that I would not like to have. But this is the part we were able to get agreement on in order to make it work a lot better.

The Certification Commission for Health IT, or CCHIT, has done a lot of great work to accelerate the adoption of health IT by creating a credible, efficient certification process. Many companies have already begun voluntarily participating in the certification process. This system is working and is putting us on the right path to interoperability. Unfortunately, CCHIT is concerned certain details of the underlying bill will cause an ''unintended slowdown in the adoption of health IT''. This amendment allows CCHIT to continue their current mission without changing their priorities. CCHIT sent me a letter stating ''the amended language makes the path forward much clearer, and will build on current health IT momentum rather than disrupting it''.

This amendment puts the standards section back on the right track by building upon the progress of Secretary Leavitt and the Bush administration. Secretary Leavitt worked tirelessly to create the American Health Information Community, AHIC, a public–private partnership designed to ensure the Government and the private sector could work together on interoperability standards. Under Secretary Leavitt's leadership, the AHIC recently transitioned into the National eHealth Collaborative, a voluntary consensus standards body.

I strongly support the collaborative and I want to ensure it is able to continue. The bill before the Senate, however, threatens to ''take'' the assets of the collaborative and nationalize the collaborative. My amendment prevents that from happening. I have been working with the leaders of the collaborative and they ''strongly support my proposed amendment''.

The amendment will also ensure that Federal investments in IT comply with technology standards harmonized by the Healthcare Information Technology Standards Panel and certified by the Certification Commission for Health IT, and at a minimum this bill should accelerate the work of those two entities rather than delay it.

My amendment also makes other changes that were included in the bipartisan ''Wired for Health Care Quality Act'' that were left out of the bill before us today. Those changes include making sure the membership of the Health IT Standards Committee and the Health IT Policy Committee is balanced so that no single sector of the health care industry influences the actions of the committees. The amendment also specifies an appointment process for the HIT Policy Committee and adds back a lot of the other ''good government'' provisions that were included in the ''Wired Act'' but left out of this bill.

In order for health IT to achieve this potential, however, it must be done right. It must be interoperable, and the standards of interoperability should be defined by standards developed by all the stakeholders. Consensus will help prevent Government bureaucrats from mandating the equivalent of Beta Max standards in a VHS world, while assuring doctors and hospitals that their IT purchases will not be like investing in compact discs the day before iTunes launched.

I strongly believe all of these changes are critical to ensuring we don't backtrack on the progress we have made. I want to be clear though, I would have preferred to continue working with the other bill authors of the Wired for Health Care Quality Act. The ''Wired Act'' took a much more fiscally sustainable approach with regard to responsibly funding health IT for providers experiencing financial hardship. The Congressional Budget Office has estimated 90 percent of providers will adopt health IT by 2030 without spending any Federal dollars. This bill spends roughly 28 billion in hard-earned taxpayer's dollars to achieve that same 90 percent adoption rate, a few years earlier. This is not a wise use of the taxpayer's dollars and I do not support these provisions.

I feel the ''Wired Act'' also did a better job balancing patient privacy with proper access to health information. If information is wrapped up in so much red tape that doctors and their staff are not able to access it when they need it, patients will suffer and costs will increase. It will take time and hard work, but we must find the right balance so patient care does not suffer.

In closing, I would like urge all members to support this amendment. I have been working on this amendment with members from both sides of the aisle and I believe it reflects a bipartisan agreement. We need to make sure we continue the progress we have made rather than backtrack.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. I ask the Chair now to recognize Senator WYDEN.

The PRESIDING OFFICER. The Senator from Oregon.

AMENDMENT NO. 468 TO AMENDMENT NO. 98

(Purpose: To require financial institutions receiving TARP assistance to redeem from the United States preferred stock in an amount equal to excess bonuses for 2009 or to pay a 35 percent tax on such amount)

Mr. WYDEN. Mr. President, I ask unanimous consent to call up amendment No. 468.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oregon [Mr. WYDEN], for himself, Ms. SNOWE, and Mrs. LINCOLN, proposes an amendment numbered 468 to amendment No. 98.

The amendment is as follows:

At the end of title I of division B, insert the following:

**SEC. 1903. TREATMENT OF EXCESSIVE BONUSES BY TARP RECIPIENTS.**

(a) IN GENERAL.—If, before the date of enactment of this Act, the preferred stock of a financial institution was purchased by the Government using funds provided under the Troubled Asset Relief Program established pursuant to the Emergency Economic Stabilization Act of 2008, then, notwithstanding any otherwise applicable restriction on the redeemability of such preferred stock, such financial institution shall redeem an amount of such preferred stock equal to the aggregate amount of all excessive bonuses paid or payable to all covered individuals.

(b) TIMING.—Each financial institution described in subsection (a) shall comply with the requirements of subsection (a)—

(1) not later than 120 days after the date of enactment of this Act, with respect to excessive bonuses (or portions thereof) paid before the date of enactment of this Act; and

(2) not later than the day before an excessive bonus (or portion thereof) is paid, with respect to any excessive bonus (or portion thereof) paid on or after the date of enactment of this Act.

(c) DEFINITIONS.—As used in this section, the following definitions shall apply:

(1) EXCESSIVE BONUS.—

(A) IN GENERAL.—The term ''excessive bonus'' means the portion of the applicable bonus payments made to a covered individual in excess of $100,000.

(B) APPLICABLE BONUS PAYMENTS.—

(i) IN GENERAL.—The term ''applicable bonus payment'' means any bonus payment to a covered individual—

(I) which is paid or payable by reason of services performed by such individual in a taxable year of the financial institution (or any member of a controlled group described in subparagraph (D)) ending in 2008, and

(II) the amount of which was first communicated to such individual during the period beginning on January 1, 2008, and ending January 31, 2009, or was based on a resolution of the board of directors of such institution that was adopted before the end of such taxable year.

(ii) CERTAIN PAYMENTS AND CONDITIONS DISREGARDED.—In determining whether a bonus payment is described in clause (i)(I)—

(I) a bonus payment that relates to services performed in any taxable year before the taxable year described in such clause and that is wholly or partially contingent on the performance of services in the taxable year so described shall be disregarded, and

(II) any condition on a bonus payment for services performed in the taxable year so described that the employee perform services in taxable years after the taxable year so described shall be disregarded.

(C) BONUS PAYMENT.—The term ''bonus payment'' means any payment which—

(i) is a discretionary payment to a covered individual by a financial institution (or any member of a controlled group described in subparagraph (D)) for services rendered,

(ii) is in addition to any amount payable to such individual for services performed by such individual at a regular hourly, daily, weekly, monthly, or similar periodic rate, and

(iii) is paid or payable in cash or other property other than—

(I) stock in such institution or member, or

(II) an interest in a troubled asset (within the meaning of the Emergency Economic Stabilization Act of 2008) held directly or indirectly by such institution or member.

Such term does not include payments to an employee as commissions, welfare and fringe benefits, or expense reimbursements.

(D) COVERED INDIVIDUAL.—The term ''covered individual'' means, with respect to any financial institution, any director or officer or other employee of such financial institution or of any member of a controlled group of corporations (within the meaning of section 52(a) of the Internal Revenue Code of 1986) that includes such financial institution.

(2) FINANCIAL INSTITUTION.—The term ''financial institution'' has the same meaning as in section 3 of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5252).

(d) EXCISE TAX ON TARP COMPANIES THAT FAIL TO REDEEM CERTAIN SECURITIES FROM UNITED STATES.—

(1) IN GENERAL.—Chapter 46 of the Internal Revenue Code of 1986 (relating to excise tax on golden parachute payments) is amended by adding at the end the following new section:

**''SEC. 4999A. FAILURE TO REDEEM CERTAIN SECURITIES FROM UNITED STATES.**

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on any financial institution which—

''(1) is required to redeem an amount of its preferred stock from the United States pursuant to section 1903(a) of the American Recovery and Reinvestment Tax Act of 2009, and

''(2) fails to redeem all or any portion of such amount within the period prescribed for such redemption.

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) shall be equal to 35 percent of the amount which the financial institution failed to redeem within the time prescribed under 1903(b) of the American Recovery and Reinvestment Tax Act of 2009.

''(c) ADMINISTRATIVE PROVISIONS.—

''(1) IN GENERAL.—For purposes of subtitle F, any tax imposed by this section shall be treated as a tax imposed by subtitle A for the taxable year in which a deduction is allowed for any excessive bonus with respect to which the redemption described in subsection (a)(1) is required to be made.

''(2) EXTENSION OF TIME.—The due date for payment of tax imposed by this section shall in no event be earlier than the 150th day following the date of the enactment of this section.''.

(2) CONFORMING AMENDMENTS.—

(A) The heading for chapter 46 of such Code are amended to read as follows:

''CHAPTER 46-TAXES ON CERTAIN EXCESSIVE REMUNERATION

''Sec. 4999. Golden parachute payments.
''Sec. 4999A. Failure to redeem certain securities from United States.''.

(B) The item relating to chapter 46 in the table of chapters for subtitle D of such Code is amended to read as follows:

''Chapter 46. Taxes on excessive remuneration.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to failures described in section 4999A(a)(2) of the Internal Revenue Code of 1986 occurring after the date of the enactment of this Act.

Mr. WYDEN. Mr. President, Senators are working to limit the cost of the stimulus legislation. This bipartisan amendment that I offer with Senator SNOWE and Senator LINCOLN, holds down the cost of the stimulus legislation by bringing back to the taxpayers billions and billions of dollars.

This amendment provides a way to quickly return to taxpayers much of the $18 billion that has been paid out in excessive bonuses to companies under the Troubled Asset Relief Program.

Americans were horrified recently to learn that Citigroup and others that had received extensive Federal support had paid out billions of dollars in excessive bonuses. This bipartisan amendment makes it clear it is not enough to say the excessive Wall Street bonuses were wrong, it makes clear they have to be paid back.

Our amendment gives those companies that receive Federal bailout money and pay the unjustified large bonuses a choice: Pay back the cash portion of any bonus paid in excess of $100,000 within 120 days of the amendment's enactment, or pay an excise tax of 35 percent on what is not returned to the Treasury.

The money can be repaid by the financial firms buying back the preferred stock the Federal Government owns in these companies or in any other fashion the institution chooses.

Senator SNOWE, Senator LINCOLN, and I have received extensive legal analysis with respect to this amendment. It is clear our approach passes constitutional muster. Recently, I had printed in the RECORD a letter to me from Edward Kleinbard, head of the Joint Committee on Taxation, on this matter.

I also wish to thank Mr. Kleinbard and his very professional staff for their analysis of this legislation. No other bipartisan bill proposed in either this body or the other body would force the repayment of these bonuses and actually protect the taxpayer. This amendment has real teeth, and it is supported by colleagues on both sides of the aisle.

Let me close by saying, first, I wish to thank the distinguished chairman of the Finance Committee and our wonderful staff. They have been so gracious, as always, to assist me on this. I would close by saying I think the President summed it up. The President said these bonuses ''were shameful.'' Now it is time for us to do our job and pass legislation with teeth that requires that these bonuses are repaid and the taxpayers are protected.

I urge my colleagues to join Senator SNOWE, Senator LINCOLN, and myself in supporting a bipartisan approach in this area. It is particularly relevant this afternoon.

I see my colleague and friend, a former chair, Senator MCCAIN on the floor. He has done yeoman's work in terms of blowing the whistle for unjustifiable Federal spending. This is a bipartisan way, colleagues, to hold down the cost of the stimulus legislation.

I ask unanimous consent that amendment No. 468 be made pending. I know of no opposition at this point. No colleague has spoken in opposition and urge my colleagues to approve it. My sense is, it can probably be done on a voice vote.

I yield the floor.

The PRESIDING OFFICER. The amendment is pending.

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I think that concludes all the amendments on the list. We are now awaiting an attempt to drop a unanimous consent request so we can start voting on those amendments. That is in the process right now. Pending the completion of that list, it is probably advisable that we keep the Senate open for debate equally divided until the hour of 5 o'clock.

If we get the consent agreed to before then, we can ask to vitiate that agreement where debate be allocated equally so we can propound the other consent.

I ask unanimous consent that the time until 5 o'clock be time available for debate only, equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. MCCAIN. Mr. President, reserving the right to object, I probably will not object, if I understand the Senator from Montana, we most likely will have a vote about 5 o'clock.

Mr. BAUCUS. We will try to.

Mr. MCCAIN. I have no objection.

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

The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I wish to share a few thoughts about where we are. The enormity of the legislation that is before us can hardly be comprehended. The bill, with interest, scored by the Congressional Budget Office, is $1.25 trillion. That is more than twice as much as the 5-year Iraq war has cost. It is the largest expenditure in the history of this country or any country in the history of the world.

Remember, we have a big budget. We are spending a lot of money, too much money, most people think, in our normal budget. Every penny of this money is debt. We do not have the money to pay for it. We already are in deficit. This increases the size of that deficit.

It increases the interest we will have to pay on it. I would note the Congressional Budget Office, which is our nonpartisan group, hired a new Director—the Democrats have a majority, but it is a bipartisan selection, so, of course, he is approved by everybody, a good leader.

Their numbers show the interest on the debt today, this year, will be $195 billion. We are very fortunate because low interest rates, in the very short term, are out there today. But by 2014, when you add the stimulus package into that, we will be looking at a deficit of $440 billion each year and thereafter. It could be higher if interest rates go higher. That is the equivalent each year of the Iraq war, for example—almost.

This is how big the numbers are. I think the American people understand what is happening. They are very uneasy. I talked to my 90-year-old shut-in aunt a little earlier today. She said: Who do they think is going to pay that money back? That is a pretty good question, is it not?

Let me give perspective to my colleagues on how big and how dangerous a condition our economy is in. These are numbers that are important. Back in 2004, that is when we had the largest deficit ever, after 9/11, after the Iraq efforts and the slowdown in the economy, it hit $413 billion.

President Bush was roundly criticized by members of this body, many on the other side who are supporting this trillion-dollar bill, for allowing the deficit to go to $413 billion. That was 3.6 percent of the total gross domestic product in America, to give some perspective. But we whittled it down a little bit. In 2005, it dropped to $318 billion; in 2006, $248; and in 2007, the year before last, the budget deficit fell to $161 billion.

I am a member of the Budget Committee. I kept an eye on that. I felt like we were going in the right direction. I thought we were. It was 1.2 percent of GDP. I felt the deficit was heading in the right direction. We were not there, but I was pleased.

Then, last year about this time, President Bush decided we were heading into economic troubled waters and that we should stimulate the economy. They came up with an idea to send everybody a check. I am sure most people enjoyed receiving their checks. They went out, though, and it cost us over $150 billion right there.

It was all debt because, see, we were already in deficit. It just about doubled the deficit to $455 billion last year. Now, this is what the Congressional Budget Office says the deficit will be this year, when we complete the fiscal year, September 30, how much it is going to be for 2009.

Well, the numbers—you can see what a dramatic thing it is—total $1.4 trillion, almost three times as much as the largest debt we have ever had in the history of the Republic.

Now, this is scoring about $200 billion-plus, a little over $200 billion out of the financial bailout, that $700 billion. They are saying that will be lost during this period of time.

We will lose that much on that. They are scoring money for Freddie and Fannie, bailing out those institutions that helped get us in this fix. Add this gray area down here, this is the stimulus. They are projecting out of the trillion dollars we would have 232 sent this year. The Freddie and Fannie and the Wall Street bailout, the $700 billion, they are scoring right now as a one-time cost. The next year, with those one-time costs out, we are still over a trillion, $1.16, almost $1.2 trillion. These are huge numbers, and they impact us so severely. They will burden us forever, and we are not going to pay this back. We are just going to borrow the money and pay the interest on it. There is no way in our expectation that we will get the money to pay this debt back.

Therefore, we should listen to what the Congressional Budget Office wrote. They conclude that the effects of this legislation would ''diminish rapidly after 2010.'' They say that over the 10-year period, the stimulus package ''would be a net negative to the economy.'' They say that the gross domestic product over 10 years will be less if we pass this bill than if we don't.

We all want to do the right thing. I had a feeling that this was not good legislation in the long run. That is why I have been opposed to it. People I respect questioned it. Now we have our own independent Congressional Budget Office issuing a report yesterday, saying that over 10 years, already, we would be hurt by the legislation more than benefited. Then think about the next 10 years or the next 10 years or the next 10 years. A lot of people living today will still be alive 30 years from now. I probably won't be one of them. But I will just say that they are going to be feeling the negative pressure of the interest burden every year for as long as we can foresee. It portends dangerous times.

Where does the money come from that will pay this debt? That is what an interesting article in the Wall Street Journal today, written by George Melloan, asked:

> As Congress blithely ushers its trillion dollar ''stimulus'' package toward law and the U.S. Treasury prepares to begin writing checks on this vast new appropriation, it might be wise to ask a simple question: Who's going to finance it?

Where does the money come from?

He goes on:

> That might seem like a no-brainer, which perhaps explains why no one has bothered to ask.

He makes the point that right now we have low interest rates. He then says:

> Congress is able to assure itself that it will finance the stimulus with cheap credit. But how long will credit be cheap? Will it still be when the Treasury is scrounging around in the international credit markets six months or a year from now? That seems highly unlikely.

Senator CONRAD, chairman of the Budget Committee, a fine Member of the Senate, really worried about the debt, a Democratic leader and a fine leader in the Senate, passed out an article in the Budget Committee the week before last from the New York Times.

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

Mr. SESSIONS. I ask unanimous consent for 30 more seconds.

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

Mr. SESSIONS. The article said that China's trade surplus with the United States had dropped from $50 billion a month to $20 billion a month. They are going to spend more on their own economy. The question is, How could they buy more and more and more of our debt, even if they wanted to, when they don't have the money to do so? It portends higher interest rates, as Mr. Melloan wrote.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. While we had a lull in the offering of amendments, I thought I would come to the floor and speak about two amendments I would like to have considered later on this evening as we continue with this debate on this important bill. First let me say that there are some really exciting opportunities in this bill to move our country forward, to give people hope and confidence that this Government finally, after many years of inaction and negligence, is ready to act and try to be as focused as possible on creating and sustaining jobs, strengthening our financial sector, and thawing the capital markets, not just for what it means to Americans but for the world.

A group of us have been trying through the week to reach out to Members on the other side and to live up to the call of the new President to try to build this bill from the center, to try to build common ground, to open dialog, to try to reach some accommodation so we can do this together. I have found in my time in the Senate that some of the best things that have been accomplished have been accomplished in that way.

I wanted to speak for a minute and publicly thank Senator NELSON for his leadership, the Senator from Nebraska, who has worked so very hard on this. I would like to also mention others who have been part of this effort—Senator BAYH and Senator TESTER, Senator LINCOLN, Senator WEBB, some of the new Senators who have joined us, Senators who have now several terms of experience, Senator CARPER, Senator BEGICH from Alaska, and others, Senator MCCASKILL. I have been part of this group as well, working to try to forge some common ground.

When this bill came out of the Senate Appropriations Committee—and I am a member of that committee—we were told that there could be some work done on the floor to improve it. Our group took that to heart and said: Could we trim out some of the fat, add in some muscle, add in some focus, and reach out to the other side?

There were Republicans who voted for the bill in committee. The ranking member, THAD COCHRAN, gave support to the chairman, Senator INOUYE, and said: I am moving this bill forward in an effort to see if we can improve it.

We have made some significant improvements on the floor over the last week. It has been tough—late nights, early mornings—but we are going to continue that work. I am proud of the work of this centrist group, which is getting larger, not smaller, Members who come from the east coast and the west, the South and the Midwest, across geographic bounds, working with Members on the other side. The Senators from Maine have been particularly helpful, both on Appropriations and Finance. There have been other Senators I have enjoyed working with on many issues, whether it is coastal issues or Corps of Engineers issues. Hopefully, this centrist group will come together.

Unfortunately, there are a few Members—and maybe a few too many on this floor—who, no matter what showed up, no matter if it was the perfect bill, would still say no because they don't want to move forward. I hope that a majority of us would heed the President's call and pull together and try our very best to move this debate forward.

In the last minute and a half I have, I want to mention two things that could slightly improve. Again, there are some good things in this underlying bill, but I still think we need to cut out a great deal. Hopefully, we can come to some arrangement. It needs to be a substantial adjustment so that we can take out some fat and add some muscle. As we are adding some muscle, I suggest that we add some infrastructure funding in a broader array.

We all think highways are a great way to get people back to work, invest in brick and mortar and highways. But we also think that about revolving-loan funds, particularly for smaller cities and parishes and counties in other States, parishes in Louisiana—we have a huge backlog—waterways. And this is what I want to stress for the last minute or so.

I realize when you poll, highways always poll very high because we are always on them, roads and highways. In some parts of the country, mass transit and high-speed rail will poll well, particularly on the northeast corridor, because a lot of people ride trains.

But I come from a place where there is a lot of water. Where I come from, there are levees. Sometimes they hold and sometimes they don't. But not many people get on the other side of those levees, so they don't always see these waterways that make our commerce move, that support the manufacturing base and the business base of this country. Sometimes we forget that we need to invest in not just highways and not just rail, which is very important, but also our waterways. That is why I have an amendment pending that will add a billion dollars to the Corps of Engineers for restoration and water projects. I hope we can take that up.

I commend BYRON DORGAN, the chairman of our committee, for adding $4.6 billion because there was nothing in the bill when it started, and not just for Louisiana but for Illinois, for Washington State, for Florida. These ports, inland waterways, are very important. There is a backlog of $61 billion. I know there is about $15 to $20 billion in the pipeline, but there is $61 billion in backlog. I think adding a little bit more for the Corps of Engineers and restoration projects for the Great Lakes, for the Gulf of Mexico, and for other areas would be important.

I also think it is not just hiring welders and carpenters and construction managers that is important, but some of our Members have said we should invest in the National Science Foundation because hiring a scientist is a good thing to build a new experiment or to build a new way. It is not just building brick and mortar. So the National Science Foundation, in my view, is very much part of the new infrastructure of America because it is not just about steel and concrete and shipbuilding and fabrication. The new infrastructure is also about intellectual property, and it is also about strengthening our scientific investments.

Our group feels that a broader infrastructure piece that would not only be about highways but about waterways, about high-speed rail, about investing in the scientific base of our country would be an important investment to make.

I know my 5 minutes has passed. I know we have a vote at about 5 o'clock. I look forward to working with my colleagues in a team spirit to see if, as we progress, one or two of these amendments could be offered.

I thank the Chair and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The Senator from Arizona.

Mr. MCCAIN. Mr. President, there are some procedural situations on the other side of the aisle, and I understand that, and I will certainly be patient while those are resolved. I would just like to say we have been following a procedure today that seems to be largely satisfactory to most Members: that we consider a body of amendments that are considered and then voted on en bloc or as a series. I hope we would be able to continue that. There are, I believe, eight pending amendments. We could vote on those and then move on to other amendments. It is a procedure we have been following throughout the day. I hope we continue it and continue to make progress on the bill.

So I note the Senator from Montana is not on the floor, nor is leadership. But I hope the leadership would come out soon and give us an idea as to what the plans are for the remainder of the evening and tomorrow.

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. BROWNBACK. 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. BROWNBACK. Mr. President, I wish to make a few comments based upon the hearing we had this morning——

Mr. MENENDEZ. Mr. President, will my colleague from Kansas yield for just a moment?

Mr. BROWNBACK. Sorry?

Mr. MENENDEZ. Will my colleague from Kansas yield for a moment?

Mr. BROWNBACK. Yield for what?

Mr. MENENDEZ. For a unanimous consent request.

Mr. BROWNBACK. Yes, I will be happy to.

Mr. MENENDEZ. Mr. President, I ask unanimous consent that the time from now until 5:30 be for general debate purposes only and that it be evenly divided.

The PRESIDING OFFICER. Is there objection?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

Mr. BROWNBACK. Mr. President, I believe I have the floor.

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. BROWNBACK. Mr. President, as I was stating——

Mr. BAUCUS. Mr. President, might I ask the Senator from Kansas, how long do you wish to speak?

Mr. BROWNBACK. Probably less than 10 minutes.

Mr. BAUCUS. OK. Thank you. Fine.

Mr. BROWNBACK. Mr. President, as I was mentioning, we had a hearing in the Joint Economic Committee this morning on Bureau of Labor Statistics numbers for this past month of January. They are not good, obviously. There are nearly 600,000 job losses taking place. What has happened up until about 3 months ago—the crisis was centered in housing, primarily, as everybody knows. Then it spread out to the rest of the economy. Then we have seen that spread out, make more impact, now getting to unemployment rates that have been rising substantially during those past 3 months.

Obviously, the economy is ailing. Everybody knows that. American families are suffering. But there are two things I want to bring out from this study that I think are a little bit different, and I hope my colleagues are watching these particular items.

There are two sectors in the economy that are still producing jobs. It is in health care, and it is in education. Obviously, we wish they were producing more jobs in those sectors, but the point of the matter they were making and saying is that these two sectors are doing well without stimulus. They are continuing to move on forward.

It would be my hope that as people move forward on this process in the stimulus bill, we would say: Let's target in and focus on the areas that are not creating jobs, that have lost a huge number of jobs, and target much more of our effort there rather than in areas such as health care and education that have continued to produce jobs.

The auto industry—Senator MIKULSKI and I had an amendment that was adopted that, if this gets to conference, I would hope would be maintained in conference, of taking interest on a new car purchase in 2009 and allowing that interest to be tax deductible. That would be something that would stimulate a sector of the economy that is obviously in great trouble. And while we have limited resources, we need to target it to areas that have difficulty and not areas that are doing relatively well compared to the rest of the economy and do not need stimulus, areas that are performing and look as if they are going to be able to continue to perform. So with the limited resources we have, we have to target and get into those areas that actually need to be stimulated and stimulate the economy in those zones.

I was just reading an article on the front page of the New York Times today. They were talking about Japan's lost decade that a number of people have cited with pretty extensive writing: infrastructure projects that did not produce yield, and then they were left with 10 years of pretty radical Government spending and not much to show for it; and only with global economic activity picking up did the Japanese economy pick up out of that, and then they were left with this towering debt.

Point No. 1 on this issue is that for those sectors performing relatively well—although not great—let's take those stimulus dollars and focus them into areas that are not performing, like in the auto industry or in housing, which is where this started. I think that is a great point we need to do.

The second point on this—we just put out a paper on this on the Republican side of the Joint Economic Committee—is that we need a stimulus, and we need it to be a stimulus, and we need to have some criteria of stimulus. A number of people have studied this and looked at past experiences in this country and other places, and I would simply ask my colleagues, let's make sure to put all of those proposals through a stimulus grid and ask, does it actually produce stimulus, does it actually create jobs, and not have a multiple set of targets taking place of, well, OK, we want to do this in the energy field, we want to do this in the environment field, we want to do this in other fields. All of these are fine objectives, but right now the economy is in this crisis situation, and that is what we have to have as a laser focus.

I have seen too many times around here where we get a multiple set of targets and we do not hit any of them very well. We have one target: We have to get the economy going again. We have one job, and we probably have one bullet the size we are talking about with this one. We can only hit one target with this, and we need to hit that target.

In looking at these tax multipliers, President Obama's Chair of the Council of Economic Advisers has done studies on this and found that the tax multiplier from tax cuts is nearly 3 to 1—every $1 of tax cuts producing $3 of GDP activity. I have other papers—and I am going to submit those for the RECORD—showing the efforts for stimulus packages that are focused on Government spending have as low a yield as $0.33 per $1 of economic activity spent on them. We cannot at all afford to have that low of a yield on a Government spending package. We have this from studies from Robert Hall of Stanford and Susan Woodward, the chair of Sand Hill Econometrics, and a Harvard study by Robert Barro, showing a multiplier of 0.8 in some of the Government spending.

My point in saying all this is I think there is a stimulus package to be had out there that has 75, 80 votes for it from the Senate. I think we have to slow up and get that package that gets that number of votes and have one criteria for it: Does it stimulate the economy? And if it does not have a multiplier of at least 1.5—I think it should be 2, but if it does not have a multiplier of at least 1.5, we should not be doing it because what if we are 6 months down the road and this spreads into another sector or we have more banking problems, and you need resources again, and you have already piled up this level of debt, and you are going to add more to it, and you do not have another bullet in the chamber to be able to do it?

A simple taking of a couple more weeks to get this hit on the target—it is far more important that we hit the target, that we have 2 or 3 more weeks to target in on it. We have good models, and there is good will to do this. The pleas from these hearings we had this morning on the unemployment rate say we have to hit the targets and the sectors that need it, not the targets and the sectors that do not need it as much as in some of these manufacturing pieces and some of the construction pieces that are there.

Our economy is ailing, American families are suffering. They are looking to us to help get the economy moving again without dooming future generations to decades of economic stagnation and decreased opportunity. Just like the patient who counts on his doctor to prescribe the right medication when he is ill, the American people are counting on us to deliver the right medicine—medicine that will help the economy recover.

I am concerned that we are on the verge of prescribing the wrong medicine for the economy. The medicine we are on the verge of prescribing—a permanent and significant increase in the size of government—may well leave our economy buried under a mountain of debt with no appreciable impact on improving the long-term health of our economy and little actual short-term ''stimulus.''

Time and again during this debate, Members of this body have taken to this floor to proclaim that tax cuts don't stimulate the economy and create jobs. We have been told that spending is more effective at stimulating

economic growth than reducing tax burdens as though that were settled economic fact.

However, the multipliers cited are more the result of how the macro models are constructed than they are from any statistical analysis of the data. These models are built upon the assumption that spending by the Government is more effective in stimulating the economy than tax relief to individuals and their families. When you construct an economic model with assumptions that ensure large multiplier effects from Government spending—guess what—you get large effects from Government spending: multiplier in, by assumption, multiplier out.

But the consumer doesn't necessarily march to the tune of an ''omniscient government,'' and might save some of the money instead of spending it all. Well, if we think that an American family might save half of any relief we give them, why not double the amount we give them and get the type of multiplier effects we want. Let the American people, and not the Government, choose. I have a basic problem with the basic notion that the Government is a better allocator of resources than American families. Yet, we hear these multipliers bandied about as though they represented settled economic fact.

That simply is not the case. In fact, there is a good deal of recent economic research that analyzes data as opposed to building models on Keynesian assumptions.

I want to briefly cite a couple of examples of that research—research that looks at historical data and experience, not results produced by theoretical models of the economy.

First, and some of my colleagues have alluded to this, Christina Romer, President Obama's Chair of the Council of Economic Advisors and her husband, David Romer of the University of California at Berkeley, found a tax multiplier of about three—a dollar of tax cut raises the gross domestic product, GDP, by about three dollars.

In a recent paper published by the National Bureau of Economic Research, Andrew Mountford of the University of London and Harald Uhlig of the University of Chicago, evaluated the effectiveness of three policy options. Let me quote from their findings:

> We find that deficit-financed tax cuts work best among these three scenarios to improve GDP, with a maximal . . . multiplier of five dollars of total additional GDP per each dollar of the total cut in government revenue five years after the shock.

They found a maximal multiplier of 5.33 after 14 quarters for a deficit-financed tax cut. What did they find the maximum result of deficit-financed Government spending was? Mr. President, 0.65— after one quarter.

Robert Hall of Stanford and Susan Woodward, the chair of Sand Hill Econometrics, find a general Government spending multiplier of about one. Robert Barro of Harvard recently noted in the Wall Street Journal that his research showed a 0.8 multiplier for wartime spending. When he attempted to estimate directly the multiplier associated with peacetime Government spending, he got a number insignificantly different from zero.

While the other side is fond of criticizing the 2001 and 2003 tax cuts, they often forget that they produced revenues that were greater than estimated by CBO before they were passed. There is no question that private investment and the jobs market improved dramatically and quickly after the passage of the 2003 tax cuts. Capital repatriated to this country from abroad skyrocketed when we had a 1-year reduction in the tax on earnings brought back to this country from abroad.

I want to impress upon my colleagues that these multipliers that are cited to support broad increases in spending are not supported by much solid academic research. They are supported by models whose assumptions largely drive the result.

Now I want to turn briefly to one aspect of this spending bill that needs some emphasis. The proponents talk about creating jobs. This bill spends large amounts of money on worthwhile programs such as education and healthcare. This morning, the BLS reported that payroll employment in the education and health services sectors increased by 54,000 during January 2009. Payroll employment in those sectors has registered positive growth for 52 consecutive months. During that period, payroll employment in those sectors has increased by 2,164,000. Over the past year, payroll employment in the education and health services sectors has increased by 530,000.

It is not the education and health services sectors that need stimulus to create jobs; it is already creating them. We should be targeting sectors that have suffered severe declines, like the motor vehicle and parts subsector where employment has declined by more than 20% in just the past year and 40% since January 2001. We should be looking at data to target incentives for enterprise to create jobs that are permanent and part of private-sector activity, not Government.

We need to also be careful to avoid reinflating the bubble. The construction sector lost 111,000 jobs in January and has seen 935,000 jobs lost over 19 consecutive months of decline. Yet even with that decline, construction-sector jobs are within 1 percent of January 2001 prehousing-bubble levels. We need to make sure that we aren't simply creating temporary Government funded jobs that will vanish and leave American families in the same situation they find themselves in today.

Lastly, I want to again address this concern over the fact that consumers might save tax reductions or equivalently pay down debt. This bill takes the approach that consumers won't do the right thing and rush out and spend the money. What is wrong with a family making the decision to improve its balance sheet rather than recklessly spend what they might not be able to afford? The household and nonprofit sectors lost $7 trillion in net worth between the third quarter of 2007 and the third quarter of 2008. We have poured hundreds of billions into helping banks improve their balance sheets, but when a taxpayer chooses to do what he believes is best for his family, somehow we manage to criticize that.

Rushing to pass a bill because of the fear that support is slowly but surely fading under the face of pressure from the American people is a foolhardy exercise. We should act with due speed, but not haste. Let's take this bill down, send it back to committee, and focus on creating a bill that will stimulate the economy and does not use the current crisis to shoehorn permanent expansions of Government programs into a stimulus bill under the guise of stimulus.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. SANDERS). The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. WHITEHOUSE. Mr. President, I thank the distinguished chairman.

Earlier today we adopted an amendment that prohibits appropriations under this act to aquariums or zoos or beautification projects or other such entities, and Rhode Island was specifically targeted by the Senator who offered that amendment. He mocked a zoo that belongs to the city of Providence that would be, I think, a potential area of support from this bill. He mocked a tree-planting program within the city of Providence.

I urge my colleagues, at their leisure, to reconsider the wisdom of that vote, perhaps in conference.

The Roger Williams Park Zoo is a wonderful facility. Children come through it to get educated through schools. People are employed there. It opens minds to the wonders of nature. It has wonderful science programs. And it's a municipal business that is run for the benefit of the people of Providence. And it needs work. As long as it needs work, as long as cities are broke in this economy, I don't understand why one would single out a zoo as opposed to the Department of Motor Vehicles or some other structure that might need repair. Why take that job away?

Is the Senator who offered this so infallible? Does he know so much about other States he has never even visited that he can impose his views? I would never dream of suggesting that I know more about towns and cities in Oklahoma than the local political establishments of those towns as to what is wise. I really think that that is a mistake.

If a city needs tree planting and that brings real jobs and it puts people and their trucks and their trees and their

nurserymen to work, and if it provides shade, and it provides greenness, and if it absorbs carbon, and if it engages in traffic calming, there are all sorts of good reasons why people would want to do that. Why is it necessary for one Senator to tell the city of Providence that he knows better, having never visited?

And, finally, we don't have an aquarium, but there was a story in the New York Times about ''Japan's Big-Works Stimulus.'' It talks about a bridge they built with their stimulus money. As to the bridge, here is what they say:

''The bridge? It's a dud,'' said Masahiro Shimada, 70, a retired city official who was fishing near the port. ''Maybe we could use it for bungee jumping,'' he joked.

Here is what he concluded:

Among Hamada's many public works projects, the biggest benefits had come from the prison, the university, and the Aquas aquarium. These had created hundreds of permanent jobs and attracted students and families with children to live in a city where nearly a third of residents were over 65.

Of the hundreds and hundreds of projects Japan did for stimulus in Hamada, the three best included an aquarium—and we have ruled that out because one Senator from a State far from Rhode Island who has never been to my State purports to know more about what we should do in our cities than we do ourselves.

I urge that we have a little bit of the spirit of Ben Franklin at the closing of the discussion over the Constitution when he urged all of the Members who were present to doubt a little bit of their own infallibility so that we can get together and get something done. I urge the Senator who proposed this amendment to doubt a little of his own infallibility, and I urge that we have a little bit more confidence in our own local judgments about what might actually provide the most bang for the buck.

I thank the chairman for allowing me this moment and I yield the floor.

Mr. BAUCUS. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. BROWN. Mr. President, later this evening or tomorrow, I will offer an amendment that will put money back where it belongs: into the pockets of retirees who earn those dollars and who will spend those dollars. I wish to thank Senator VOINOVICH, my colleague from Ohio, as well as Senator DURBIN from Illinois, Senators SCHUMER and GILLIBRAND from New York, and Senator CASEY from Pennsylvania for joining me in this effort.

Our amendment would drive economic activity and confront a policy that has blindsided too many American retirees—retirees from all over the country, from many sectors of our economy.

Mr. President, 44 million Americans rely on the Pension Benefit Guaranty Corporation—PBGC—to protect their retirement income in today's volatile economic climate. When pension plans are terminated, the PBGC steps in. Six hundred forty thousand Americans are covered under the Pension Benefit Guaranty Corporation. It is a crucial institution to maintaining a decent standard of living for American retirees. But in administering pension plans, the PBGC can pay out benefits for years, based on preliminary estimates of the guaranteed amount. Determination of the final benefit amount routinely takes several years to calculate and sometimes results in ''overpayments.''

I wish to put this term in context. When the PBGC takes over a pension—when a corporation, in essence, dumps its pension on the PBGC which it has paid premiums into—it is a government agency but one that relies on premiums paid by companies—when PBGC takes over a pension, benefits are routinely cut—dramatically cut—for retirees. So if you are receiving $2,000 a month from your company, it declares bankruptcy, you are thrown into the PBGC, you don't get $2,000 a month, you get appreciably less, sometimes $800 $900, $1,200, $1,400—way less a month than you were getting before. So when PBGC makes a mistake with these overpayments, they don't make retirees flush, they are dollars at the margin that reflect the difference between initial and final pension benefits. In other words, most retirees covered under PBGC are receiving significantly lower pension payouts with or without these temporary overpayments, so it is never good news for the retiree. They are virtually never getting what they were promised by their company when they worked for that company and after they retired from that company.

Retirees have no control over the amount they are paid by PBGC. They have no control over when PBGC will come up with final benefit determinations or whether these determinations will be different from the initial estimates. But they are still required to pay the price for any difference between estimated and actual benefits, and that price can be steep.

Let me share a story. For privacy's sake, I am going to use first names only. Richard owes $53,415.60. He was told when he was working in a steel mill that he would get a monthly pension benefit of around $2,400. When PBGC assumed trusteeship, he was told he would get a benefit of $1,088. Now he is being told that he will get $325 minus a recoupment deduction of 10 percent, yielding $292 before taxes. Now, Richard, as I said, was initially getting a pension when he retired—a promised pension, a commitment, a pledge from this company of $2,400. That was the promise. That was the covenant he had. Now, because of all of this, he is getting $292 before taxes.

Louis. Louis put in nearly 34 years at Republic Technologies in Lorain, OH, where I lived for many years. PBGC has informed him he will be paying back pension money until he is 95 years old.

These are Ohio stories, but Ohioans are not the only ones who have been hit with pension cut after pension cut after pension cut. Not only Republic Technology retirees such as Richard and Louis, but retirees from Oneida, Pillotex, Bethlehem Steel, Huffy, Penn Traffic, National Steel, Reliable Insurance, U.S. Air, Eastern Airlines, Pan Am, Delta, United Airlines—retirees from all of those companies have been blindsided by overpayment recoupment.

Our amendment is simple. It gives a little relief to the 30,000 retirees whose pensions are being garnished by PBGC.

Under our amendment, these retirees receive a simple reprieve from PBGC requirements for 24 months. Their pensions wouldn't be garnished and they wouldn't be liable for those dollars—now or ever. If we want to stimulate the economy, giving a few dollars back to retirees who never thought they would lose them and who desperately need them is an excellent way to do it.

Conservative estimates place the cost of this amendment at $20 million. Those dollars will go straight into the pockets of American retirees to be spent immediately in our country, and it will help the economy, and it will certainly help those thousands of retirees.

I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. REID. Mr. President, there will be votes later on this evening. We are going to have a Democratic caucus starting in 7 minutes, at 5:30. We hope to complete that in 45 minutes or thereabouts, but caucuses sometimes don't work out as quickly as we wish. We will come back after that and hopefully at that time work toward disposing of these amendments that are now pending. We have a number of them that need to have votes. I repeat, we are going to have some votes later on tonight. I apologize for not having anything more definite than that, but at this stage that is the best I can do.

I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

## RECESS

Mr. REID. Mr. President, in an effort to get to the Chamber, I was in a little bit too big of a hurry. I should have made my very brief statement with the Republican leader here, but I didn't, so I apologize to him for that. I have discussed it with the Republican leader.

I ask unanimous consent that the Senate stand in recess until 6:30 tonight.

The PRESIDING OFFICER. Is there objection?