COLLEGE LIFE ACT

Mr. AKAKA. Mr. President, yesterday I introduced the College Literacy in Finance and Economics Act—the College LIFE Act. This bill is a response to the dire need in our country for greater financial literacy among young adults.

To be financially literate is to possess one of the most empowering life skills that an individual can have. Those who have a sound understanding of personal finance and economics are better prepared for the many pivotal moments that they encounter in life where decisions about money must be made. Sound decisionmaking in those instances separate the financially literate from the financially illiterate. Those who effectively evaluate their financial choices, wisely manage their personal finances, and budget and save live more financially stable and secure lives. Those who make poor decisions about money live without financial certainty and become vulnerable to anticonsumer business practices and unscrupulous lenders.

Financial independence begins during or immediately after college for many of us and brings with it new opportunities and challenges. Before we buy a home, put a child through school, or retire, we make choices about purchasing a car, buying with credit in lieu of cash, and balancing our ''wants'' and ''needs'' while struggling to extract rent out of our first few paychecks. From that point on, financial choices increase in cost and magnitude. Financial decisions made and habits developed as young adults dictate whether we go through life on sound financial footing and are prepared for unforeseen financial obstacles.

Given the tremendous importance of early adulthood financial choices and actions, it is extremely troubling how unprepared young adults are for these challenges. Too few students have opportunities to learn about personal finance or economics before they enter college. The Council for Economic Education's most recent Survey of the States found that only 21 States require students to take a class in economics as a requirement for graduation and only 13 require a course in personal finance. Parents, moreover, are often unreliable sources of financial education because many are financially illiterate themselves. For example, the National Foundation for Credit Counseling's fifth annual Financial Literacy Survey found that 76 percent of adults recognized that they could benefit from the advice of a financial professional regarding everyday financial questions.

Even as we acknowledge widespread financial illiteracy among young adults, we allow students in higher education to take on alarming levels of debt during college. Borrowing to pay for school has become the norm. Two out of every three undergraduates receive some type of financial aid. At for-profit colleges, 96 percent of students borrow to pay for school. These trends have led to over $100 billion in Federal educational loans being originated each year. When these borrowers graduate, they do so with significant student loan debt, with the median over $23,000. The Department of Education estimates that over 36 million Americans have outstanding Federal student loan debt that, when combined, totals over $740 billion. And yet, because of the steep upward trend in college tuition, which in the last decade has risen each year by 5.6 percent beyond inflation, students commonly rely on credit cards on top of their student loans to pay their way through college. Even as far back as 7 years ago, 56 percent of dependent students had a credit card in their own name.

The consequences of this culture of borrowing in higher education are clear and concerning. The most recent cohort default rate, CDR, on Federal student loans was 7 percent, indicating that large numbers of young adults are failing to effectively manage their debt. The average CDR for proprietary colleges alone is 22.3 percent. Meanwhile, the average student credit card balance rose from around $1,400 in 2002 to $2,000 today. Given what we know about student financial literacy and capability, this is not surprising. For example, a Charles Schwab study in 2007 found that only 45 percent of teens know how to use a credit card and even fewer—just 26 percent—understand credit card fees and the concept of interest.

The increase in Federal educational lending and student debt can be interpreted positively. I am happy to see young people continuing on to college in numbers that I would never have imagined when I graduated from the University of Hawaii in 1952. For our best and brightest, college continues to be a stepping stone on their paths to becoming future leaders. For millions of others today, however, college simply and rightfully represents an opportunity for better lives for themselves and their families. But, the ever-rising cost of education is a reality that we must address. We are allowing—and even encouraging—students to become borrowers and consumers. It is our responsibility, therefore, to ensure that these young adults have the knowledge, skills, and capability to manage the consequences that come with their financial decisions. Unfortunately, we are not doing enough.

The College LIFE Act begins to address this clear and urgent void in early adulthood financial literacy and economic education. It would provide financial literacy counseling to all university-level students who take out federal educational loans when they begin and leave school. First receipt of a student loan and departure from school are two prime teachable moments in the lives of young adults. In addition, they are two opportunities for individuals to learn the importance of responsible financial behavior without those lessons coming at their own expense.

Financial literacy counseling under the College LIFE Act would teach the financial education core competencies—earning, spending, saving, borrowing, and protection—developed by the Financial Literacy and Education Commission. Existing loan counseling already provides student borrowers with valuable information about the terms, features, and common pitfalls of educational loans. This financial literacy counseling would complement existing activities, and the College LIFE Act specifies that financial literacy loan counseling may be provided in conjunction with current counseling requirements.

I thank my colleague in the House of Representatives, Congresswoman SHEILA JACKSON LEE of Texas, for joining me as the House sponsor of this bill. I also thank my colleague from Iowa, Senator HARKIN, who chairs the Committee on Health, Education, Labor, and Pensions, for lending his expertise to this bill in the areas of financial literacy and student debt in higher education, including at for-profit colleges.

I will continue to work with my colleagues to enact the College LIFE Act. I call on them to join me in support of this legislation and other efforts to improve financial literacy in America.

Thank you, Mr. President.

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

THE BUDGET

Mr. BENNET. Mr. President, I rise today to implore my colleagues and to implore the negotiators who are working on this budget issue to come to a comprehensive solution that meaningfully addresses our deficit and our debt.

If all you knew about our politics was what you see on the television at night, you would think we were committed to an endless stream of invective, of name-calling, of division, that we had absolutely no interest or desire to solve the Nation's problems or solve the Nation's challenges, and you would be right to sort of give up all hope we could actually honor the heritage of our parents and our grandparents and make sure we are not the first generation of Americans to leave less opportunity, not more, to our kids and our grandkids. That is what you might think if all you knew about our country was what you saw on the TV at night.

Fortunately, I have had the privilege, as has everybody in this body, to travel my State and to learn that actually the American people are nowhere near as divided as Washington, DC, or as what you see on television at night. In fact, we share an awful lot in common in my State of Colorado whether we are Republicans, Democrats, or Independents, and part of that is because we are coming out of the worst recession since the Great Depression.

By the end of the discussion I was having during the campaign over the last couple of years, there were about four things people thought might be good ideas. They thought it would be good to have an economy in this country where median family income was rising instead of falling, that we were creating jobs in the United States rather than shipping them overseas. They thought it would be a good idea if our energy would not require us to send billions of dollars a week to the Persian Gulf to buy oil. They thought it would be a good idea—and as a former school superintendent, I agree with them—to educate our kids for the 21st century. They thought it would be a good idea if we were actually willing to make hard choices to deal with our debt and our deficit.

There is a lot of disagreement around here that I do not really understand, but in Colorado, the way they would like us to do that is to see a comprehensive plan that materially addresses the problem. They know we cannot solve it overnight, but they would like to see us materially address the problem. They want to know we are all in it together. They are not interested in the Washington game of whose ox is going to get gored; they want to know we are all in this together, that all of us have something to contribute to solving this problem. They emphatically want it to be bipartisan, which is good because we have a divided Congress now, and it needs to be bipartisan to get this work done. The reason is that they do not trust either party's go-it-alone strategy. I think they are right to believe we are better off compromising on a set of comprehensive proposals than continuing to fight.

I would add a corollary to it, which is that whatever we do, we better satisfy the capital markets that their paper is worth what they paid for it. If they are not satisfied, we are going to be in an interest rate environment that is going to make all of the discussions we have had about cuts seem trivial in terms of the effect on the deficit and debt.

Then I come here, and we have these phony conversations about solving the problem. We had a discussion, you will remember, about whether we ought to shut the government down. And I did the math on the bid ask spread that divided the two parties over whether we are going to shut the government down, and that math equalled about 4 cents on the $20 meal at Applebee's. It would be like you and me, Mr. President, fighting over that 4 cents because we couldn't figure out how to pay the bill. It would be like the city of Alamosa in my State, in the San Luis Valley, where my predecessor, Ken Salazar, came from—it would be like the mayor saying: We can't agree on $27,000, so we are going to shut the government down, we are not going to pick up your trash, we are not going to educate your kids. The American people should know that is what that debate was about. Now we come to the debt ceiling debate where people are saying: We are not going to vote to raise the debt ceiling.

Somebody in a townhall meeting said to me: MICHAEL, don't you know my neighbor and I are having to figure out how to pay as we go? We have to figure out how to pull in our purse strings to make sure we can afford to do what we need to do? I said: I absolutely agree with you. He said: Why aren't you guys showing the same restraint? And I said: We need to show the same restraint, but that is not about the debt ceiling. The debt ceiling is about bills we have already incurred; it is not about cutting up your credit card. It would be great if it were. That is not what it is about. It is about saying: I have a cable bill this month, and I am just not going to pay it. I got my mortgage this month, but I am just not going to pay it.

That is not fiscally responsible. In fact, do you know what happens to people who do that? Their interest rates go up because lenders say to you: You are not a good risk because you didn't pay your mortgage on time. You are not a good risk because you didn't pay your cable bill on time. That is what our lenders are going to say to the Federal Government of the United States if we are willing to jeopardize the full faith and credit of the United States. It is fiscally and politically irresponsible for us to do that.

In this context, we are having a debate about dealing with the fact that we now have a $1.5 trillion deficit and a $15 trillion debt.

By the way, I would say on the debt ceiling that at least this Senator would settle for raising it just the amount the Ryan plan would increase our debt. I would be happy with the Ryan plan, which is the House Republican plan, to raise the debt by about $5.4 trillion. Everybody over there voted for it. A lot of people here voted for it implicitly; therefore, they are suggesting the debt ceiling ought to be raised by at least that amount, and I would be happy to support that and cosponsor that. But what I want us to do is come together in a comprehensive way.

Mr. President, MIKE JOHANNS from Nebraska and I circulated a letter on March 15. I ask unanimous consent that letter be printed in the RECORD.

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

U.S. SENATE,
Washington, DC, March 15, 2011.

President BARACK OBAMA,
The White House,
Washington, DC.

DEAR PRESIDENT OBAMA: As the Administration continues to work with Congressional leadership regarding our current budget situation, we write to inform you that we believe comprehensive deficit reduction measures are imperative and to ask you to support a broad approach to solving the problem.

As you know, a bipartisan group of Senators has been working to craft a comprehensive deficit reduction package based upon the recommendations of the Fiscal Commission. While we may not agree with every aspect of the Commission's recommendations, we believe that its work represents an important foundation to achieve meaningful progress on our debt. The Commission's work also underscored the scope and breadth of our nation's long-term fiscal challenges.

Beyond FY2011 funding decisions, we urge you to engage in a broader discussion about a comprehensive deficit reduction package. Specifically, we hope that the discussion will include discretionary spending cuts, entitlement changes and tax reform.

By approaching these negotiations comprehensively, with a strong signal of support from you, we believe that we can achieve consensus on these important fiscal issues. This would send a powerful message to Americans that Washington can work together to tackle this critical issue.

Thank you for your attention to this matter.

Sincerely,

MICHAEL F. BENNET.
MIKE JOHANNS.

Mr. BENNET. We sent it around to people, and it was a letter to the President that in part said:

> Specifically, we hope that the discussion will include discretionary spending cuts, entitlement changes and tax reform.

A comprehensive plan. Sixty-four Senators signed that letter—more than a majority of the Senate. It is more than the 60-vote threshold necessary to pass legislation around here—a majority of Republicans and a majority of Democrats recognizing what is blindingly obvious to the American people, which is that we need a comprehensive plan because the math does not work otherwise. And we need people of good will to come together and say: We understand we are not going to be able to solve this problem if we continue to fight with each other. We are not going to be able to solve this problem if we continue to pretend there are some magical mathematics out there that allows us to solve the debt crisis based on political ideology rather than our working together.

People ask me sometimes what they can do to help with this discussion. What I say to them is they ought to be holding the people in this body to the same standard they hold our local officials back in Colorado—that mayor in Alamosa or a superintendent in Denver—who never in their wildest dreams would think they were going to phony up the math and go back to people and say: Sorry, we could not make it work, so we are going to shut down or, sorry, we could not make it work, so we are going to destroy our credit rating, so you end up spending more money on interest instead of on the services you care about.

Our job is to fix this problem. It is not going to be easy. It is going to take people on both sides of the aisle to think differently about what is possible. My own view is the Deficit and Debt Commission gave us a roadmap here. It was a bipartisan group. The final result got the vote of DICK DURBIN, one of the most liberal members of the Democratic Party, and one of the most conservative members of the Republican Party, TOM COBURN, who signed onto a plan that said: Let's take a quarter of it from discretionary spending, let's take a quarter of it from entitlements, let's take a quarter of it from interest savings, and let's get a quarter from tax reform. That sounds about right to me.

If we could produce a plan here that satisfied the test I mentioned earlier, I could go back to the townhalls in Colorado, and I guarantee you what people would say is: Thank you for finally working together. Thank you for producing something that is credible. Let's now move on to the other business in this country to make sure we can compete and win in the 21st century.

I would say I hope, to the extent anybody is listening to the floor today, they would think again about the importance of using this moment to try to create a comprehensive plan, to try to figure out what the compromises are. I for one am happy to work with anybody on either side of the aisle to make sure we get this done.

I see the chairman of our Budget Committee is in the Chamber. I thank him for his efforts on the Deficit Commission, and also for the work he has been doing with the Gang of Six—the Gang of Five, trying, month after month after month, for the last 18 months, to produce a comprehensive plan that actually addresses the problems.

With that, I yield the floor.

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

Mr. CONRAD. Mr. President, I thank the Senator from Colorado for his remarks and for his leadership. He has been right on point with respect to what has to be done in this country to get the debt threat under control.

Make no mistake, we do face a debt threat of ominous proportions.

Yesterday, the Congressional Budget Office again warned us: ''Debt crisis looms absent major policy changes.''

You go to the end of this article that was from the Associated Press, by Mr. Andrew Taylor, a respected writer, and it says:

> CBO says the debt increases the probability of a fiscal crisis in which investors lose faith in U.S. bonds and force policymakers to make drastic spending cuts or tax hikes.

That is where we are headed if we do not respond. And it is going to require a bipartisan response with Republicans and Democrats, because Republicans control the House of Representatives, Democrats control the Senate, and there is a Democratic White House.

So when Republicans—as I just heard on this floor—blame it all on the President, that is not going to work. That is not going to work, because Republicans can block anything in this Chamber, and Republicans control the House of Representatives. So guess what. They are going to have to join Democrats and be responsible. And being responsible means doing some things that are tough.

Republicans and Democrats are going to have to do some things that are tough. Why? Because we are borrowing 40 cents of every dollar we spend. That cannot be continued much longer.

If you look at the historic relationship between spending and revenue, here it is, as shown on this chart, going back to 1950. The red line is the spending line. The green line is the revenue line. What you see is spending as a share of national income is the highest it has been in 60 years. Revenue is the lowest it has been in 60 years.

When I hear my Republican friends say this is just a spending problem, they have it half right. It is in part a spending problem. Spending is the highest it has been in 60 years—or very close to it. But revenue is the lowest it has been in 60 years. So let's get real. Let's get honest. This is a spending problem and a revenue problem. It is the difference between the two that leads to record deficits and a debt that is spiraling out of control.

Here is what the head of our Armed Forces—Admiral Mike Mullen, the Chairman of the Joint Chiefs of Staff—said last year at about this time:

> Our national debt is our biggest national security threat.

Colleagues, are you listening? Are you listening? We are moving at warp speed toward a fiscal crisis. Nobody can tell us when it will happen. What everyone is telling us is that it will happen.

Here is where we are, as shown on this chart. This is the gross debt of the United States. We are now, at the end of this year, going to be over 100 percent of our gross domestic product. That is going to be the gross debt of the United States—all the bills we owe. The black line shown on the chart is the 90-percent threshold line. Why does that matter? Because we have just had the definitive economic study done on deficits and debt and economic growth. It was done by Professor Carmen Reinhart at the University of Maryland—she is no longer there; she was at the University of Maryland—and Professor Ken Rogoff at Harvard. Here is what they concluded:

> We examine the experience of 44 countries spanning up to two centuries of data on central government debt, inflation and growth. Our main finding is that across both advanced countries and emerging markets, high debt/GDP levels (90 percent and above) are associated with notably lower growth outcomes [for the future].

This is not just about numbers on a page. This is about the future economic prospects of our Nation. A failure to act will consign us to a more limited future. Fewer jobs, less economic growth, less economic activity, a weaker position for the United States in the world—that is where we are headed.

We have been warned repeatedly. Quoting from the Wall Street Journal: ''S&P''—the major rating agency—''Signals Top Credit Rating Is in Danger, Stoking Political Battle on Deficit.'' ''U.S. Warned on Debt Load.'' So nobody in this Chamber, nobody across the Capitol in the House of Representatives, can claim they did not know what was coming. We have been warned, and we have been warned repeatedly.

What happens if we do not act and there is a reaction in the interest rate environment for the U.S. debt? I would remind my colleagues, a 1-percentage point increase in interest rates will add $1.3 trillion to the debt over the next 10 years. A 1-percentage point change in interest rates will add $1.3 trillion to the debt over the next 10 years.

People say: Well, we are not going to extend the debt, we are not going to extend the debt limit of the United States. Do you know what happens? The creditors say: Oh, really? Well, we are not going to lend you more money then. Do you know what happens then? Interest rates go up in order to attract other lenders. And what happens? Every 1-percentage point increase in the interest rates adds $1.3 trillion to the debt in just 10 years.

Here are the remarks of 10 of the previous chairs of the President's Council of Economic Advisers. Headline: ''Unsustainable Budget Threatens Nation.'' This is their conclusion, the top economic advisers to former Presidents, Democrats and Republicans. The previous 10 unanimously said this:

> There are many issues on which we don't agree. Yet we find ourselves in remarkable unanimity about the long-run federal budget deficit: It is a severe threat that calls for serious and prompt attention. . . . We all strongly support prompt consideration of the Fiscal Commission's proposals. The unsustainable long-run budget outlook is a growing threat to our well-being. Further stalemate and inaction would be irresponsible.

I served on that commission. There were 18 of us. Eleven of us agreed to the recommendations—five Democrats, five Republicans, and one Independent. That proposal would reduce the debt from what it would otherwise be by $4 trillion. Mr. President, 5 Democrats, 5 Republicans, and 1 Independent—11 of the 18 agreed to support the recommendations. We cut spending. We cut domestic nondefense spending. We cut defense spending. We took on the entitlements. And, yes, we raised revenue by $1 trillion over the next 10 years—not by raising tax rates. In fact, we cut tax rates. But we still got more revenue because we expanded the tax base by reducing tax expenditures that are now running $1.1 trillion a year.

Over the next 10 years, the tax expenditures of this country are going to be $15 trillion. Let me repeat that. The tax expenditures in this country over the next 10 years—special loopholes, deductions, exclusions, all the gimmicks that are in the Code—$15 trillion.

Not only did the Fiscal Commission come up with a recommendation of about $4 trillion, almost every other group that has made a recommendation has called for debt reduction of about $4 trillion over the next 10 years from what it would otherwise be: the Fiscal Commission, the Bipartisan Policy Center, the American Enterprise Institute, the Center for American Progress, the Heritage Foundation, the Roosevelt Institute—all of them saying we need to get this debt down.

Here is where we are headed, according to the Congressional Budget Office. This is not the gross debt. This is the publicly held debt. It is headed for 233 percent of the gross domestic product of the country if we fail to act. If, instead, we would adopt the commission proposal, you can see, as shown on this chart, we would actually work the debt down, the publicly held debt, to 30 percent of GDP.

Every part of the budget has to be scrutinized and has to generate savings. Here is what has happened to defense spending since 1997. It has gone straight up, from $254 billion a year to $688 billion a year.

Secretary of Defense Gates said this:

> [T]he budget of the Pentagon almost doubled during the last decade. But our capabilities didn't particularly expand. A lot of that money went into infrastructure and overhead and, frankly, I think a culture that had an open checkbook.

I think he got it right. When we look at this growing debt, where did it come from? The Washington Post had this report on May 1:

> The biggest culprit, by far, has been an erosion of tax revenue triggered largely by two recessions and multiple rounds of tax cuts. Together, the economy and the tax bills enacted under former president George W. Bush, and to a lesser extent by President Obama, wiped out $6.3 trillion in anticipated revenue. That's nearly half of the $12.7 trillion swing from projected surpluses to real debt.

If we look back on the five times we have balanced the budget in the last 40 years, revenue has been close to 20 percent of GDP: 19.7 in 1969; 19.9 in 1998; 19.8 in 1999; 20.6 in 2000; 19.5 in 2001. Where is revenue today? It is 14.8 percent of GDP. And our friends across the aisle say it is only a spending problem. Let's get real. It is a spending problem and it is a revenue problem. Let's be honest with the American people.

Martin Feldstein, the distinguished conservative economist, said this:

> Cutting tax expenditures is really the best way to reduce government spending . . . [E]liminating tax expenditures does not increase marginal tax rates or reduce the reward for saving, investment or risk-taking. It would also increase overall economic efficiency by removing incentives that distort private spending decisions. And eliminating or consolidating the large number of overlapping tax-based subsidies would also greatly simplify tax filing. In short, cutting tax expenditures is not at all like other ways of raising revenue.

Mr. Bernanke, the Chairman of the Federal Reserve, has said this, and I will conclude on this point:

> Acting now to develop a credible program to reduce future deficits would not only enhance economic growth and stability in the long run, but could also yield substantial near-term benefits in terms of lower long-term interest rates and increased consumer and business confidence.

This is a defining moment for our country. We can either continue to run head-long toward a debt crisis, or we can join together, Republicans and Democrats, in a comprehensive plan to get our debt under control. That will require a comprehensive plan, one that addresses spending—spending must be reduced. But it needs to be reduced when this economy is stronger. That is what every one of the bipartisan commissions has concluded. Yes, spending has to be cut, but not right this minute. It has to be part of a plan that assures it will be cut, and it has to be every part of spending: domestic discretionary spending, defense spending—yes, the entitlements have to be right-sized and we have to have the additional revenue given the fact, the simple fact, that revenue is the lowest it has been in 60 years as a share of our GDP, far lower than it has been in every one of the 5 years we have balanced the budget out of the last 40.

I urge my colleagues on both sides, now is the time for principled compromise. Now is the time to come together to put in place a plan that deals with this debt threat, fundamentally and assuredly. We have that opportunity. We should not let this opportunity slip by.

I yield the floor.

The PRESIDING OFFICER (Mr. BROWN of Ohio). The Senator from South Dakota.

Mr. THUNE. Mr. President, I ask unanimous consent to enter into a colloquy with my Republican colleagues for up to 20 minutes.

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

Mr. THUNE. Mr. President, as we all know, the most important issues that are facing our country today are the economy, job creation, the national debt, and excessive government spending. One of the things that is having a huge effect on job creation and the economy right now is regulation.

The administration continues to overreach and overstep in the implementation of dozens of new regulations, be it the EPA regulating greenhouse gases, or the DOT's recent proposal that would require commercial drivers' licenses for farmers who drive tractors.

These oversteps have real consequences in the form of jobs. Take, for instance, Mr. Thomas Clements from Youngsville, LA, who is testifying today in front of the Senate Health, Education, Labor and Pensions Committee. Mr. Clements is a small business owner since 2008. He owns Oilfield CMC Machining with his wife. They produce metal parts and systems for offshore oil rigs.

His run-in with our overreaching administration started after the tragic 2010 BP oilspill with the President's decision in May of 2010 to enact a 6-month moratorium on new oil drilling in the gulf. His business continues to struggle today because of the Department of the Interior's decision to slow walk new drilling permits. Before these actions, he had a thriving small business that not only provided for his family but also for his employees.

Today, they are barely staying afloat, and will likely close unless the administration changes course and actually begins taking steps toward recovery instead of continued rhetoric.

Another big drag on the economy is the amount of spending and debt. Yesterday the Congressional Budget Office released their long-term budget outlook. This was certainly sobering reading. They pointed out that under the alternative fiscal scenario, in 2024, interest costs, Social Security, and major health spending would exceed all of the revenue coming into the government.

The need for action is clear. The Congressional Budget Office states that these levels of debt will cause incomes to be between 7 percent and 18 percent lower in 2035 than they would be otherwise.

Another study by economists Reinhart and Rogoff found that countries with a debt-to-GDP level that is greater than 90 percent—I would emphasize that we are currently at 95 percent—but that countries with a debt-to-GDP level greater than 90 percent grow at 1 percentage point less than they would otherwise. In other words, when you are carrying this kind of a debt load, 90 percent debt to GDP, for a sustained period of time, you are bleeding about 1 percent of economic growth every single year.

As we know from the President's own economic advisers, a 1-percent reduction—1-percent drop in growth—translates into about 1 million lost jobs. One of the places we see that has been hard hit in our country by the downturn is the State of Ohio. My colleague from Ohio Senator PORTMAN is here. I would be interested perhaps in hearing from him on whether he has seen the evidence of the recovery that was promised by the administration or does his economy in Ohio still reflect an economy that is held back by excessive regulation, debt and spending. I would be interested in the perspective of the Senator from Ohio on that particular subject.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. PORTMAN. First of all, I thank my colleague from South Dakota for coming to the floor today to talk about the economy and jobs. It is clearly a top issue on the minds of folks in Ohio. And, no, the Ohio economy is still hurting. We are not creating the jobs we hoped to create.

If you look at it nationally, there are now 14 million Americans who are out of work, and more than 1 million want to work but have given up looking for work. So when you look at what is going on out there, you add the 8.5 million Americans who are getting by with part-time jobs—even though they would like to work full time—that is about 23 million Americans suffering from a lack of the full-time job they want. This unemployment issue continues to be the No. 1 issue in Ohio and nationally. We have got to address it.

You talked a little bit today about some of the ways that we need to approach it, including the regulatory overreach and its impact on jobs and small businesses. But let me talk about even a deeper concern in Ohio. That is the length of time people have been out of work. The average unemployment now is 40 weeks. That is about 9 months. It is 9 months of stress, 9 months of uncertainty, 9 months of wondering how to make ends meet. This is, I am told, the worst statistic in terms of length of being unemployed that we have had since the records were kept. So it is not just about these terrible unemployment numbers, it is the fact that when have you been out that long, you lose some of your job skills, you have a gap in your resume, and it is harder to get a job. This is not what was promised, by the way.

If you look at what the President and his economists promised when the stimulus was passed, they said that unemployment today would be about 6.7 percent. Instead, it is over 9 percent—9.1 percent. So it has not worked. The President has called it a bump in the road. Unfortunately, I think it is a lot more than that.

The Chairman of the Federal Reserve talked about this yesterday, that he was very concerned now about some of the economic projections. He thinks we are not in as good a shape as even the projections—which were not very optimistic—show. There was 1.8 percent growth in the first quarter. At this point in the last deep recession we had, the growth was 7 percent.

This chart is interesting because it shows Federal spending as a percent of the economy, which as we all know has gone up significantly, and part of that is because of the stimulus package and then the unemployment rate. Unfortunately, when you look at this, there has not been an increase in spending and a decrease in unemployment. There has been an increase in spending and an increase in unemployment. So this simple notion that you cannot spend your way to prosperity, which is a commonsense notion that most Americans agree with, has been proven to be true.

Unfortunately, the stimulus package did not lead to the kind of progress the President and his team predicted. We are all paying the price for it. So, instead, we need to approach it in a different way.

Again, as Senator THUNE mentioned earlier, part of the answer to this is dealing with the regulations, dealing with our tax system, dealing with these high energy costs, dealing with the high health care costs, which do impact employment, getting the economy back on track through smart progrowth policies.

I know the Senator from South Dakota has done a lot of thinking about how do we get out of this mess we are in, instead of the spending. But I do not know if the Senator has any thoughts about what the debt and the spending is doing to our economy. He mentioned the Rogoff and Reinhart study showing that our economy would be growing much faster than it is now but for this big overhang of spending and deficit and debt.

I wonder if the Senator has additional thoughts.

Mr. THUNE. I appreciate my colleague's observations regarding his State, which is a pivotal State when it comes to whether we are going to see the economy recover. It is a State that feels the impact right away when you have a down economy and job losses and all of the negative things that go with that. So I appreciate his perspective on it. Obviously, I wish I could say this administration's policies have made the situation better. Unfortunately, the evidence overwhelmingly points to the President and his policies making this situation worse—much worse. For example, the Senator mentioned nondefense discretionary spending, which is the part of spending that the President has to sign into law every year. It went up 4.1 percent. That is astounding when you consider inflation was about 2 percent over that time. Government spending was growing 10 times the rate of inflation.

What is even more amazing, this doesn't include the increases in discretionary spending attributed to stimulus. That was supposed to have brought the unemployment rate down to 6.7 percent. Clearly, we are over 9 percent today.

There is no correlation between additional spending and job creation. We have clearly demonstrated that. That spending level doesn't include spending on the ''Cash for Clunkers'' program, which was supposed to create jobs. It doesn't include ''un-offset'' increases in spending on mandatory programs that are signed into law, such as additional unemployment insurance, Medicaid, or trade adjustment assistance. It doesn't include the spending increases the President fought for but has been unsuccessful in passing.

Because of this exorbitant spending, we are at a point where 40 cents out of every dollar the Federal Government spends is borrowed. While most people would look at this situation and say it is time to do something about it to improve the situation, the President clearly punted over the medium and long term, and his proposed budget makes the situation even worse. In fact, his proposed fiscal 2012 budget would spend $46 trillion over a 10-year time period, add $9.47 trillion to the debt, and raise taxes by $1.6 trillion. So their prescription continues to be more spending, more borrowing, and higher taxes.

The question is, is this helping or hurting our economy? If you look at a recent Bloomberg poll, it found 65 percent of Americans think the debt is a major reason why our unemployment rate is so high. The answer from the American people is clear.

I guess what I say to my colleague from Ohio—and he and I have worked together on ideas on how to get the economy going again and create an environment conducive to job growth—is that, clearly, getting spending under control here is a huge factor. As he pointed out, there is lots of research out there that demonstrates connectivity between spending and debt and the economy. I simply add that ratings agencies, such as Standard & Poor's and Moody's, all gave a negative assessment to our credit rating; and if that led to a downgrade in our credit rating, it would reflect much higher interest rates for another negative impact.

Spending and debt have a profound negative impact on our ability to grow the economy and create jobs. The Senator from Ohio has been a great leader getting out there in talking about solutions that would lead to job creation. I am interested in hearing about some of what we might be able to do that is clearly not being done today and, frankly, what I hope is contrary to the policies put forward by this administration, which are costing jobs.

Mr. PORTMAN. That is right. There are a number of things that can be done. There is no reason it can't be done on a bipartisan basis.

I left a hearing in the Government Affairs Committee, where we talked about regulations and their impact on the economy. Today, the cost of regulations to the economy—in particular, small businesses—is about $1.75 trillion. That is more than the IRS collects in income taxes. There were both Democrats and Republicans talking about proposals and who are concerned about the administration's continued regulations. The President said some of the right things, but there are more regulations that have a bigger impact.

In Washington, it is tough to get this under control without changing the law, in my view. We need to have a better process in the agencies to force them to look at cost-benefit analyses and force them to use the least-cost burdensome alternatives. I talked about legislation in that area today, as did Democrats and Republicans alike. There are things we have to do. Regarding the Senator's point about the impact of the debt and deficit on the job front, the Senator is right. The poll he talked about indicated that 65 percent of Americans think the debt and deficit is a major factor in high unemployment. They are right. The study the Senator talked about said if the debt gets past 90 percent, it will cost our economy about a million jobs. We are now at about 100 percent, and it will be 105 percent in 2012—next year.

This is what is happening. We are going into that period where our debt is bigger than our whole economy. This study, by the way, is based on looking at countries all around the world, which will have gone through this experience, including countries in Europe that are going through it now, and seeing what the impact is on jobs.

There are solutions. We talked about regulations. That is one of them. My hope is that this Senate can vote on sensible regulatory reform—and soon. The story the Senator told earlier about the oil and gas industry, we should display that all over. The recent proposed regulations from the EPA on emissions from powerplants in terms of mercury—all of us want clean air. We know you have to have regulations, but the question is, how do you regulate? These are very onerous and will have a big impact on my State. There is a study out saying it is going to result in thousands of jobs being lost, and a few powerplants being shut down, and electricity costs increasing 10, 15 percent in our State. We cannot afford that.

But there is more than that. There is the Tax Code. We should, again, as a body, and the House and the administration should reform our Tax Code to make it simpler and more progrowth. It can be done. Economists across the spectrum say this current code is a mess. It doesn't work because you are encouraging businesses to make investments and allocate resources based on Tax Code-motivated interests rather than business reasons. Getting rid of these preferences and clearing out the Code, as happened in 1986, you could get more economic growth through the Tax Code reform.

I think the time is here, and the President's fiscal commission recommended this when they said, how do you look at the next 20, 30 years and come up with a way to deal with the deficit and debt? Economic growth needs to be part of it. And part of it was tax reform, and making our workforce more competitive.

Today, we do spend money at the Federal level on workforce development. Yet it is not spent very efficiently. There are some organizations that do it better than others. We should take their best practices and apply them generally. There are nine different agencies and departments engaged in looking at how to improve our workforce through the 21st century. It is a Federal program that, when connected with businesses, works; when it is not, it doesn't work well. There are opportunities to reform that program. It should be bipartisan.

I hear from communities and businesses what is working and what is not working. Flexibility is the key. There is a lot of redtape and bureaucracy. We need to enforce our trade agreements and the international rules. Enforcement is critical. But we need to open markets to our products. Every country is engaged in opening markets for their products, workers, and service providers. We need to be more aggressive in forcing other countries to open our markets to them. If we don't, we don't have access to 95 percent of the consumers in the world. The President has said that if you were to pass these three trade agreements out there, you would create over 250,000 new jobs. Think about that. That is something we ought to do. Again it is bipartisan.

Somehow we cannot seem to get these three relatively small trade agreements that we have already done through the process. We need to do that right now, because of this economic crisis we face of unemployment and long-term unemployment. This would help, in combination with a more competitive workforce.

On energy, another part of our seven-point plan—and this is a jobs plan to get us back—we have to use our own resources. There is natural gas in places such as Ohio, and South Dakota and North Dakota have a lot of natural gas. We have the technology. Let's use it. We may have the greatest resources of natural gas in the world, based on geological finds. We need to use that now, and we can help us get less dependent on foreign oil.

Finally, health care costs. We talked about this earlier. There are some commonsense things we can do now to get health care costs down, including stopping frivolous lawsuits, which we all pay for, through sensible medical malpractice reform. Some States do it well. It should be done on a national level to get the costs down. We should allow people to buy insurance across State lines. Several insurance companies could compete for the business. This would help get spending under control. We should reform the Tax Code, have regulatory relief, a more competitive workforce, increase jobs through exports, enforce the trade agreements, power America's economy with our own energy, and have sensible solutions to getting costs of health care down, which will help create jobs. All of these things are proposals the Senator has been working on, and I appreciate that.

I ask the Senator a question. If the Senator is focused on getting at this issue, does he think we have a problem on the debt and deficit because of the lack of revenue through taxation or is it through overspending? Does he have any thoughts or suggestions as to how we deal with that?

Mr. THUNE. I appreciate that. That was a great description by the Senator. The Senator from Ohio hit upon all the relevant issues, if we are going to get the economy going, creating jobs again—talking about getting trade deals done, and energy policy that relies upon American energy production, keeping taxes and regulations low, common sense when it comes to energy regulations, and getting spending and debt under control. Those are all part of a solution that will grow the economy.

What I say to my colleague with regard to the issue of taxing and spending is that a lot of people believe somehow we can get additional revenues and raise taxes and solve these problems. Clearly, that would be very counter to growing the economy and creating jobs. I think it would be harmful, if anything. If we look at taxes as a way to deal with the deficit and debt issue, frankly, I think most Americans believe—and I believe they are right—this is overwhelmingly a spending issue.

If you look at our 40-year average spending, up until 2008 it was 20.6 percent of our GDP. The budget would have to spend about 24.3 percent of GDP. If you look at what we need to focus on, I say to my colleague from Ohio, it is clearly in the area of spending and debt control and dealing with that issue as opposed to the issue of revenue. I look forward to working with him on these issues. I hope we can put policies into place that will grow the economy and get people in this country back to work.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. ISAKSON. Mr. President, how much time remains?

The PRESIDING OFFICER. There is 2½ minutes.

Mr. ISAKSON. Mr. President, I ask unanimous consent that that be extended by 3 minutes.

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

ACTIONS, NOT WORDS

Mr. ISAKSON. Mr. President, I come to the floor to talk about jobs, and also to talk about an admonition I got from my father when I was growing up: Judge a man by his actions, not his words.

I intend to apply that, as well. We should all be judged by our actions, not just our words. I am very disappointed in what this administration is doing now. On the one hand, they are talking about jobs being the most important thing America needs. Yet every single action of the agencies is a job killer. Here is an example: The most recent nominee to be the new Commerce Secretary of the United States is a former director of the Boeing Aircraft Company. That aircraft corporation is now under a suit from the interim general counsel of the NLRB to stop them from opening a new plant that will employ 1,000 people in the State of South Carolina, alleging they built the plant there to strike back at the unions in Washington State, when in fact the Dreamliner, their main airliner, which they have tremendous orders for, is being built in Washington, but they had to expand another plant to meet the demand for orders. They decided, in the interest of the company, to have one on the east coast and one on the west coast. They weren't retaliating. They were trying to create jobs for a great American product. The NLRB wants to stop 1,000 jobs from being created on an allegation that it is some type of retribution. That is dead wrong.