Mrs. LINCOLN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:39 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Office (Mr. BEGICH).

TAX EXTENDERS ACT OF 2009—Continued

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 3336

Mr. BAUCUS. Mr. President, shortly we will vote on the motion to invoke cloture on this urgent legislation to create jobs and extend vital safety net and tax provisions. We have had a good debate. The Senate considered this bill on 7 separate days over the course of 2 workweeks. We have considered more than 30 amendments. We conducted a dozen rollcall votes. It is now time to bring this debate to a close.

This is not just some technical bill; this measure helps real people. Failure to enact this bill would cause real hardship. Failure to enact this bill would cost jobs.

Within weeks, this bill would help half a million workers who lose their jobs nationwide, including nearly 1,600 in my State of Montana, to remain eligible for help paying for their health insurance under the COBRA health insurance program. Unless we act, within weeks the average doctor in America will stand to lose more than $16,600 in payments from Medicare. The average doctor in Montana would lose $13,000. This bill would help nearly 40 million Medicare beneficiaries and nearly 9 million TRICARE beneficiaries nationwide to continue to have access to their doctors. That includes nearly 144,000 Montanans with Medicare and nearly 33,000 Montanans with TRICARE. Within weeks, this bill would help 400,000 Americans to be eligible for expanded unemployment insurance benefits. Thus, this important legislation would prevent millions of Americans from falling through the safety net. It would extend vital programs we have only temporarily extended. It would put cash into the hands of Americans who would spend it quickly, boosting the economy. It would extend critical programs and tax incentives that create jobs.

I urge my colleagues to vote to help Americans hurt by this great depression. I urge my colleagues to vote to preserve and create jobs. I urge my colleagues to vote to invoke cloture on the substitute amendment.

The PRESIDING OFFICER. The Senator from Florida.

Mr. LEMIEUX. Mr. President, I rise today to speak in opposition to the tax extenders bill. I do so with a heavy heart because there are good things in this bill that would be good for my State of Florida. It would be good to extend unemployment benefits. It would be good to extend COBRA, it would be good to extend and help with Medicaid funding, and it is important to make sure we have enough money going to doctors in Medicare so that they can provide services. But I can no longer stand by, even on a bill such as this, and vote for it when it is going to add $100 billion to our deficit.

If the majority party in this Chamber did the right thing and paid for this bill, if we cut wasteful spending, if we cut duplicate programs in other areas and paid for this bill, 80 or 90 Senators would vote for it. But at some point, even though these programs may be good for your State, a Senator has an obligation to stand up and say: No more, no more spending our kids' future, no more putting debt on the next generation, no more bankrupting the promise of this country.

No more. We cannot afford it. We have a $12.4 trillion debt. We are supposed to have pay-as-you-go rules here. One month ago, we passed a pay-as-you-go law. The President signed it. And all of the language was laudatory: We are not going to spend our children's money anymore. We are going to be fiscally responsible. And then here comes this bill, $100 billion in spending, and we declare it an emergency so that we do not have to follow the rules. It occurred to me this weekend as I played with my 6- and 4-year-old sons that this is not pay-go, it is Play Doh—you can make whatever you want of it. But it is not real enforcement.

We in this chamber should pay for the spending so that we do not increase the debt on our children. So we should vote against cloture on this bill, not because the leadership has not allowed us to have amendments—they have, and I appreciate that. But we should vote against it because this bill should only pass if we can pay for it.

No matter how good the program is, it is not good if we saddle our children with $100 billion more in debt. The public debt in this country is going to double in 5 years and triple in 10. It is has now come out that the estimate of the national debt in 2020 will add another $10 trillion. The day of reckoning is at hand, and we just cannot stand by, even though there are good things in this bill, things that would help my State. On this occasion, I have to put country first.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWN of Massachusetts. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. BROWN of Massachusetts. Mr. President, we have a vote coming on cloture on a matter that has been moving through the Senate, the tax extenders bill. I wish to make clear that I will be voting for cloture. That does not mean I will support the actual legislation when it comes to a vote. That being said, I have serious concerns about the overall cost of the bill, but my vote for cloture signals my belief that we need to keep the process moving and allow the measure to be considered by the full Senate. I promised my constituents I would try to change the tone of politics as usual in Washington. There has been a week of debate. Allowing this bill to receive an up-or-down vote would be a step in the right direction.

However, I am opposed to the bill at this point because it adds more than $100 billion to our national debt and provides no way to actually pay for it. Our national debt is at a record high, and we cannot continue to burden future generations with a mountain of debt and bills they cannot pay.

I believe in process. I believe we should have an opportunity, after full and fair debate, to move bills forward so the House and others can get a crack at it and hopefully send back a product with which we can all live.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENTS NOS. 3401, AS MODIFIED, 3417, 3430, AS MODIFIED, 3372, AS MODIFIED, 3442, AS MODIFIED, 3365, AS MODIFIED, 3371, AS MODIFIED, AND 3451 TO AMENDMENT NO. 3336

Mr. BAUCUS. Mr. President, I ask unanimous consent that it be in order for the following amendments to be considered agreed to en bloc; and in the instance where the amendment is modified, that the amendments, where applicable, be modified with the changes at the desk, and as modified the amendments be agreed to and the motions to reconsider be laid upon the table en bloc; further, that in the instance where the amendment is not pending, where appropriate, the amendment be recorded by number: Lincoln amendment No. 3401 pending, to be modified; Reid amendment No. 3417, pending; Isakson-Cardin amendment No. 3430, pending and as modified; Merkley amendment No. 3372, to be modified; Warner amendment No. 3442, to be modified; Whitehouse amendment No. 3365, to be modified; Rockefeller amendment No. 3371, to be modified; and a Baucus technical amendment, which is at the desk.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, I would ask that the request be modified to allow Senator ISAKSON to speak for 2½ minutes following the agreement to this unanimous consent request, and that I thereafter be recognized to offer a unanimous consent request regarding something on this bill.

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

The amendments were agreed to as follows:

AMENDMENT NO. 3401, AS MODIFIED

On page 75, line 4, strike ''excessive rainfall or related'' and insert ''drought, excessive rainfall, or a related''.

On page 76, line 1, insert ''fruits and vegetables or'' before ''crops intended''.

On page 76, line 13, strike ''90'' and insert ''112.5''.

Beginning on page 76, strike line 18 and all that follows through ''(4)'' on page 77, line 17, and insert ''(3)''.

On page 78, strike lines 3 through 7 and insert the following: ''not more than $300,000,000, to remain available until September 30, 2011, to carry out a program of grants to States to assist eligible specialty crop producers for losses due to a natural disaster affecting the 2009 crops, of which not more than—

(A) $150,000,000 shall be used to assist eligible specialty crop producers in counties that have been declared a disaster as the result of drought; and

(B) $150,000,000 shall be used to assist eligible specialty crop producers in counties that have been declared a disaster as the result of excessive rainfall or a related condition.

On page 78, lines 18 and 19, strike ''with excessive rainfall and related conditions''.

On page 78, line 21, strike ''2008'' and insert ''2009''.

On page 79, lines 4 and 5, strike ''under this subsection'' and insert ''for counties described in paragraph (1)(B)''.

On page 80, between lines 3 and 4, insert the following:

(5) PROHIBITION.—An eligible specialty crop producer that receives assistance under this subsection shall be ineligible to receive assistance under subsection (b).

On page 80, line 4, strike ''(5)'' and insert ''(6)''.

On page 87, line 5, strike ''(h)'' and insert ''(i)''.

On page 89, line 15, insert ''for the purchase, improvement, or operation of the poultry farm'' after ''lender''.

On page 89, strike line 24 and insert the following:

(j) STATE AND LOCAL GOVERNMENTS.—Section 1001(f)(6)(A) of the Food Security Act of 1985 (7 U.S.C. 1308(f)(6)(A)) is amended by inserting ''(other than the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of this Act)'' before the period at the end.

(k) ADMINISTRATION.—

On page 90, line 4, insert ''and the amendment made by this section'' after ''section''.

On page 90, line 7, insert ''and the amendment made by this section'' before ''shall be''.

On page 91, line 1, strike ''$15,000,000'' and insert ''$10,000,000''.

AMENDMENT NO. 3417

(Purpose: To temporarily modify the allocation of geothermal receipts)

At the end of title VI, add the following:

SEC. 6___. ALLOCATION OF GEOTHERMAL RECEIPTS.

Nothwithstanding any other provision of law, for fiscal year 2010 only, all funds received from sales, bonuses, royalties, and rentals under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) shall be deposited in the Treasury, of which—

(1) 50 percent shall be used by the Secretary of the Treasury to make payments to States within the boundaries of which the leased land and geothermal resources are located;

(2) 25 percent shall be used by the Secretary of the Treasury to make payments to the counties within the boundaries of which the leased land or geothermal resources are located; and

(3) 25 percent shall be deposited in miscellaneous receipts.

AMENDMENT NO. 3430, AS MODIFIED

(The amendment is printed in today's RECORD under ''Morning Business.'')

AMENDMENT NO. 3372, AS MODIFIED

(Purpose: To authorize the Secretary of the Interior to grant market-related contract extensions of certain timber contracts between the Secretary of the Interior and timber purchasers)

At the end of title VI, add the following:

SEC. 6___. QUALIFYING TIMBER CONTRACT OPTIONS.

(a) DEFINITIONS.—In this section:

(1) QUALIFYING CONTRACT.—The term ''qualifying contract'' means a contract that has not been terminated by the Bureau of Land Management for the sale of timber on lands administered by the Bureau of Land Management that meets all of the following criteria:

(A) The contract was awarded during the period beginning on January 1, 2005, and ending on December 31, 2008.

(B) There is unharvested volume remaining for the contract.

(C) The contract is not a salvage sale.

(D) The Secretary determined there is not an urgent need to harvest under the contract due to deteriorating timber conditions that developed after the award of the contract.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the Director of Bureau of Land Management.

(3) TIMBER PURCHASER.—The term ''timber purchaser'' means the party to the qualifying contract for the sale of timber from lands administered by the Bureau of Land Management.

(b) MARKET-RELATED CONTRACT EXTENSION OPTION.—Upon a timber purchaser's written request, the Secretary may make a one-time modification to the qualifying contract to add 3 years to the contract expiration date if the written request—

(1) is received by the Secretary not later than 90 days after the date of enactment of this Act; and

(2) contains a provision releasing the United States from all liability, including further consideration or compensation, resulting from the modification under this subsection of the term of a qualifying contract.

(c) REPORTING.—Not later than 6 months after the date of the enactment of this Act, the Secretary shall submit to Congress a report detailing a plan and timeline to promulgate new regulations authorizing the Bureau of Land Management to extend timber contracts due to changes in market conditions.

(d) REGULATIONS.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall promulgate new regulations authorizing the Bureau of Land Management to extend timber contracts due to changes in market conditions.

(e) NO SURRENDER OF CLAIMS.—This section shall not have the effect of surrendering any claim by the United States against any timber purchaser that arose under a timber sale contract, including a qualifying contract, before the date on which the Secretary adjusts the contract term under subsection (b).

AMENDMENT NO. 3442, AS MODIFIED

(Purpose: To ensure adequate planning and reporting relating to the use of funds made available under the American Recovery and Reinvestment Act of 2009)

At the appropriate place, insert the following:

SEC. ___. ARRA PLANNING AND REPORTING.

Section 1512 of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5; 123 Stat. 287) is amended—

(1) in subsection (d)—

(A) in the subsection heading, by inserting ''PLANS AND'' after ''AGENCY'';

(B) by striking ''Not later than'' and inserting the following:

''(1) DEFINITION.—In this subsection, the term 'covered program' means a program for which funds are appropriated under this division—

''(A) in an amount that is—

''(i) more than $2,000,000,000; and

''(ii) more than 150 percent of the funds appropriated for the program for fiscal year 2008; or

''(B) that did not exist before the date of enactment of this Act.

''(2) PLANS.—Not later than July 1, 2010, the head of each agency that distributes recovery funds shall submit to Congress and make available on the website of the agency a plan for each covered program, which shall, at a minimum, contain—

''(A) a description of the goals for the covered program using recovery funds;

''(B) a discussion of how the goals described in subparagraph (A) relate to the goals for ongoing activities of the covered program, if applicable;

''(C) a description of the activities that the agency will undertake to achieve the goals described in subparagraph (A);

''(D) a description of the total recovery funding for the covered program and the recovery funding for each activity under the covered program, including identifying whether the activity will be carried out using grants, contracts, or other types of funding mechanisms;

''(E) a schedule of milestones for major phases of the activities under the covered program, with planned delivery dates;

''(F) performance measures the agency will use to track the progress of each of the activities under the covered program in meeting the goals described in subparagraph (A), including performance targets, the frequency of measurement, and a description of the methodology for each measure;

''(G) a description of the process of the agency for the periodic review of the progress of the covered program towards meeting the goals described in subparagraph (A); and

''(H) a description of how the agency will hold program managers accountable for achieving the goals described in subparagraph (A).

''(3) REPORTS.—

''(A) IN GENERAL.—Not later than''; and

(C) by adding at the end the following:

''(B) REPORTS ON PLANS.—Not later than 30 days after the end of the calendar quarter ending September 30, 2010, and every calendar quarter thereafter during which the agency obligates or expends recovery funds, the head of each agency that developed a plan for a covered program under paragraph (2) shall submit to Congress and make available on a website of the agency a report for each covered program that—

''(i) discusses the progress of the agency in implementing the plan;

''(ii) describes the progress towards achieving the goals described in paragraph (2)(A) for the covered program;

''(iii) discusses the status of each activity carried out under the covered program, including whether the activity is completed;

''(iv) details the unobligated and unexpired balances and total obligations and outlays under the covered program;

''(v) discusses—

''(I) whether the covered program has met the milestones for the covered program described in paragraph (2)(E);

''(II) if the covered program has failed to meet the milestones, the reasons why; and

''(III) any changes in the milestones for the covered program, including the reasons for the change;

''(vi) discusses the performance of the covered program, including—

''(I) whether the covered program has met the performance measures for the covered program described in paragraph (2)(F);

''(II) if the covered program has failed to meet the performance measures, the reasons why; and

''(III) any trends in information relating to the performance of the covered program; and

''(vii) evaluates the ability of the covered program to meet the goals of the covered program given the performance of the covered program.'';

(2) in subsection (f)—

(A) by striking ''Within 180 days'' and inserting the following:

''(1) IN GENERAL.—Within 180 days''; and

(B) by adding at the end the following:

''(2) PENALTIES.—

''(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), the Attorney General may bring a civil action in an appropriate United States District Court against a recipient of recovery funds from an agency that does not provide the information required under subsection (c) or knowingly provides information under subsection (c) that contains a material omission or misstatement. In a civil action under this paragraph, the court may impose a civil penalty on a recipient of recovery funds in an amount not more than $250,000. Any amounts received from a civil penalty under this paragraph shall be deposited in the general fund of the Treasury.

''(B) NOTIFICATION.—

''(i) IN GENERAL.—The head of an agency shall provide a written notification to a recipient of recovery funds from the agency that fails to provide the information required under subsection (c). A notification under this subparagraph shall provide the recipient with information on how to comply with the necessary reporting requirements and notice of the penalties for failing to do so.

''(ii) LIMITATION.—A court may not impose a civil penalty under subparagraph (A) relating to the failure to provide information required under subsection (c) if, not later than 31 days after the date of the notification under clause (i), the recipient of the recovery funds provides the information.

''(C) CONSIDERATIONS.—In determining the amount of a penalty under this paragraph for a recipient of recovery funds, a court shall consider—

''(i) the number of times the recipient has failed to provide the information required under subsection (c);

''(ii) the amount of recovery funds provided to the recipient;

''(iii) whether the recipient is a government, nonprofit entity, or educational institution; and

''(iv) whether the recipient is a small business concern (as defined under section 3 of the Small Business Act (15 U.S.C. 632)), with particular consideration given to businesses with not more than 50 employees.

''(D) APPLICABILITY.—This paragraph shall apply to any report required to be submitted on or after the date of enactment of this paragraph.

''(E) NONEXCLUSIVITY.—The imposition of a civil penalty under this subsection shall not preclude any other criminal, civil, or administrative remedy available to the United States or any other person under Federal or State law.

''(3) TECHNICAL ASSISTANCE.—Each agency distributing recovery funds shall provide technical assistance, as necessary, to assist recipients of recovery funds in complying with the requirements to provide information under subsection (c), which shall include providing recipients with a reminder regarding each reporting requirement.

''(4) PUBLIC LISTING.—

''(A) IN GENERAL.—Not later than 45 days after the end of each calendar quarter, and subject to the notification requirements under paragraph (2)(B), the Board shall make available on the website established under section 1526 a list of all recipients of recovery funds that did not provide the information required under subsection (c) for the calendar quarter.

''(B) CONTENTS.—A list made available under subparagraph (A) shall, for each recipient of recovery funds on the list, include the name and address of the recipient, the identification number for the award, the amount of recovery funds awarded to the recipient, a description of the activity for which the recovery funds were provided, and, to the extent known by the Board, the reason for noncompliance.

''(5) REGULATIONS AND REPORTING.—

''(A) REGULATIONS.—Not later than 90 days after the date of enactment of this paragraph, the Attorney General, in consultation with the Director of the Office of Management and Budget and the Chairperson, shall promulgate regulations regarding implementation of this section.

''(B) REPORTING.—

''(i) IN GENERAL.—Not later than July 1, 2010, and every 3 months thereafter, the Director of the Office of Management and Budget, in consultation with the Chairperson, shall submit to Congress a report on the extent of noncompliance by recipients of recovery funds with the reporting requirements under this section.

''(ii) CONTENTS.—Each report submitted under clause (i) shall include—

''(I) information, for the quarter and in total, regarding the number and amount of civil penalties imposed and collected under this subsection, sorted by agency and program;

''(II) information on the steps taken by the Federal Government to reduce the level of noncompliance; and

''(III) any other information determined appropriate by the Director.''; and

(3) by adding at the end the following:

''(i) TERMINATION.—The reporting requirements under this section shall terminate on September 30, 2013.''.

AMENDMENT NO. 3365, AS MODIFIED

(Purpose: To require the Comptroller General to report to Congress on the causes of job losses in New England and the Midwest over the past 20 years and to suggest possible remedies)

At the appropriate place, insert the following:

SEC. _____. GAO STUDY.

Not later than 180 days after the date of enactment of this Act, the Comptroller General shall report to Congress detailing—

(1) the pattern of job loss in the New England and Midwest States over the past 20 years;

(2) the role of the off-shoring of manufacturing jobs in overall job loss in the regions; and

(3) recommendations to attract industries and bring jobs to the region.

AMENDMENT NO. 3371, AS MODIFIED

(Purpose: To amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes)

On page 268, between lines 11 and 12, insert the following:

SEC. _____. EXTENSION AND MODIFICATION OF SECTION 45 CREDIT FOR REFINED COAL FROM STEEL INDUSTRY FUEL.

(a) CREDIT PERIOD.—

(1) IN GENERAL.—Subclause (II) of section 45(e)(8)(D)(ii) is amended to read as follows:

''(II) CREDIT PERIOD.—In lieu of the 10-year period referred to in clauses (i) and (ii)(II) of subparagraph (A), the credit period shall be the period beginning on the date that the facility first produces steel industry fuel that is sold to an unrelated person after September 30, 2008, and ending 2 years after such date.''.

(2) CONFORMING AMENDMENT.—Section 45(e)(8)(D) is amended by striking clause (iii) and by redesignating clause (iv) as clause (iii).

(b) EXTENSION OF PLACED-IN-SERVICE DATE.—Subparagraph (A) of section 45(d)(8) is amended—

(1) by striking ''(or any modification to a facility)'', and

(2) by striking ''2010'' and inserting ''2011''.

(c) CLARIFICATIONS.—

(1) STEEL INDUSTRY FUEL.—Subclause (I) of section 45(c)(7)(C)(i) is amended by inserting '', a blend of coal and petroleum coke, or other coke feedstock'' after ''on coal''.

(2) OWNERSHIP INTEREST.—Section 45(d)(8) is amended by adding at the end the following new flush sentence:

''With respect to a facility producing steel industry fuel, no person (including a ground lessor, customer, supplier, or technology licensor) shall be treated as having an ownership interest in the facility or as otherwise entitled to the credit allowable under subsection (a) with respect to such facility if such person's rent, license fee, or other entitlement to net payments from the owner of such facility is measured by a fixed dollar amount or a fixed amount per ton, or otherwise determined without regard to the profit or loss of such facility.''.

(3) PRODUCTION AND SALE.—Subparagraph (D) of section 45(e)(8), as amended by subsection (a)(2), is amended by redesignating clause (iii) as clause (iv) and by inserting after clause (ii) the following new clause:

''(iii) PRODUCTION AND SALE.—The owner of a facility producing steel industry fuel shall be treated as producing and selling steel industry fuel where that owner manufactures such steel industry fuel from coal, a blend of coal and petroleum coke, or other coke feedstock to which it has title. The sale of such steel industry fuel by the owner of the facility to a person who is not the owner of the facility shall not fail to qualify as a sale to an unrelated person solely because such purchaser may also be a ground lessor, supplier, or customer.''.

(d) SPECIFIED CREDIT FOR PURPOSES OF ALTERNATIVE MINIMUM TAX EXCLUSION.—Subclause (II) of section 38(c)(4)(B)(iii) is amended by inserting ''(in the case of a refined coal production facility producing steel industry fuel, during the credit period set forth in section 45(e)(8)(D)(ii)(II))'' after ''service''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (d) shall take effect on the date of the enactment of this Act.

(2) CLARIFICATIONS.—The amendments made by subsection (c) shall take effect as if included in the amendments made by the Energy Improvement and Extension Act of 2008.

SEC. _____. MODIFICATIONS TO MINE RESCUE TEAM TRAINING CREDIT AND ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

(a) MINE RESCUE TEAM TRAINING CREDIT ALLOWABLE AGAINST AMT.—Subparagraph (B) of section 38(c)(4) is amended—

(1) by redesignating clauses (vi), (vii), and (viii) as clauses (vii), (viii), and (ix), respectively, and

(2) by inserting after clause (v) the following new clause:

''(vi) the credit determined under section 45N,''.

(b) ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT ALLOWABLE AGAINST AMT.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) SPECIAL RULE FOR ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.—Clause (i) shall not apply to amounts deductible under section 179E.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2009.

SEC. _____. APPLICATION OF CONTINUOUS LEVY TO EMPLOYMENT TAX LIABILITY OF CERTAIN FEDERAL CONTRACTORS.

(a) IN GENERAL.—Section 6330(h) is amended by inserting ''or if the person subject to the levy (or any predecessor thereof) is a Federal contractor that was identified as owing such employment taxes through the Federal Payment Levy Program'' before the period at the end of the first sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to levies issued after December 31, 2010.

AMENDMENT NO. 3451

(Purpose: To make technical changes)

Strike section 201 and insert the following:

SEC. 201. EXTENSION OF UNEMPLOYMENT INSURANCE PROVISIONS.

(a) IN GENERAL.—(1) Section 4007 of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note) is amended—

(A) by striking ''April 5, 2010'' each place it appears and inserting ''December 31, 2010'';

(B) in the heading for subsection (b)(2), by striking ''APRIL 5, 2010'' and inserting ''DECEMBER 31, 2010''; and

(C) in subsection (b)(3), by striking ''September 4, 2010'' and inserting ''May 31, 2011''.

(2) Section 2002(e) of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 438), is amended—

(A) in paragraph (1)(B), by striking ''April 5, 2010'' and inserting ''December 31, 2010'';

(B) in the heading for paragraph (2), by striking ''APRIL 5, 2010'' and inserting ''DECEMBER 31, 2010''; and

(C) in paragraph (3), by striking ''October 5, 2010'' and inserting ''June 30, 2011''.

(3) Section 2005 of the Assistance for Unemployed Workers and Struggling Families Act, as contained in Public Law 111–5 (26 U.S.C. 3304 note; 123 Stat. 444), is amended—

(A) by striking ''April 5, 2010'' each place it appears and inserting ''January 1, 2011''; and

(B) in subsection (c), by striking ''September 4, 2010'' and inserting ''June 1, 2011''.

(4) Section 5 of the Unemployment Compensation Extension Act of 2008 (Public Law 110–449; 26 U.S.C. 3304 note) is amended by striking ''September 4, 2010'' and inserting ''May 31, 2011''.

(b) FUNDING.—Section 4004(e)(1) of the Supplemental Appropriations Act, 2008 (Public Law 110–252; 26 U.S.C. 3304 note) is amended—

(1) in subparagraph (C), by striking ''and'' at the end; and

(2) by inserting after subparagraph (D) the following new subparagraph:

''(E) the amendments made by section 201(a)(1) of the American Workers, State, and Business Relief Act of 2010; and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the Temporary Extension Act of 2010.

Strike section 211 and insert the following:

SEC. 211. EXTENSION AND IMPROVEMENT OF PREMIUM ASSISTANCE FOR COBRA BENEFITS.

(a) EXTENSION OF ELIGIBILITY PERIOD.—Subsection (a)(3)(A) of section 3001 of division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5), as amended by section 3 of the Temporary Extension Act of 2010, is amended by striking ''March 31, 2010'' and inserting ''December 31, 2010''.

(b) RULES RELATING TO 2010 EXTENSION.—Subsection (a) of section 3001 of division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5), as amended by subsection (b)(1)(C), is further amended by adding at the end the following:

''(18) RULES RELATED TO 2010 EXTENSION.—

''(A) ELECTION TO PAY PREMIUMS RETROACTIVELY AND MAINTAIN COBRA COVERAGE.—In the case of any premium for a period of coverage during an assistance eligible individual's 2010 transition period, such individual shall be treated for purposes of any COBRA continuation provision as having timely paid the amount of such premium if—

''(i) such individual's qualifying event was on or after April 1, 2010 and prior to the date of enactment of this paragraph, and

''(ii) such individual pays, by the latest of 60 days after the date of the enactment of this paragraph, 30 days after the date of provision of the notification required under paragraph (16)(D)(ii) (as applied by subparagraph (D) of this paragraph), or the period described in section 4980B(f)(2)(B)(iii) of the Internal Revenue Code of 1986, the amount of such premium, after the application of paragraph (1)(A).

''(B) REFUNDS AND CREDITS FOR RETROACTIVE PREMIUM ASSISTANCE ELIGIBILITY.—In the case of an assistance eligible individual who pays, with respect to any period of COBRA continuation coverage during such individual's 2010 transition period, the premium amount for such coverage without regard to paragraph (1)(A), rules similar to the rules of paragraph (12)(E) shall apply.

''(C) 2010 TRANSITION PERIOD.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'transition period' means, with respect to any assistance eligible individual, any period of coverage if—

''(I) such assistance eligible individual experienced an involuntary termination that was a qualifying event prior to the date of enactment of the American Workers, State, and Business Relief Act of 2010, and

''(II) paragraph (1)(A) applies to such period by reason of the amendments made by section 211 of the American Workers, State, and Business Relief Act of 2010.

''(ii) CONSTRUCTION.—Any period during the period described in subclauses (I) and (II) of clause (i) for which the applicable premium has been paid pursuant to subparagraph (A) shall be treated as a period of coverage referred to in such paragraph, irrespective of any failure to timely pay the applicable premium (other than pursuant to subparagraph (A)) for such period.

''(D) NOTIFICATION.—Notification provisions similar to the provisions of paragraph (16)(E) shall apply for purposes of this paragraph.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of section 3001 of division B of the American Recovery and Reinvestment Act of 2009.

In section 212, strike ''December 31, 2009'' and insert ''March 31, 2010''.

In section 231, strike ''this title'' and insert ''this Act''.

In section 241(1), strike ''March 1, 2010'' and insert ''March 31, 2010''.

In section 601(1), strike ''February 28, 2010'' and insert ''March 31, 2010''.

In section 601(2), strike ''March 1, 2010'' and insert ''April 1, 2010''.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. ISAKSON. Mr. President, I wish to thank the leader for his courtesy and for his help on this legislation. In particular, I wish to thank Chairman BAUCUS and his staff and Senator GRASSLEY and his staff, as well as my staff, Ed Egee in particular, who did a great job of addressing the pension problems in this country.

This amendment gives corporations two alternatives to accept, adopt, and smooth their obligation on pensions. It will raise $3.5 billion against the debt. It will save the pensions of many Americans.

I wish to acknowledge the leadership of Senator BAUCUS from Montana, Senator GRASSLEY, and their staffs for helping us accomplish it.

Also, let me thank my friend and colleague, Senator CARDIN from Maryland, for his good work and cooperation on this issue. Senator CARDIN has long been a leader on retirement issues. I recall in the House supporting a landmark retirement bill that bore his name: the Portman-Cardin Pension Reform Act of 2001.

Almost 4 years ago, I was proud to support the Pension Protection Act of 2006. That piece of legislation adopted a stringent new funding regime for single employer defined benefit pension plans. It raised the full funding target to 100 percent, based the sponsor's contribution requirements on the funded status of the plan, encouraged pre-funding of pension funds through the recognition of credit balances, and included much-needed smoothing of both assets and liabilities.

All of these were positive changes. Unfortunately, just as the Pension Protection Act's stringent funding requirements began to be implemented, the assets of most pension funds were depleted by the economic recession.

The gravity of the situation was reflected in a recent Mercer study of over 800 companies. Mercer found that required cash contributions to pension plans will be more than 400 percent higher in 2010 than in 2009.

Over the last year, dozens of employers who sponsor defined benefit plans have come to me and to many Members of this body asking for relief from the stringent funding rules of the Pension Protection Act. They hope to avoid severe cost-cutting measures. A May 2009 survey indicated that the overwhelming majority of DB plan sponsors—68 percent—will have to cut other expenses, including jobs, in order to make required pension contributions.

Even if the market were to come soaring back tomorrow, this relief would still be appropriate. A February 2010 study by Towers Watson found that even if equities rise by 20 percent in 2010 and projected interest rates increase by a full percentage point, total 2011 funding obligations would still be approximately triple the level of 2009 funding obligations.

Given the scope of the situation, there is broad agreement that the Senate must act. As such, Senators BAUCUS and GRASSLEY included targeted funding relief in this tax package.

Our amendment makes small but important changes to the underlying language, mostly affecting the application of the ''cash flow rule.'' Generally speaking, the cash flow rule forces employers to make additional contributions to their plan above the amount they would normally owe.

Fe do not oppose the inclusion of the cash flow rule in the relief package. We agree that that is an appropriate stick in exchange for the carrot of relief.

However, the stick can last up to 7 years while the relief is only available for 2 years. Accordingly, we are urging this Senate to limit these restrictive conditions on the funding relief that we are offering to employers in this amendment.

Sponsors would continue to receive 2 years of relief from the onerous funding obligations imposed by the Pension Protection Act. However, our amendment applies the cash flow rule for 3 years for the 2 plus 7 option and 5 years for the 15 year option—as opposed to 4 and 7 years, respectively.

Our goal here is to achieve a balance. We want to ensure the viability of the pension security system by ensuring that the plans are fully funded. At the same time, we want to make the relief usable to employers so they will be incentivized to continue their defined benefit pension programs.

I continue to support efforts to protect taxpayers by strongly opposing any attempts to break down the wall between the Pension Benefit Guaranty Corporation and general Treasury funds.

I thank Senators GRASSLEY and BAUCUS for accepting our amendment and thank the staff for their work on the amendment. Cathy Koch and Tom Reeder with Senator BAUCUS; Chris Condeluci with Senator GRASSLEY; Debra Forbes with Senator HARKIN; Greg Dean with Senator ENZI; Femeia Adamson with Senator CARDIN; and Ed Egee with my staff.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, there was debate this morning and a lot of talk outside the Chamber regarding the TANF summer jobs program. The objection of a number of Senators raised was that it was paid for over 10 years rather than 5 years. In an effort to compromise this, Senators MURRAY and KERRY agreed that we would drop anything relating to TANF in this amendment and over 5 years pay for summer jobs in the amount of $743 million. As everyone will remember, it was originally $1.5 billion. So this would be lowered to $743 million. It is paid for over 5 years. TANF is not included in any of this, much to the consternation of a lot of us.

I ask unanimous consent that amendment be allowed and that we have another vote on it, if necessary.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. I failed to mention this does not violate pay-go.

Mr. GREGG. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order and pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the Baucus substitute amendment No. 3336 to H.R. 4213, the Tax Extenders Act of 2009.

Harry Reid, Max Baucus, Richard J. Durbin, Roland W. Burris, Kent Conrad, Benjamin L. Cardin, Patrick J. Leahy, John D. Rockefeller, IV, Robert Menendez, Daniel K. Inouye, Robert P. Casey, Jr., Jon Tester, Bill Nelson, Charles E. Schumer, Kay R. Hagan, Sheldon Whitehouse, Tom Harkin.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on amendment No. 3336, offered by the Senator from Montana, Mr. BAUCUS, to H.R. 4213, an act to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 66, nays 34, as follows:

[Rollcall Vote No. 46 Leg.]

YEAS—66

Akaka	Feingold	Mikulski
Baucus	Feinstein	Murkowski
Bayh	Franken	Murray
Begich	Gillibrand	Nelson (FL)
Bennet	Hagan	Pryor
Bingaman	Harkin	Reed
Boxer	Inouye	Reid
Brown (MA)	Isakson	Rockefeller
Brown (OH)	Johnson	Sanders
Burris	Kaufman	Schumer
Byrd	Kerry	Shaheen
Cantwell	Klobuchar	Snowe
Cardin	Kohl	Specter
Carper	Landrieu	Stabenow
Casey	Lautenberg	Tester
Chambliss	Leahy	Udall (CO)
Cochran	Levin	Udall (NM)
Collins	Lieberman	Voinovich
Conrad	Lincoln	Warner
Dodd	McCaskill	Webb
Dorgan	Menendez	Whitehouse
Durbin	Merkley	Wyden

NAYS—34

Alexander	Ensign	McCain
Barrasso	Enzi	McConnell
Bennett	Graham	Nelson (NE)
Bond	Grassley	Risch
Brownback	Gregg	Roberts
Bunning	Hatch	Sessions
Burr	Hutchison	Shelby
Coburn	Inhofe	Thune
Corker	Johanns	Vitter
Cornyn	Kyl	Wicker
Crapo	LeMieux	
DeMint	Lugar	

The PRESIDING OFFICER (Mrs. GILLIBRAND). On this vote, the yeas are 66, the nays are 34. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Ms. LANDRIEU. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Ms. LANDRIEU. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KAUFMAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. UDALL of Colorado). Without objection, it is so ordered.

AMENDMENT NO. 3381 TO AMENDMENT NO. 3336

(Purpose: To reauthorize the DC opportunity scholarship program, and for other purposes)

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that the pending amendment be set aside and that I be permitted to call up amendment No. 3381 and that at the end of my statement, the amendment then be withdrawn.

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

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Connecticut [Mr. LIEBERMAN], for himself, Ms. COLLINS, Mrs. FEINSTEIN, Mr. BYRD, Mr. ENSIGN, and Mr. VOINOVICH, proposes an amendment numbered 3381 to amendment 3336.

Mr. LIEBERMAN. 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 text of the amendment is printed in the RECORD of Wednesday, March 3, 2010, under ''Text of Amendments.'')

Mr. LIEBERMAN. Mr. President, this amendment that I rise to offer has been cosponsored by a bipartisan group, I am pleased to say: Senators COLLINS of Maine, BYRD of West Virginia, FEINSTEIN of California, VOINOVICH of Ohio, and ENSIGN of Nevada.

The purpose of this amendment is to reauthorize—literally, to save—the Opportunity Scholarship Program or OSP. Some know it as the DC school voucher program. We are offering our amendment to this legislation because without prompt action by Congress, the OSP, I am afraid, will end. The current administrator has advised Secretary Duncan that it will no longer administer the program absent a reauthorization, and no other entity has expressed the willingness to take over, given the constraints imposed by Congress under the prevailing set of circumstances. Despite the President's stated intent in his budget to continue the program, if only for those students currently participating, even that will become impossible.

This amendment, as I will explain in a moment, will reauthorize this program for 5 years at essentially its current levels. As I will explain in a moment, it is working, and it is immensely popular with families of children and failing schools in the District of Columbia. It is supported by the chancellor of the school system, Michelle Rhee, and by Mayor Fenty. It is warmly endorsed by the families of the students who have benefited from this program as it literally changed their lives. Yet it has run into opposition in Congress, I fear from people who are committed to defending a status quo that is not working.

Chancellor Michelle Rhee is working so hard to reform the school system of our Nation's Capital, the public school system. Why would she be supporting this Opportunity Scholarship Program that will allow some children—low-income children—in the District of Columbia to get this scholarship and go to a private or faith-based school? She said, in terms that were very compelling, as she testified before committees of Congress, the following: That if a parent of a student in a school that literally had been determined to be failing turned to her and said, can my child get a good education in the school the public school system sends her to, she can't now say yes to parents of students who are in these designated failing schools.

And she said, I think with great strength and conviction and honesty—and she is the head of the public school system here—that until she can tell these parents that their children will get a good education in the public schools of the District of Columbia, she cannot in good conscience oppose this plan that will basically enable these children a lifeline while she is fixing the DC public schools—a lifeline to a better education, a better career, a better life.

Her own estimate is that it will take her 5 years more to get the DC public schools to where she wants them and every parent of a child here in the District wants them to be. That is the length of the reauthorization of this program that our amendment would provide.

I understand there will be a point of order raised against our amendment, as well as objections to proceeding to a vote on our amendment, and that, therefore, I will be obliged to withdraw my amendment. It was not possible on this bill to receive the consent necessary to bring up this amendment for a vote, although I am pleased to understand that no objections would likely be raised on the minority side to at least bringing up a vote for an amendment.

I do want to serve notice that I will continue to push for a vote on this matter, because I think it is so critically important. I know there are several bills coming before the Senate, including the reauthorization of the FAA, which will come soon and that will be subject to amendment and, therefore, I will be afforded an opportunity—myself and my cosponsors—to amend those bills and to offer this opportunity scholarship amendment to those bills.

I don't know at this moment that we have the 60 votes to pass this amendment, but what I am committed to doing is making sure we have debate on the amendment and a vote on the amendment so the Senate can be heard and, in that sense, is challenged to take a position on this amendment and this program which, I repeat, has been a lifeline for kids trying to get a decent education and build a better life.

In my view, this amendment did belong on the American Workers, State, and Business Relief Act—the underlying bill before the Senate—because, obviously, the opportunity to seek and receive a better education enables our children to be better, more productive workers, to help our businesses and, of course, to grow our national economy. Achievement gaps in our schools have a profound effect on the quality of our workforce and on the future of our economy. Most importantly, the quality of our schools has a profound effect on the quality of the lives of the children who go to better schools and get a better education.

Like so many millions and millions of others in our country today, including, I am sure, a lot of other Members of the Senate, my life was transformed by the public schools of my hometown of Stamford, CT, which gave me an education that enabled me to be the first person in my family to go to college, and then I was able to go to law school after that.

There are within the District of Columbia so many gifted and talented students who are in schools that are developing their gifts or growing their talents by giving them a good education. The OSP takes a limited number of those—and they are low income—and gives them a chance for a better education and a better life.

I regret that I am not going to be able to debate this issue and to get a vote on this amendment on this bill, but we are going to wait for the next opportunity to do so. I do want to make, however, some brief remarks on the substance here.

I have followed the status of the OSP for several years in my capacity as chairman of the Homeland Security and Governmental Affairs Committee. It is one of those strange twists of Senate committee jurisdiction that the governmental affairs part of the jurisdiction of our committee—the traditional historic jurisdiction before homeland security was added—included, according to the wisdom of a previous generation of Senators, jurisdiction over the District of Columbia. So I can tell you we need only listen to the students in the program and their parents—as our committee has had the privilege to hear—to know this program has served as a life changer—not just a game changer but a life changer—for many of these children in this program.

We also have a federally mandated study that documents the success of this program. Despite a lot of misleading statements by those who oppose the program, the science behind this study—an independent study required by a previous act of Congress authorizing this proposal—proves that the program is working. It is one thing to hear the students and their parents talk about how their lives have been changed with the opportunity to go to a school that has made them feel they can be a success and educated them better, but Dr. Patrick Wolf, the lead investigator for the study that was authorized by a previous act of Congress, concluded:

> The DC voucher program has proven to be the most effective education policy evaluated by the Federal Government's official educational research arm so far.

That is an awful lot to be able to say.

So the path this bill has followed, the opposition to it, has been so frustrating. People say this is money that is coming out of the public school budget. The whole design of this original program was to add money in equal parts to the DC public schools—money it would not otherwise have received. It was a kind of compensatory balance: the same amount to the charter schools, which are doing very well here in Washington, and then the same amount to the opportunity scholarship program. So money not from the public schools, but an education opportunity for poor kids in Washington now going to schools designated as unable to educate them, and instead giving them the opportunity to go to better private or faith-based schools.

I thank the Chair and my colleagues for allowing me the time to bring up my amendment. As I say, I look forward to engaging in the very near future in a larger discussion of these issues, and at greater length, by submitting this as an amendment to the next bill that comes to the Senate floor.

AMENDMENT NO. 3381, WITHDRAWN

Pursuant, nonetheless, to the agreement I had with the leadership and my colleagues in the Senate, understanding there was not consent to proceed, I will now withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. LIEBERMAN. Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SESSIONS. 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. SESSIONS. Mr. President, we earlier had a cloture vote on, what I guess is called the jobs bill. It has some things in it that I think might be helpful to this economy. Continuing certain tax cuts is important. But I have to say, it is very much a disappointment that the legislation spends $100 billion more than we have. In other words, it will add $100 billion to the debt of the United States.

It was a few weeks ago that this Senate voted for a pay-go idea that asserted we were not going to spend money we didn't have and we were going to pay for what we spent. In other words, if we increase spending, we are either going to raise taxes or cut spending somewhere else to keep us on the right track. But we have not done that. This is actually a $140 billion bill.

This bill has $40 billion in costs assumed by the CBO for continuing the tax credits that have been in place, some of them, for 10 years. Those are to be continued, and they score that as costing $40-some-odd billion. But that is paid for. Our Democratic colleagues are prepared to pay for allowing the American people to keep money that is theirs; money that the government hasn't assessed against them and extracted from them over a 10-year period. That is paid for through other increases in taxes and other activities which, so far, offset that. But the $104 billion of new spending is not paid for.

Regardless, the bill is a bill that adds $104 billion to the debt. I don't see how that is a responsible action for our Congress. Because last year, in February, Congress passed an $800 billion stimulus package—the largest spending bill in the history of America, and every penny of it was added to the debt of the United States. It was the kind of bill the likes of which Congress has never, ever seen before. We did that. And that was not long after the $700 billion financial bailout package—the TARP bill. The one thing about the TARP bill is that we always understood we were to get some of it back. And we would have gotten a lot more of it if they had spent it to buy toxic assets, instead of giving billions of dollars to one insurance company; giving a huge amount of money to General Motors, which is unlikely ever to be paid back by that company. Now the government basically owns an automobile company and an insurance company. And that is not anything like what we were told when that TARP bill came before the Senate. I believed at the time, it was so unprincipled and such a dangerous piece of legislation that I opposed it vigorously. But Congress said we had to pass it and it passed. Then we came back in January after the new President was in office. We had to stimulate the economy, and many of us warned that the legislation was not stimulative in nature and it was not going to create the kind of jobs we needed to create. It just was not.

I remember quoting from a Wall Street Journal op-ed by Gary Becker, a Nobel Prize economics winner. He warned the bill was not stimulative enough. But we had to pass it. It was supposed to be for crumbling bridges and infrastructure.

Yet less than 4 percent of the money went to crumbling bridges and infrastructure. Most of it went to social programs, bail out a State, Medicaid—not job-creating things. Mr. Becker told us in his op-ed shortly before the vote, giving his best judgment about what would happen, he said that it was not going to be a job-creating bill; that you should look for well above $1 growth out of an investment of $1 in stimulus funds. Their impression was, he and his team, it was going to be well below $1.

Now we come back this year, we want another stimulus, another jobs bill because the first one did not work. But now we are in a position where we are surging the debt of this country to a degree it has never been done before. This, in many ways, exceeds World War II, when we were in a life-and-death struggle.

These are just the basic numbers. In 2008, the total American public debt was $5.8 trillion. In 2013, according to the Congressional Budget Office, our own experts, based on the 10-year budget the President has submitted that would double to $12.3 trillion. Congress actually ended up passing a 5-year budget very similar to his first 5 years, but this shows the track the President has proposed the country move on. I am not making this up. Then, in 2019, it would go up to $17.5 trillion. CBO is stating that next year's deficit will exceed this year's deficit. The deficit of the year ending September 30 of last year was $1.4 trillion. They are estimating our next year will be about $1.5 trillion.

So, blithely, our leadership walks in today and says we have to extend unemployment insurance, we have to do a number of other things, and we have not figured out a way to raise the money for it or reduce spending on programs that do not work so we will just borrow it too. That is not calculated in these numbers. That was not legislation that was on the agenda or on the books before the Congressional Budget Office made this scoring.

There are other things we know are going to be part of this. I will talk about a few of them. One of the things that is in the legislation before us is what we have come to refer to as the doctor fix. I feel strongly about that. We had passed the Balanced Budget Act in the late 1990s, and it contained the growth of Medicare spending on payments of physicians. As the years went by, we realized pretty quickly that the cuts were too large or at least Congress did not have the will to let them go into effect, so we wiped it out. We did not let the cuts come in.

We have been doing it now for over a decade, Republicans and Democrats—each one had a majority. Instead of facing up to the shortfall in the physicians' reimbursement, we have allowed this problem to grow. What it amounts to is, if Congress does not act, the doctors who are taking care of our parents and grandparents on Medicare will have their payments cut 21 percent. A lot of physicians are losing money on Medicare today. If this were to happen, there would be a massive quitting of taking care of Medicare patients. They would not do it anymore. It is not right. You cannot justify, from any logical approach to medicine, that we should cut physicians by that kind of amount. I think fundamentally we need to restore it and put it on a path that is sustainable and a growth rate instead of a 21-percent cut. We need to wrestle with how to do it.

If you fix the doctor fix, and you allow a modest growth instead of a 21-percent cut over the next 10 years, it will cost the U.S. Treasury $250 billion. That is a lot of money, even by Federal Government standards. Our annual highway bill has been about $40 billion. The annual budget of my State of Alabama is less than $10 billion—$7 or $8 billion for the whole State, including education. That $250 billion is a lot of money. But millions of American seniors are treated every day by physicians and they paid into the Medicare Program for 40 years. They have been told that when they get to be seniors at retirement age, they will get basically free physician services. It is a commitment we made. Maybe it was improvident at the time. Maybe we could have been smarter about the way it was done, but that is what we told them, and I believe we have to honor that in principle today.

This bill attempts to deal with it by extending it, as we have done each time, 1 year. That is what I call a budget gimmick. It is a misrepresentation of the true state of our finances because what will occur is, we will put the money in for this year. It is going to cost $7.3 billion to fix this year's doctors' payments. But you know what the CBO scores when they estimate what our debt will be? They assumed the law will go back into effect next year, and there will be a 21- or maybe then 22-percent or 23-percent cut in physician payments. They will assume that is going to be true for 9 years, leaving about $240 billion extra money that we in Congress can spend—except it is going to be paid. We cannot cut the physicians by that much money. We know we are going to fix it, 1 year at a time. It appears we do not have the courage or the will to fix it permanently like we should, so we will just fix it and we will use that and then they can make the deficit look better than that.

This budget, this number CBO has scored, does not assume the doctors' payments are going to be increased 21 percent. They assume doctors' fees are going to be cut because that is what the law is, unless we act to change it. They make an estimate based on what the law is today, so we can fix the doctors' payments for 1 year, but for the next 9 years they assume we have a lot more money than we have because we are going to fix it every year. This kind of gimmickry is what put us in this fix.

Let me say this: An attempt was made earlier this year to do a doctor fix outside the health care reform bill. That was a very duplicitous act, in my opinion. I have to be frank with my colleagues. Why? What was wrong about that? The President has always said that in health care reform, in fixing our health care problem, what we need to do was deal with physician payments, the SGR. But when they sat in that secret room around here, moving the money around to try to figure out how to present a bill and plop it out on the floor and ask us all to vote for it, they had a problem. They had promised the bill would be deficit neutral. But if they fix the doctor fix, it was going to cost $250 billion. They could not make the numbers work.

Do you know what the Democratic leadership tried to do? They brought it up separately. We are going to pass a bill in the Congress that would have funded the fix of the doctors. Every penny of it goes straight to the debt. But because they took it out of health care reform and sat it over here, they were going to say the health care reform did not cost any money. I can dispute that and it is not accurate, but that is what they did.

But do you know what happened? Thirteen Democrats said no. To their great credit, under, I am sure, pressure, they decided: I am not going to vote for another big debt increase on a bill that is not paid for. We ought to make this paid for. They were listening to their constituents back home and they are concerned about it. I know colleagues on both sides of the aisle are definitely concerned about this deficit. But I just wish to say if it had passed and it would have been another hiding of the debt by doing it in that fashion.

Since that failed, we now have it in this bill for 1 year. It is going to be unpaid for and it will go straight to the debt. I think people who voted against the last doctor fix because it was not paid for and added to the debt should vote against this legislation because it continues to take us in that direction.

Finally, I will say the entire debt process we are on is dangerous to our economy in the long run. This much money being poured into the economy and being unwisely spent—as Mr. Becker warned us a year ago—has to have some positive impact. For heaven's sake, you borrow $800 billion from the future and you pump it into this economy today and now we are talking about another $100 billion we borrow from the future and pump into the economy today—those kinds of actions have to have some positive impact, at least in the short run. But nothing comes from nothing. There is no free lunch. We know somebody will pay. Can anybody dispute that—that anything we take in today and distribute among ourselves and enjoy today somebody paid for?

Who is going to pay for this? Let me tell you. Last year, the interest on the debt of the United States was $187 billion. That is a lot of money. The Federal highway bill is $40 billion. Interest on the debt was $187 billion. Alabama, an average size State of 4 million people, has a general fund budget of less than $10 billion. $187 billion. But because we are tripling the debt in 10 years, in 2019, according to the Congressional Budget Office, in that year alone people still alive and well in the United States and making some money and trying to feed their families will pay $800 billion on the debt in interest—in that year alone, $800 billion.

This is a burden that our economy will be carrying for years. By the way, there is no plan to pay it down. In fact, in 2019, it is projected the deficit will be almost $1 trillion that year. The debt, the deficit, and the shortfall in income over expenditures in 2019 will still be growing. The debt will still be surging.

Greece is in such a terrible fix today; their deficit amounts to about 12.7 percent of the entire gross domestic product of the nation of Greece. They are considered to be very unstable. The economy is thoroughly in danger. They are going through some significant reforms to try to work their way out of it. Our deficit-to-GDP ratio this year is 9.7 percent.

This is one of the highest ratios in the world, and it is a danger that we face. So to get down to the nub of the matter, I am not going to vote for this bill. I am sure some of my colleagues will say: That is because you do not like the unemployed, and you do not want to help them. I do want to help them.

I am sure it is going to be because some of my colleagues will say: You do not want to pay the doctors. You do not like doctors so you are mean and cold-hearted. And: Do not worry about the debt, SESSIONS.

But at some point we have to bring our house under control. Just like a family budget, we cannot continue to spend dramatically more than we take in.

We passed a resolution. This Senate passed a bill that is supposed to limit expenditures through a pay-go mechanism. It was predicted then that people were not serious when they were passing it. This would be the second time we voted in a matter of weeks to break through pay-go, and this is $100 billion.

I would suggest there are a number of things that can be done. One of them is, we can go back and look at the unspent stimulus money. There is about $170 billion not only unspent but unobligated at this point. That money can be utilized to take care of some of these needs we have, and there is no doubt we could do that. We could find other mechanisms to deal with this, and one of the things we are going to have to face up to is that there are a lot of programs in this government that are not returning value for the taxpayers. We are extracting money from taxpayers. We are sending it out to programs that are not producing any legitimate return, and they should be eliminated. When is the last time we have ever eliminated any expenditure in this country where we can see that it has not been effective?

Well, a lot of our reports show that a lot of our government programs are ineffective. There are a lot of things we can do to enhance our productivity as a national government to eliminate this surge in debt and get us off the path we are on that I think leads to financial problems in the future.

A witness before the Budget Committee testified that studies show that this kind of debt with the high interest payments, will pull down our economic growth.

Most people think economic growth is going to get us out of this fix. But if we are burdened with high interest rates, if the U.S. Government is going out in the marketplace and competing with private business to get people to loan you money, it tends to drive up interest rates. It tends to reduce the amount of money available in the marketplace for private business. They predict it would at least reduce the growth by 1 percentage point in the future. When you are talking about 2 percent annual growth, and you drop to 1 percent growth, or 3 percent and you drop to 2 percent growth, this is serious.

So it is no doubt this kind of debt will crowd out spending when we have $800 billion in the tenth year just to pay interest. It will be the biggest expenditure the government has on any account. That is a problem.

So I would say it is time to take this bill back. Let's look at it. Let's see if we cannot contain some of the spending that is in it, and let's see if we cannot pay for the rest of it and produce a bill that we can be proud of that will help people in need without socking it to the debt of America.

I yield the floor.

The PRESIDING OFFICER. The assistant majority leader.

Mr. DURBIN. I ask unanimous consent to speak as in morning business.

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

NATIONAL DEBT

Mr. DURBIN. I do not quarrel with the Senator from Alabama about our national debt and the threat that it possesses. I certainly understand we are borrowing a lot of money from countries overseas, and we want to see that come to an end.

That kind of indebtedness leads to a dependency which is not healthy for our economy or our future or our children. I certainly would agree with the Senator from Alabama on that.

I was not here for his entire presentation, but there are several things I think should be made clear for the record. The point is, some 9 years ago, when President William Clinton left office, he left office with a national debt, total accumulated national debt throughout our history of about $5.7 trillion. But when he left office, we were in surplus. We were actually generating a surplus in the Federal Treasury, and the surplus was being used to extend the life of the Social Security trust fund. We were adding more and more years of solvency to Social Security because we were generating a surplus.

It is hard to imagine that this was the case only 9 years ago, and yet it was. The government was then handed over to President George W. Bush, a new administration, an administration that ran on a platform of fiscal conservatism and dealing with overspending and the national debt.

What happened at the end of 8 years? At the end of 8 years, the national debt had grown from $5.7 trillion, on the last day that William Jefferson Clinton was in office, to almost $13 trillion when President George W. Bush left office 8 years later. It more than doubled in that period of time.

What happened? First, the situation beyond President Bush's control: 9/11, devastating to our economy. We know what happened. People stopped purchasing, people stopped traveling. There was a general concern about the safety of our country and the certainty of our future, and that took its toll on our economy. There is no question about that. I am not going to go into any suggestion that President Bush was culpable in that regard. He was a victim as we were as a nation on 9/11. But conscious decisions were then made by this administration after 9/11: For instance, the decision to invade Iraq was a decision I did not share. I was one of 23 Senators who voted against the invasion of Iraq. I happen to think that was the right decision to stay out of that war.

But, as a nation, we deciding to go forward. Congress voted that way. President Bush said: We are going to wage this war, but we will not pay for it. We will take the cost of this war and add it to our national debt.

If you look back at history, World War II, for example, most of us remember either reading about or seeing some evidence of war bonds—borrowing from the American people to pay for war. Yet we incurred a massive debt at the same time. Wars are costly.

President Bush initiated this war in Iraq and Afghanistan and paid for neither one. That added to our national debt. He also did something that had never been done in the history of the United States. In the midst of a war, President Bush said we are going to cut taxes. It is counterintuitive.

We know that in a war we need more money, not just for the ordinary course of expenses of government but also because of war costs. Instead, the President cut taxes on the wealthiest Americans, adding to our national debt.

Then came a proposal to modify the Medicare Program for prescription drugs. I thought it was a positive thing. We could have saved a lot of money if we would have built into it competition for the pharmaceutical companies. But the pharmaceutical companies did not want that. They prevailed. We ended up passing the Medicare Pharmaceutical Program, and it cost us about $400 billion, added to the deficit.

Start adding those things up and we realize that at the end of 8 years, a President who had promised to be a fiscal conservative left us with twice the national debt that he had inherited and the weakest economy America had seen since the Great Depression.

When President Obama took the oath of office a little over a year ago, he inherited this weak economy and two wars. He inherited another $1 trillion in debt that came out of this weak economy as soon as he walked into the office. So when my Republican colleagues come to the floor of the Senate and talk about how insensitive Democrats are to our national debt, I have to remind them when they were in control and their President was in control we more than doubled the national debt. We had two wars, unpaid for; we cut taxes on the wealthiest people in America; we added a Medicare Program that was not paid for; we left the economy in shambles; and left the debt for the next President. It was not a welcome that most Presidents would like at the White House.

Now come the Republicans and say: Well, the thing we need to do at this moment in time, with all of our unemployed, is to cut government spending.

I have to say to them, I want to cut out wasteful spending. But if you ask any credible mainline economist, they will tell you that cutting government spending in general is exactly the wrong thing to do when the economy is in recession.

What we need to do is to infuse the economy with investments and spending that will keep aggregate demand growing for goods and services, keeping people in business, hiring people, who then pay their taxes and go on to buy products that help others. That is the nature of the kind of economic activity that brings us out of recession.

So when the Republicans argue to cut spending in the midst of a recession, they are going to dig the hole deeper. There will be less money spent in the economy. There will be less demand for goods and services. Fewer people will be working, fewer businesses surviving, and the recession will get worse instead of better.

So the bill before us is a bill that has several provisions in it, and one of them deals with providing unemployment insurance for those who have no work. Now, I will concede the fact that we never dreamed this recession would go on as long as it has. But for many people, some have been out of work for over a year, some 2 years. They are desperate. There are five unemployed people for every job in America. What we provide is about $1,100 or $1,200 a month—hardly a sum that one can live on comfortably for any length of time in most places in America. But that $1,200 a month keeps families together—barely.

Now the Republicans come to the floor and say this is a serious mistake. Providing unemployment insurance, according to the Senate Republican whip, Senator KYL, creates a disincentive for people to look for work.

Well, I would challenge him. I have talked to the people who are out of work and have yet to find any who believe they are basking in the glow of unemployment insurance. It is barely enough to get by, and most people are exhausting their savings.

Second, this bill is going to provide for additional help to pay for health insurance for the unemployed. If you lose your job, the first casualty is your health insurance. So the President said, we need to have our government pick up 65 percent of the health insurance premiums for the unemployed.

How much do they run? It is $1,200 or $1,300 a month in my State, the average for a family, health insurance plan. So it would eat up virtually every penny of unemployment just to keep your health insurance plan. So we pick up two-thirds of the cost, and the people try to hang on, paying about $400 a month so they can keep their health insurance.

What difference does it make if they lose their health insurance? Well, two things are going to happen if they lose their health insurance. They may qualify for Medicaid, which is a government health insurance plan, which we will ultimately pay for as taxpayers. They will certainly lose their continuation of coverage, so that if someone in their family has a preexisting condition, they may find it difficult to ever qualify for insurance again until they find that job and get into a group policy. If they have a child who is asthmatic or who has a serious illness, they may find that child uninsurable because they have lost their health insurance.

So when Members of the Senate come before us and say they are going to vote against unemployment benefits and health insurance, they are literally voting against millions of Americans who are flat out of luck and have no place to turn and are merely trying to make it and trying to get by.

Part of this measure is paid for in offsets and sources of revenue. I certainly applaud that.

I thank the Senator from Montana, the chairman of the Senate Finance Committee. But then come the Republicans and say: Well, let's put more money into this for all of the things included and take it out of the stimulus package.

Remember, the stimulus package was the President's way of trying to keep this economy moving with tax cuts for working families, a safety net for those out of work, money for local units of government that have seen a downturn in revenues, and investments in America's future.

Now, I have seen some of those investments, and I will just say that I think those are investments that will pay off in jobs today and in assets in America and that will serve us for a long time to come.

Two weeks ago I was up on the west side of Chicago, in Austin, where they opened a new family care health center. It is a primary care clinic for those who do not have health insurance or do not have much money, where they can see a doctor. It is going to be the nicest building on the block. It is beautiful. One-fourth of the money came from the President's stimulus package. It put a lot of people to work building it and now has created an asset that will serve that neighborhood and that city for a long time to come.

Two days ago, I was down in Caseyville, IL, 300 miles away from Chicago. I saw another project with about $1.6 million of stimulus money that is going to build a community retirement home in this area. I saw the people out working on the jobs now just this week.

Ultimately, beyond the hundreds who will build this project, some 50 will be full-time employees. We are investing back in the community, in high-speed rail, in highways and bridges, in basic infrastructure, and in things that will serve us for a long time to come.

The Senator from Alabama says: Let's stop doing that. Let's stop putting that money into those investments.

I think that is shortsighted. I think what we need to do is to follow the President's lead and to make the investments in our economy today to get it chugging and moving forward. That, to me, is the first step in reducing our long-term deficit. Until we get out of this recession, get people back to work, paying taxes, the deficit will continue to grow.

What is the second thing we can do to deal with our deficit? Health care costs. Health care costs are going through the roof. I have said before that the mayor of Kankakee, IL, told me last week that she just got the health insurance bill for 2,900 city employees for next year, and the premiums are going up 83 percent. She is going to cut back on coverage, more copays, more deductibles, and hope to get it down to a 50-percent increase. It will mean that in a city that is hard-pressed to meet basic needs, there will be an additional million dollars in health insurance premium costs next year for even less coverage. That story is being repeated over and over across the United States.

On Sunday, at a press conference in Chicago with four small businesses, each one told the same story, that they had reached a point where they couldn't afford health insurance for themselves as owners or for their employees. They told of terrible situations where some of them had children who were literally dropped from coverage because they couldn't continue to pay the high premiums that went through the roof.

The Republican side of the aisle has told us: Stop this debate on health care reform. Let's stop and start over. As the President said the other day, the health insurance companies are not starting over. The health insurance companies are continuing to do what they know how to do, and that is to raise prices.

Goldman Sachs is a firm with which most people are familiar. They put out a report very recently about what they considered the best thing for the health insurance industry. Goldman Sachs said, in this article that was published in the Huffington Post:

> What the firm sees as the best path forward for the private insurance industry's bottom line is, to be blunt, inaction.
>
> The study's authors [at Goldman Sachs] advise that if no reform is passed, earnings per share would grow an estimated ten percent from 2010 to 2019, and the value of the stock would rise an estimated 59 percent. The next best thing for the insurance industry would be if the legislation passed by the Senate Finance Committee is watered down significantly.

This says that the best way to reach higher profitability for health insurance is for us to do nothing. The second best way is to do very little. That is what we are being asked to do by the Republican side of the aisle, either do nothing or do very little, take baby steps, don't really deal with the issue. That is not going to solve the problem.

If we are going to provide competition and choice for small businesses and people buying health insurance, we should offer them what we have as Members of Congress. If it is good enough for us, wouldn't it be good enough for the rest of America? Our plan is pretty good. It is called the Federal Employees Health Benefits Program. Eight million Federal employees and their families are in there. It has been in existence for 40 years.

My wife and I each year have an open enrollment period to choose from nine different private insurance plans in my State of Illinois. These are plans that have to meet the basic requirements of Illinois so that they are not plans that are worthless and they are plans that we pick based on our state in life. My wife and I are at a point where we buy the biggest plan, the high-option plan. The Federal Government pays a share of the premium cost; we pay the rest. We would pay less if we had less coverage. But if we don't like the plan, next year we have open enrollment again. We can pick another one. What a great idea for consumers, to be able to pick and choose, go shopping just like one would for an automobile, to pick the one that is right for your family, the one you can afford, the one that gives you the coverage you need.

If that is good enough for Republican and Democratic Members of Congress, Senate and House, why isn't it good enough for America? Why don't we have exchanges just like that available for businesses and individuals to choose from, the best private health insurance plan that meets their pocketbook needs and their health needs? That is what our bill does. Many on the Republican side have condemned it as socialism. The government administers it, at least sets up the plans on the insurance exchange. Guess what. Every Senator's health insurance plan would be socialistic by that definition. I don't see them rushing down to the Secretary of the Senate to cancel their coverage. They love it. I do too. It is the best health insurance you could ask for. To require minimum requirements in terms of what coverage it will have, that is what our plans do. When we say, do that in the bill, they say, there it is, government-run health insurance. It is not. It is private health insurance plans.

There are 50 million Americans without insurance. We provide coverage for 30 million. Those are people who, when they get sick, go to the hospital, get taken care of, and the cost of their care is passed on to everybody else who has health insurance. That is not fair. It costs us a lot of money as individuals. We pay $1,000 a year in extra premiums for the uninsured. Our idea is to bring people under coverage so that when they go to the hospital, their care is paid for, not by us but, in this case, either by private health insurance or by Medicaid, the government health insurance plan.

When we asked the Republicans, if we cover 30 million in our approach, how many do you cover of 50 million uninsured, their answer is 3 million. That is not much of an effort, when you think about it. I can understand why we need to do more.

There are two last points I wish to make. One is that if we are going to deal with health insurance in an honest way, we need to at least tell the health insurance companies that the party is over. First, their antitrust exemption, which they have had for 65 years, has to come to an end. Should they be allowed to collude and conspire on prices and divide up the market at the expense of consumers? We ought to put an end to it. The House voted to do that. Secondly, we have to put an end to the awful practice by many health insurance companies to deny coverage to individuals because of preexisting conditions, for example, or to say, if you get really sick, they will just cut you off in terms of how much they will pay. Those things are gross abuses. They need to change. The Republicans have yet to offer a plan that deals with those gross insurance abuses. Their baby steps don't even deal with the serious issues.

Finally, when it comes to Medicare, 40 million Americans count on it, those who are seniors and disabled. It only has about 9 years of solvency left. Our bill doubles the life of Medicare, another 9 or 10 years of longevity. That is good for seniors and for all of us. We want to cut out the waste, and there is waste. We want to provide basic quality care. But doing nothing, as many Republicans counsel us to do on health care reform, means Medicare will go broke in 9 years. I don't want to be around to see that happen. I want to be part of the solution.

My final point is this: We started off talking about the deficit and debt. If we don't deal with health care costs and bringing them down, we can't raise enough money in taxes to keep up with this skyrocketing cost. State governments, local governments, and the Federal Government will all be faced with this kind of increased bill and increased debt and increased deficit each year. That is the reality of doing nothing on health care reform when it comes to deficit and debt.

I ask unanimous consent to have printed in the RECORD a New York Times piece relative to the health care insurance industry, as well as this analysis of managed care by Goldman Sachs and several articles which outline exactly what is going to happen. The health care insurance industry is praying that we do nothing because their profits will continue to skyrocket. That is not fair to the families across America.

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

[From the New York Times, Mar. 6, 2010]

OBAMA WIELDS ANALYSIS OF INSURERS IN HEALTH BATTLE

(By David M. Herszenhorn)

WASHINGTON.—To bolster the case for a far-reaching overhaul of the health care system, the Obama administration is seizing on a new analysis by Goldman Sachs, the New York investment bank, recommending that investors buy shares in two big insurance companies, the UnitedHealth Group and Cigna, because insurance rates are up sharply and competition is down.

White House officials on Saturday said that the Goldman Sachs analysis would be a "centerpiece" of their closing argument in the push for major health care legislation. The president and Democratic Congressional leaders are hoping to win passage of the legislation before the Easter recess. Republicans remain fiercely opposed to the bill.

The Goldman Sachs analysis shows that while insurers can be aggressive in raising prices, they also walk away from clients because competition in the industry is so weak, the White House said. And officials will point to a finding that rate increases ran as high as 50 percent, with most in "the low- to mid-teens"—far higher than overall inflation.

The analysis could be a powerful weapon for the White House because it offers evidence that an overhaul of the health care system is needed not only to help cover the millions of uninsured but to prevent soaring health care expenses from undermining the coverage that the majority of Americans already have through employers.

Republicans, however, could also point to the analysis as bolstering their contention that Democrats should be focused more on controlling costs and less on broadly expanding coverage to the uninsured.

The research brief is largely based on a recent conference call with Steve Lewis, an industry expert with Willis, a major insurance broker.

In the call, Mr. Lewis noted that "price competition is down from a year ago" and explained that his clients—mostly midsize employers seeking to buy health coverage for their employees—were facing a tough market, in which insurance carriers are increasingly willing to abandon existing customers to improve their profit margins.

"We feel this is the most challenging environment for us and our clients in my 20 years in the business," Mr. Lewis said, according to a transcript included in the Goldman brief. "Not only is price competition down from a year ago," he added, "but trend or (health care) inflation is also up and appears to be rising. The incumbent carriers seem more willing than ever to walk away from existing business resulting in some carrier changes."

The report also indicated that employers are reducing benefit levels, in some cases by adding deductibles for prescription drug coverage in addition to co-payments, and raising other out-of-pocket costs for employees as a way of lowering the cost of insurance without increasing annual premiums and employee contributions to them.

Kathleen Sebelius, the secretary of health and human services, is expected to discuss the Goldman analysis on two Sunday television talk shows, "Meet the Press" on NBC and "This Week" on ABC.

In his call with Goldman, Mr. Lewis said beneficiaries were feeling the brunt of the changes to existing policies. "Visually to employees, they're fairly significant," he said.

But the report also sounded cautionary notes that the administration will probably not want to highlight.

Asked by Goldman analysts about the effort to pass major health care legislation, Mr. Lewis said many employers experiencing increases in their insurance costs were nonetheless apprehensive about the president's proposal.

"They're very mixed in their reaction, quite candidly consistent with what we're seeing in the polling numbers by party lines," Mr. Lewis said. "I think most people would acknowledge that there's a need for health care reform; employers continue to be very frustrated. So when they look at what the Obama administration and the Democratic majority state as their goals to increase access and lower cost and rail at what may be termed oligopolistic behavior of carriers in certain markets, I think employers really buy in to that message and have much of that frustration and anger at our lack of solutions."

And yet, he said, there is little enthusiastic support from employers for the Democrats' proposals.

"Many of them still view the legislation and the partisanship coming out of Washington as possibly the medicine worse than the disease," he said. "So many employer groups that we're talking to feel like it would be a shame to lose an opportunity to do something with respect to health care reform. But many are starting to feel like maybe nothing is better than something in this current environment."

[From Goldman Sachs, Mar. 3, 2010]

AMERICAS: MANAGED CARE—A FRONT-LINE PERSPECTIVE ON 2010 COMMERCIAL PRICE & PRODUCT TRENDS

TRANSCRIPT FROM OUR SIXTH ANNUAL CALL WITH STEVE LEWIS

We hosted our seventh-annual industry expert conference call with Steve Lewis, regional leader for the employee benefits practice of Willis, the third largest insurance broker in the world. The call provided a front-line perspective on 2010 industry pricing and product trends, with a focus on the key middle-market segment of the industry.

A transcript of the conference call is provided in the body of this report.

INDUSTRY PRICE DISCIPLINE HAS STRENGTHENED FURTHER

Two years ago, Lewis and his team were one of the few industry sources pointing (correctly) to aggressive pricing by the carriers in a lead up to severe margin deterioration experienced in 1H2008. Then, a year ago, Lewis and his team pointed to stronger pricing discipline by most of the public companies (though with some outliers). Now, Lewis and his team find price discipline has strengthened noticeably further.

OUR VIEW IS THAT THE INDUSTRY DOWNCYCLE IS BOTTOMING

We note that the improvement in commercial industry pricing discipline has emerged from multiple industry sources over the past 18 months. Our view is that it reflects a recovery from the severity of under-pricing during the recent industry down-cycle that we think is now bottoming.

With the group, our favorite names are UNH and CI, both CL-Buy rated. That said, ours is a sector call as we see a "rising tide lifting all boats" as: (1) the cycle turn shows in reserve building this year, with margin expansion next year, (2) health reform uncertainty recedes, and (3) the headwind to earnings from negative operating leverage eases as we anniversary the severe member drop of 2009.

TRANSCRIIPT OF CONFERENCE CALL WITH WILLIS

Matt Borsch, Goldman Sachs:

Good morning, everyone. Thanks for joining us today for the Goldman Sachs Managed Care Industry Expert Conference Call with Steve Lewis of employer benefit consulting firm Willis. This will represent our 7th annual conference call with Steve Lewis.

Steve and his team have agreed to give us frontline perspective on 2010 managed care pricing and product trends. As background, Willis is the third largest insurance broker in the world with approximately 350 million in employee benefits revenues in North America with a focus on the middle market employer segment.

That focus is particularly valuable given the lack of visibility on the segment from the other health benefit consulting firms. And let me just elaborate on that. The context is that national employer benefit consultants such as Hewitt, Mercer, Towers Perrin, and others really focus their attention on the jumbo employer segment, which is overwhelmingly a fee-based non-risk model.

However, the biggest earnings driver for the managed care companies are the fully insured risk lives, and those are mostly through the small and mid-size employers that buy through health insurance brokers. And we found that the brokers typically lack the scale and sophistication to have a good perspective on macro industry trends.

However, as healthcare coverage has become more and more of a significant outlay for employers, they've needed greater expertise but are often under served by the national benefit consultants that focused on jumbo employers, so that's where Willis has built its focus, serving as a high service benefit consultant for the middle-sized employers.

With that as an intro, let me reintroduce our guest speaker Steve Lewis, executive vice president at Willis and regional practice leader. As background, Steve has 20 years of experience in the employer benefits industry and previously served as a national account executive with Oxford Health Plans, and also worked previously as a consultant with Hewitt Associates.

With that, I'll turn it over to Steve to kick it off. Following that, I will serve as moderator for a series of topical questions, and then, we will open it up to investor Q&A.

Steve Lewis, Willis HRH:

Good morning, Matt. Thank you again, for hosting us on this call. As always, I enjoy the opportunity to do this with you each year. I also want to publicly acknowledge and thank our team here for their support. The insight that I'll provide today and have previously provided is largely the amalgamation of information that's developed from our team working day in and day out with clients throughout the country.

I would add that my comments on this call will be directly based on my team's experiences and do not necessarily reflect the experience of my Willis colleagues from around the country.

Borsch:

Thank you for that, Steve. Let me jump right in here with, perhaps, the most important question from the standpoint of institutional investors looking at the sector, and that is, what are you seeing in terms of competition between the carriers, specifically relative to last year or two years ago or whatever you want to use as the baseline, has price competition increased or decreased?

Lewis:

As a specific answer to that, we would say, price competition is down from year ago. An overall theme that we would characterize this year, meaning, when I say this year, the just completed January 1 renewals, and continuing up and through today. We feel this is the most challenging environment for us and our clients in my 20 years in the business.

Not only is price competition down from year ago (when we had characterized last year's price competition as being down from the prior year), but trend or (healthcare) inflation is also up and appears to be rising. The incumbent carriers seem more willing than ever to walk away from existing business resulting in some carrier changes.

And that's a significant adjustment from last year where we saw aggressive pricing on the renewal front but not so much on the new business front. And then I'd say the other real theme is we've seen some service levels that have gapped among few of the major players which has further increased switching of carriers.

Borsch:

Let me move on to the next question here. If you look at the landscape, what role do you see Third Party Administrators or TPAs playing in the competitive landscape? And I guess this gets down to a related question if you could address between the employer decision to self-fund or go with the fully insured purchase, are employers shifting one way or the other.

Lewis:

Yes, I think taking the Third Party Administrator piece first, as in prior years, we've seen little to no new penetration in our client base from the TPAs. There's still an occasional place for them in the marketplace, but fewer and farther between in our opinion.

The networks have expanded to the extent across the country that there is now very significant overlap, and the TPA discounts no longer really compete with what the major managed care carriers have been able to do from a network standpoint.

With respect to the second part of your question (related to the self-funding versus fully insured question), our clients primarily seem to want certainty in this economic environment with respect to their healthcare spend.

So, unless they have either a reasonable track record of consistent and relatively predictable claim patterns, clients that we expect to be fully insured are still largely biased in that direction, and those that are on the fence as to whether they should be fully insured or self-funded seem to, again, be biased more towards the fully insured product.

I would add that where we have had increased conversations is with our smaller client segment that are increasingly frustrated with what we call blind renewals, meaning, no claims data, and experiencing large increases on top of no claims data.

As a result, there's absolutely increased interest at the smaller client segment in evaluating potential self-funding with stop loss protection.

Borsch:

Getting back into the topic of the competitive dynamics, can you touch on how criteria other than price play a role in carrier competition, whether that's in fully insured or self-insured or to the extent you draw a distinction, and to the extent that maybe that's changed or not changed a little bit versus a year or two ago?

Lewis:

Yes, I think, as we've talked about in prior calls, price remains king in the middle market, and is probably queen as well. Factors that can be a tie breaker other than price would include network disruption to the specific population; market perception of the competitive carrier's reputation; product flexibility, meaning willingness to allow prescription drug carve-outs; ability to provide detailed reporting in a certain employee population level, and funding arrangements offered. Not just the self-funded versus fully insured argument but some of the hybrids or the more creative solutions within the fully insured marketplace such as minimum premium or participating contracts in the fully insured environment.

Those things taken together can all factor in as tie breakers with respect to how employers are evaluating carriers. But even still, price certainly remained the most significant driver.

I would add one thing; you asked how it's changed from prior years. I think last year on this call, we talked specifically about the playing field that was fairly level on the service end of the equation and as I mentioned at my opening comment, we have seen a bit of gapping with respect to the services at some carriers. And that is driving employers to certainly take a look at what's available on the marketplace. Then again, finding that there's not a lot of aggressive price competition, the service disruption would have to be fairly significant for somebody to move knowing that they're not going to be able to trade down pricing very significantly.

Borsch:

Is it the case that the service disruptions that you've seen in some instances are severe enough to reach the threshold where they switch?

Lewis:

The short answer is yes. We have seen some of that, and I think we've seen it at a lower price threshold than what we would've seen in the past.

Borsch:

Let me move to a slightly different topic here, and obviously, the background here is the severe recession that was certainly having an impact when we talked a year ago. But, now we've been through a lot more pain even though the economy is showing signs of recovery. A lot of the impacts of these types of things are lagged.

So, I guess, it's sort of a general question how significant a role has the recession played in the clients' product managed care strategies. And, what have you seen in terms of the overall group enrollment changes related to that? It's sort of a high level question there, but trying to understand what the impact of the severe recession has been on the way employers look at things, buy things, and on enrollment?

Lewis:

Yes, I'd say, it's a great question and an interesting one particularly as we look at this market. You mentioned the lag factor and the timing of the stock market drop of mid-September 2008 was fairly late in the game to impact many employers' January 2009 strategies. So, most were not making any significant benefit changes, and/or made the specific decision to hold the line when it came to health benefits at the end of the day due to the freezes or cutbacks in other areas such as pay, 401K matches, and staffing levels.

So this year, I think, we saw a lot of employers saying, they were not going to make that mistake again or very early on in 2009 looking back and saying, if I had to do it over again, I probably would've made more drastic changes and not held the line with health benefits.

So, it is a bit ironic that they didn't—a lot of employers chose not to make the change last year when we were in the deepest part of the recession. But this past year the renewal process started much, much earlier for employers even knowing that the sooner they started, the more impact trend uncertainty would have on their renewal.

Strategic planning just started much earlier, and employers wanted to see just about every option under the sun both in terms of pricing, plan design, extreme options, really hedging themselves trying to get some clarity as to what their options were with respect to health benefits, because they didn't have clarity on either the direction of the market, the economy, or even their own specific prospects.

So, as I mentioned at the outset, it was without a doubt the most challenging renewal cycle in my 20 years of this business with employers really struggling with how and what was going to drive their decision combined with the lack of aggressive and competitive pricing in the marketplace.

I think, to your last point about how that may have impacted group enrollment, I'm not sure I have anything significant statistically to share with you today. However, anecdotally, I would say that enrollment is down across our book of business. We looked at 2009 going into the year and planned for the enrollment on our client base to be down 10 percent, and I would say that was fairly accurate.

Borsch:

You alluded to something I just wanted to clarify—it may be that this isn't measurable, but on the question of adverse selection (and, here, we're talking about the employer market, not the individual market), you alluded to the potential that some employees might be more likely not to take up coverage or, in fact, to discontinue employer subsidized coverage, because even though it is subsidized it can be a very sizable chunk out of their pay for a benefit package that may look less attractive after some of the changes the employers have made.

So, to the extent you can infer if you're seeing any of that (and, related to that, the COBRA uptake), has that been something that you measure? Has it come up in how the carriers have presented their pricing? Finally, do you have any sort of visibility on whether that trend is increasing or abating?

Lewis:

Let me take the first part on something I've alluded to about the potential for adverse selection due to younger, healthier folks dropping and/or not selecting coverage to begin with. You know, I think it depends a bit on the demographics of the population, the type of industry; our clients really span just about every industry out there.

So is adverse selection on the rise in the group market? I would say it is, but I don't have any data to back that up, but just based on the fact that the population is down 10 percent across our book. And we look how the census in those client populations has shifted. I would suggest that there is: I don't want to overstate it because I'm not sure it's significant at this point, but I certainly would see some creep, if you will on adverse selection.

I think that ties to your second point about COBRA uptake. We did not keep specific statistics on the extent of COBRA uptake. But we certainly saw it across the board, in our client base, and we certainly believe that it is impacting the pricing that our clients are experiencing.

Borsch:

Given what you're facing from a more conservative underwriting environment amongst the carriers, how are you leveraging or seeking to leverage current market conditions to your clients' advantage in renewal negotiations?

Lewis:

Well, as stated the outset, and probably ad nauseum at this point and it's been a tough year.

Carriers were very selective in going after new business, and incumbents were willing to walk away from existing clients. So we had to be incredibly creative in our negotiation tactics as well as in our strategic advice with clients. And again, it was something that fortunately for us, in the process, we did start early and while it consumed a lot of energy from all of the stakeholders it was probably the year of creativity.

With respect to negotiation tactics, one of the interesting things is that we seemed to have seen a bit of a bifurcation in the marketplace at the plus or minus 300–employee size.

In the groups under 300 employees, many of them don't have or are unable to get control of their claims data either as a result of the products they've purchased or just underwriting guidelines at the carrier level where they don't have complete control of their claims data. In that under 300–market place, there was very little competition and very high renewals right out of the gates.

However, in the over 300–employee market, if the claims data was available and in a detailed way and you could make a story about that claim's pattern and possibly make adjustments for a spike—a one-time spike. Then, you would see competition pick up. But again, it was very selective and certainly not anything we would characterize as overly aggressive.

Borsch:

This lead in to the next question: Can you generalize about what is the average rate increase that you're observing: both the initial carrier request and the final end point, post negotiation and plan changes? And can you tell us about the extent of plan benefit reductions in achieving final results for your clients?

Lewis:

Averages are tough, you're right, and probably don't tell a very good story and some clients look at that and say, wow, how did you get that average? I must've been the high person. But the range was all over the place and fairly extreme. I'd say we settled in a range, on our book of business, from a 5% reduction to a 50% increase.

But generally speaking, we were in low to mid-teens out of the gates, and this is where the real challenges begin. Because negotiations generated no more than one to one and a half points with no plan changes. And so it's almost like you were getting a first and final and you had to dig through the renewals to find a mistake.

That's less movement than we've had in each of the prior years and certainly, not turned in the right direction from our clients' perspective.

Borsch:

But on the benefit plan changes that your clients have implemented, would you say those are more substantial today than what you saw a year ago?

Lewis:

I would say that incrementally the changes are more substantial, but visually to employees, they're fairly significant. You know, just about everybody did something this year. And it did vary as you would imagine by the extent of the renewal and the existing plan structure, but things like 100% co-insurance are virtually gone.

Borsch:

Yes.

Lewis:

What we saw was a lot of tweaking, where we'd see the employers bifurcating the primary and specialist co-payments, adding prescription drug deductibles on top of co-payments, and really focusing on plan changes first and foremost before looking at impacting employee contributions.

Investor Question:

You talked about client renewal process starting earlier as the planning process started earlier. Does that mean the contracts are actually being signed earlier and therefore the carriers will have more visibility into the premium yield this year compared to previous years?

Lewis:

Great question. The answer is no. The contracts are not renewing any earlier, just the negotiation process. So, in our world, generally speaking, we would look to get a renewal (depending on the size of the group) from 90 to 120 days before the expiration of a renewal.

This year, clients were looking to us (and to a certain extent from the carriers) to extend that to 6 months out: where we start predicting where the renewal is going to end up. And to the extent that the carriers were willing to provide a preliminary renewal, they have to load in a lot of trend because they have to make guesses on the claims going forward.

And then as you move closer to the expiration date, they offset trend with the wrong claims experience. So nobody was renewing or signing contracts earlier, they were just dragging the process out much, much longer from both the carrier side and the employer side.

Borsch:

Let me ask a question, and hopefully, this is isn't repetitive, but in the market studies that you've reviewed, how wide have the gaps been between the different carriers? Have you noted one carrier or groups of carriers relative to the others that have been especially aggressive or perhaps overly conservative that stand out?

Lewis:

The short answer is no. I think in particular situations, we've seen a couple of carriers be more aggressive than others. But I'm putting quotes around more aggressive because we're generally in the three to five percent range between pricing from where an incumbent renewal might be and what might be considered aggressive.

Now, there were few exceptions on some of our larger middle market clients, as I've mentioned earlier, with very clean data, stable business, perhaps a one-year blip with the incumbent that cause the incumbent to get skittish and want to shut the business and a competitor to come in and price it more aggressively. But as a general rule, Matt, we were in a pretty tight range during the market study process.

Borsch:

We've talked in prior years about tracking the gradually growing interest in the consumer-directed health plan products. Where you would say we stand now? Have you seen the uptake increase meaningfully as a result of all the pressure of the last year? And, you know, if you can offer a little bit of a forecast, do you think that may change going into 2011?

Lewis:

Yes. Surprisingly, we have not seen a significant shift towards the consumer directive plan. Across the board, it's now an option for most employer groups. And the clients that have offered it for the longest period of time (call it three-plus years) are now exceeding double-digits, but that's the low double-digits for enrollment as an option.

New offerings continue to generate very low enrollments out of the gates with still almost no full replacements at this point. I think the one shift we have seen is a swing towards health reimbursement accounts and away from health savings accounts that more employer-friendly. And employers are doing more to tie their wellness rewards and strategies to their health reimbursements accounts.

So I'd say if you ask about a crystal ball, really the tying of wellness and to focus on improving the health of a population, then consumer health plans tied to an HRA account is where we see this market moving and really the potential for the biggest surge.

Borsch:

Let me just conclude with one last one I want to throw at you here, Steve. This has been tremendous insight that you've brought for us so I want to thank you. On health reform, obviously, this is a huge thing in the background but it's a practical matter, but it doesn't necessarily have that much day-to-day impact on things.

But to what extent is health reform something that the employers are looking at? Are they talking to you about it? Have you got ''two cents'' on where opinions fall amongst employers about what they would like to see happen relative to what's been presented in Washington?

Lewis:

Yes, we are talking to our clients a lot about it. There is a lot of what I would call academic interest at this stage of the game. They're very mixed in their reaction, quite candidly consistent with what we're seeing in the polling numbers by party lines.

I think most people would acknowledge that there's a need for healthcare reform, employers continue to be very frustrated. So when they look at what the Obama administration and the Democratic Majority state as their goals to increase access and lower cost and rail at what maybe termed oligopolistic behavior of carriers in certain markets, I think employers really buy in to that message and have much of that frustration and anger at our lack of solutions.

But I would also say that many of them still view the legislation and the partisanship coming out of Washington as possibly the medicine worse than the disease. So, many employer groups that we're talking to feel like it would be a shame to lose an opportunity to do something with respect to healthcare reform. But many are starting to feel like maybe nothing is better than something in this current environment.

Borsch:

This is probably a good place to end our call. Steve, thank you very much. This is really a great frontline perspective on industry trends and I want to thank you and your firm Willis, and also thank our investor clients who dialed in.

Lewis:

Thank you, Matt. I appreciate it.

[From the Huffington Post, Mar. 8, 2010]

GOLDMAN TO PRIVATE INSURERS: NO HEALTH CARE REFORM AT ALL IS BEST

(By Sam Stein)

What's Your Reaction?

A Goldman Sachs analysis of health care legislation has concluded that, as far as the bottom line for insurance companies is concerned, the best thing to do is nothing. A close second would be passing a watered-down version of the Senate Finance Committee's bill.

A study put together by Goldman in mid-October looks at the estimated stock performance of the private insurance industry under four variations of reform legislation. The study focused on the five biggest insurers whose shares are traded on Wall Street: Aetna, UnitedHealth, WellPoint, CIGNA and Humana.

The Senate Finance Committee bill, which Goldman's analysts conclude is the version most likely to survive the legislative process, is described as the ''base'' scenario. Under that legislation (which did not include a public plan) the earnings per share for the top five insurers would grow an estimated five percent from 2010 through 2019. And yet, the ''variance with current valuation''—essentially, what the value of the stock is on the market—is projected to drop four percent.

Things are much worse, Goldman estimates, for legislation that resembles what was considered and (to a certain extent) passed by the House of Representatives. This is, the firm deems, the ''bear case'' scenario—in which earnings per share for the top five insurers would decline an estimated one percent from 2010 through 2019 and the variance with current valuation is projected to be negative 36 percent.

What the firm sees as the best path forward for the private insurance industry's bottom line is, to be blunt, inaction.

The study's authors advise that if no reform is passed, earnings per share would grow an estimated ten percent from 2010 through 2019, and the value of the stock would rise an estimated 59 percent during that time period.

The next best thing for the insurance industry would be if the legislation passed by the Senate Finance Committee is watered down significantly. Described as a ''bull case'' scenario—in which there is ''moderation of provisions in the current SFC plan'' or ''changes prior to the major implementation in 2013''—earnings per share for the five biggest insurers would grow an estimated 10 percent and the variance with current valuation would rise an estimated 47 percent.

The report, a Goldman official stressed, was analytic not advocacy-based. Their job was to provide a sober assessment of the market realities facing private insurers under various versions of health care reform.

''If no reform at all happens you would see the largest rise in EPS,'' a Goldman official acknowledged. ''But what we are doing is just analyzing what the stocks would do under different scenarios.''

The study does note on the front page that the firm ''does and seeks to do business with companies covered in its research reports.'' Those companies include Aetna, Wells Point and United Health.

In the context of the current health care debate, the findings provide a small window into the concerns that have driven the private insurance industry's opposition to reform legislation. Simply put: health care reform is going to hurt their bottom line. No less a prestigious voice than Goldman Sachs is telling them so.

Some insurers, in the end, will be hit harder than others. CIGNA is the lowest of the big five, for instance, because it does little business providing insurance plans to Medicare patients, individuals and families buying health plans directly, or small employers that offer health plans to their workers.

In addition, some reforms are going to hurt the industry more than others. Regulatory changes—such as prohibiting the prejudice against consumers with pre-existing conditions—will have an impact across the board, as will the funding cuts to Medicare Advantage.

Overall, Goldman calculates the probability of reform passing Congress at 75 percent. Though the limitations of Goldman's political prognostications were on full display earlier in the document:

By mid-late October, we expect a cloture vote (60 votes) to bypass a potential filibuster followed by several weeks of debate over proposed amendments on the Senate floor (with a similar process under way in the House). If both the Senate and House are able to pass legislation (perhaps before the Thanksgiving recess), a House-Senate conference negotiation should produce combined legislation for final approval (perhaps by mid-December).

[From Goldman Sachs, Oct. 19, 2009]

AMERICA'S MANAGED CARE—10 YEARS OF HEALTH REFORM

WE HAVE PUBLISHED A NEW 10-YEAR INDUSTRY MODEL

As we near the final weeks for health reform efforts in Congress, we have published a new, interactive 10 year model to forecast potential impact.

WE NOW FORECAST 2010–2019 EPS GROWTH OF 5% UNDER HEALTH REFORM

Under our ''base'' case scenario, we forecast core managed care earnings growth would be cut by 50% over the next decade under implementation of the current Senate Finance Committee reform plan. Specifically, we see sector EPS growth at approximately 5% per year under health reform (2010–2019) as compared to 10% EPS growth with no health reform.

We also consider a ''bear'' case scenario for reform that would drive declining EPS for the sector in aggregate over the next decade. The reform measures that would most negatively impact earnings growth are funding cuts to Medicare Advantage and strict new regulations for the individual and small group business. These would be partly offset by the positive impact of expanded insurance coverage under reform.

UNDER REFORM, 8% EPS GROWTH FOR CIGNA, −2% FOR HUMANA

Under our ''base'' case scenario for reform, our company-level forecasts for 10 year EPS range from a 2% decline per year for Humana (owing to its Medicare Advantage exposure) to growth of 8% per year for CIGNA and Aetna (owing to their concentration of earnings from larger employers).

NEUTRAL ON MANAGED CARE; CIGNA REMAINS OUR FAVORITE

We remain Neutral on core managed care although our bias is increasingly for sector upside given the 20% fall in valuations over the past 5 weeks. CIGNA remains our favorite with by far the least downside risk exposure to health reform even as the stock trades at a valuation discount to the group. We also recommend UnitedHealth and Health Net (both Buy rated).

RISK-REWARD HAS BECOME MORE FAVORABLE WITH LOWER VALUATIONS

Health reform outcomes: probability, earnings growth and implied return.

	Probability	EPS growth 2010–19E	Expected valuation	Variance w/current valuation
No reform	25%	10%	12.5x	59%
Reform ''bull'' case	10%	10%	11.5x	47%
Reform. ''base'' case	55%	5%	7.5x	−4%
Reform: ''bear'' case	10%	−1%	5.0x	−36%
Probability-weighted	....	6%	8.9x	13%
Current sector valuation	....	....	7.8x	....

Source: FactSet, Goldman Sachs Research estimates.

Mr. DURBIN. I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. I ask unanimous consent to speak in morning business for such time as I shall consume.

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

Mr. INHOFE. Mr. President, let me respond to a couple of the remarks of my good friend from Illinois. I listen to this all the time, people talking about during the Bush administration, the costs that have gone up, the deficits and all this stuff. I appreciate the fact that the Senator from Illinois did state that the situation was a little different when President Bush came into office because, of course, 9/11 happened and we ended up in a couple wars. But that is understating the situation.

Right after the Clinton administration—I remember it so well—I was a member of the Senate Armed Services Committee at that time and actually was a member of the House Armed Services Committee when President Clinton first came in. The euphoric attitude everyone had at that time was that the war is over. Remember we talked about the peace dividend and all this stuff. The war is over and we no longer need to have a strong national defense. That is what they were saying, though they used different words. They started cutting our defense system. I have a chart that shows what happened to—the demise of our ability to defend ourselves during the Clinton administration. We went through the same thing back during the Carter administration. People remember the hollow force at that time.

During the Clinton administration, we started degrading our military. It was reduced by 40 percent from what it was when he took office during those 8 years. When I say 40 percent reduction, I am talking about end strength, military expenditures. The problem President Bush had when he came into office was not just that two wars broke out, but they broke out when we had a defense system that had been reduced by 40 percent.

The second thing that happened during that time—and this is by admission—I remember Senator Gore had made the statement prior to that that the recession actually started in March of the previous year before the second Bush administration started. It is kind of an interesting thing. People forget that for every 1 percent drop in economic activity, that translates into about $40 billion of lost revenue. Turning that around, for every 1 percent increase in economic activity, that increases revenues about $40 billion when that happens.

Of course, we started out with a reduced military, negotiating two wars, and with a recession at the same time. Obviously, that had very adverse effects.

Before I get carried away with the remarks of the Senator from Illinois, that he voted against going into the Iraq war, let me remind my fellow Senators that I happened to have been privileged, right after the first gulf war—that was when Saddam Hussein—all the atrocities had taken place, and we had what we called the first freedom flight. That is when we went back into Kuwait to see what the situation was in Kuwait. It was so close to the end of the war that the Iraqis didn't realize the war was over. They were still fighting. You remember they were burning the oilfields and the wind would shift. All of a sudden, it would be daytime, and it would turn into night. I remember going back there. I was with nine other people. There were some Democrats. Tony Coelho, former whip of the House, was there. Alexander Haig, a man we revere, the man I always thought should have been President, was there. We were watching and looking to see the remnants of the first gulf war.

I had a young girl with me who had fled Kuwait. She was a royalty. She was going back. She wanted to see if a palace on the Persian Gulf was still there. When we got there, we found out that it had been used by Saddam Hussein as one of his headquarters. She wanted to go up in her bedroom. She was 7 years old, and she wanted to see if her animals were still there. They had used her bedroom for a torture chamber. There were body parts stuck to the walls. A little kid had his ears cut off because he was caught carrying an American flag.

I can remember the mass graves. We looked at the mass graves where Saddam Hussein had tortured these people. When he had them sentenced to death, some begged to be dropped—eased into the acid vats head first so they would die quicker. I mean, this is the type of thing that was taking place. Here is a guy who had actually murdered hundreds of thousands of his own people up in the Kurd area by the most painful way of dying. So to suggest we should not have gone back in to finish him off I think is unacceptable.

Before I finish responding to the comments made by the Senator from Illinois, I would only mention, when he talked about how George W. Bush came into office and he cut taxes for the rich and all that, I recall one time in history—actually, it has happened several times in history; it happened right after World War I—they passed tax increases to support the war and when the war was over, they said, we can now repeal the taxes. They repealed the taxes, and it didn't reduce revenue, it increased revenue. That is something that was kind of forgotten until one of the great Presidents came along, John Kennedy.

During the Great Society days he said we are going to have to have increased revenue to pay for all of these Great Society programs. He said the best way to increase revenue is to decrease marginal rates, so he did. Remember, he dropped them down from I think 90 percent to 70 percent or something like that, and during the next 6 years taxes went down and we had the increase in the revenue, which was phenomenal. The last time I checked, President John Kennedy was a Democrat, not a Republican. So I don't know how they forgot that along the way.

We saw when Reagan came into office, he actually made those dramatic cuts as well. I remember—I am going from memory now—but the amount of money that came in from marginal rates in 1980 when President Reagan took office was $244 billion. When he left office, it was $488 billion. It doubled in that period of time, the largest tax reductions in history. Revenues increased when tax reductions went down. Anyway, that all ended when the Clinton administration came in. We all remember the 1993 tax increases, the greatest tax increases in about four decades. That is when they increased them on everything.

The bottom line is, yes, he did cut taxes and that had the effect of increasing revenues. I think when we talk about the deficit, as the Senator from Illinois mentioned, that was inherited by this President, President Obama, we have to remember that the deficits during the Bush administration, if you add them all up, were a little bit more than the deficit in the first year of the Obama administration.

As far as his comments about the $787 billion stimulus bill, that wouldn't have been that bad of an idea. I opposed it, of course, but it didn't stimulate. It had all of this social engineering in there, all of the equal distribution of wealth, yet I tried to add an amendment on there which was cosponsored by Senator BOXER to increase, quadruple the amount of money that went into roads and highways. It didn't work. They defeated it. So it could have had the opportunity to do something.

The last thing I would say about the government-run system is I thought it was interesting when the Senator from Illinois talked about the wonderful opportunities I have and he has in choosing from the private sector good coverages. I think what he is describing is what we have today. I agree with what he said in that respect. But when you talk about a system that is very similar to the Canadian system, all you have to do is go up in the northern part of the United States, go to Mayo Clinic and look at the number of people there who have come down from Canada because they can't get the health care they want in that kind of government-run system. So I would agree with my friend from Alabama when he was talking about describing what we are up against.

That is not why I came to the floor this evening. I have come to introduce a bill.

(The remarks of Mr. INHOFE pertaining to the introduction of S. 3095 are located in today's RECORD under ''Statements on Introduced bills and Joint Resolutions.'')

Mr. INHOFE. Mr. President, I yield the floor, and 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. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 3430, AS FURTHER MODIFIED

Mr. DURBIN. Mr. President, I ask unanimous consent that notwithstanding its adoption, the Isakson amendment be further modified, with the changes at the desk.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment is further modified by striking the word ''ending'' on pages 58, 63, and 67 and inserting the word ''beginning''.

Mr. DURBIN. Mr. President, I ask unanimous consent that at 2 p.m. Wednesday, March 10, the Senate resume consideration of H.R. 4213 and all postcloture time be considered expired, and upon disposition of the pending amendments, no further amendments or motions be in order; the substitute amendment, as amended, be agreed to; that the Senate then proceed to vote on the motion to invoke cloture on H.R. 4213, as amended, with the mandatory quorum waived; that if cloture is invoked, then all postcloture time be yielded back, the bill, as amended, be read a third time, and the Senate then proceed to vote on passage of the bill.

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

Mr. GRASSLEY. Mr. President, I voted against waving a budget point of order to the Murray/Kerry amendment on the grounds that it is not paid for and contained terrible welfare and Medicare policies.

The Congress cannot keep spending money it does not have. It is unconscionable to put forth an amendment that is not being paid for at a time of exploding deficits to an underlying bill that already has another $104 billion not paid for.

In addition to adding to the deficit during a fiscal crisis, the underlying Murray/Kerry amendment perpetuates flawed welfare policies that undermine key principles of welfare reform.

The Murray/Kerry amendment perpetuates the fund established in the stimulus bill that, for the first time since the landmark 1996 welfare reform act, rewards States for increasing their welfare caseload and does not require these additional eligible adults to participate in work, education or training activities.

This in turn adds to the current deplorable situation where, according to the latest data we have from the Department of Health and Human Services, the U.S. average for eligible adults receiving welfare doing nothing is 56 percent.

That is right—on average 56 percent of adults receiving welfare are engaged in zero hours of work, training or education activity. Some States have over 70 percent of eligible adults doing nothing.

That is zero hours of job search. Zero hours of education. Zero hours of substance abuse treatment. Zero hours of job training. Zero hours of subsidized work activities.

I bet if you asked the American people—how many adults on welfare should be doing something to qualify for their welfare check—I bet the answer would be: all of them!

I bet if the American people knew that the majority of adults on welfare were doing nothing, they would be as stunned and appalled as I am.

We need to do better by these families. Allowing them to languish in the soul crushing, deep and persistent poverty of welfare is a travesty. The Murray/Kerry amendment does nothing to address the issue that the majority of adults on welfare are not doing anything to get themselves out of poverty.

That makes no sense, Mr. President, and I cannot support it.

Finally, in addition to the misguided welfare policies, I also had reservations about the use of ''intelligent assignment'' in Part D to pay for this amendment. I fully support efforts to make sure vulnerable populations are in the lowest cost plan that meets their personal health care needs and look forward to continuing to work on this issue in the future. But the Centers for Medicare and Medicaid Services, CMS, and MedPAC commissioners have raised concerns that ''intelligent assignment'' could lead to increased disruption, higher costs and little overall improvement for beneficiaries.

Therefore, I opposed waving the Budget Act that would have allowed the Murray/Kerry amendment to undermine welfare policy, advance misguided Medicare policy and increase the deficit.

MORNING BUSINESS

Mr. DURBIN. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

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

INTERNATIONAL WOMEN'S DAY

Mr. DURBIN. Mr. President, yesterday marked the 100th anniversary of International Women's Day—an occasion that celebrates the many contributions women have made to our communities, societies, and nations. Women have made great progress, but the sad reality is that women around the world are not participating equally in business or politics, are not paid the equivalent of their male counterparts, and are more likely to be denied educational opportunities, property ownership, and other basic rights.

The inequities facing women today represent some of the world's greatest global-development challenges. Investing in women is vital to the world's growth potential. I have introduced two bills this Congress that take important steps towards equity and human rights for women worldwide.

In July 2009, I introduced the Global Resources and Opportunities for Women to Thrive—GROWTH—Act of 2009. The GROWTH Act is designed to reduce these economic inequities in developing countries. By providing women with the economic resources to start and grow their own businesses, the GROWTH Act would create broad educational, legal, and community-based programs that would promote female property ownership and empower women in their communities.

Today, women account for 64 percent of adults who lack basic literacy skills, 70 percent of the hungry, and 56 percent of those subject to forced labor.

Women typically invest 90 percent of their income back into their household compared to only 30 to 40 percent by men. Developing programs that allow women to increase their education and thrive professionally is good for the family, as well as the woman.

In May 2009, I also introduced the International Protecting Girls by Preventing Child Marriage Act. This bill sets out to strategically eliminate the harmful practice of child marriage overseas. Child marriage poses a direct threat to investments in education for girls overseas, HIV/AIDS prevention, poverty reduction, maternal and child safety, and human rights.

Too often the potential of children and developing women is crushed by early marriage, sometimes occurring when girls are as young as 7 years of age. Child marriage is a direct challenge to guaranteeing equality and basic human rights to children and developing women around the globe.

International Women's Day calls on us to acknowledge the achievements of women, but it is also a reminder of the sometimes immovable barriers women in many countries still face. I commend my colleague Senator SHAHEEN for submitting S. Res. 433 recognizing International Women's Day. This resolution is a testament to the Senate's commitment to the advancement of women worldwide.

Mr. CARDIN. Mr. President, I rise today to express my support for the International Women's Day.

Rooted in the long-term struggle for equality, International Women's Day has been observed since the beginning of the last century, at a time when American women were fighting for basic rights, such as voting or fair employment. We should commemorate the determined and courageous women who have played an extraordinary role in the history of women's rights.

While women have made hard fought and important strides towards equality since then, they continue to face significant obstacles in all aspects of their lives, particularly those living in poverty. Over a billion people worldwide live on a dollar a day or less—and women are most likely to be among them. This is a problem that affects all of humanity—when women are poor, entire communities suffer because they are not free to earn an income, feed their families, or protect themselves and their children from violence. And their efforts are critical to rebuilding countries in peril like Afghanistan and Haiti. Until women around the world have improved access to economic, political and social opportunities, the great challenges we face today will go unresolved.

Indeed, investing in women and girls is one of the most efficient uses of our foreign assistance dollars and best ways to make the world more peaceful