for U.S. businesses to hire. But in the short term, Republicans are ready to offer temporary relief, just as we did for working Americans early this year by extending the payroll tax holiday.

To pay for this fix, Republicans propose to end an ObamaCare slush fund that Democrats and the President himself have already drawn from to cover other expenses.

This is a pay-for Democrats and the President have already used.

This is perfectly reasonable. It is a solution to a problem both parties want to address. It passed the House with bipartisan support. If Democrats want to solve the problem, they should embrace it too or, at the very least, offer a bipartisan solution of their own. The White House has done neither.

The real enemy of recent college graduates is this President's economic policies. Until Democrats are willing to admit that, we will keep falling behind. And the real losers will be the young people we should be working together on a bipartisan basis to help.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

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

STOP THE STUDENT LOAN INTEREST RATE HIKE ACT OF 2012—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 2343, which the clerk will report by title.

The legislative clerk read as follows:

> Motion to proceed to S. 2343, a bill to amend the Higher Education Act of 1965 to extend the reduced interest rate for Federal Direct Stafford Loans, and for other purposes.

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 12 noon will be equally divided and controlled between the two leaders or their designees, with the majority controlling the first 30 minutes and the Republicans controlling the second 30 minutes.

The Senator from Washington.

Mrs. MURRAY. Mr. President, we are here today because unless Congress acts, the interest rate for many of our students—over 100,000 of them in my home State of Washington—is going to double in 55 days.

On July 1, the law we passed that held rates on federally subsidized Stafford loans to 3.4 percent will end, and rates are going to jump overnight to 6.8 percent. That is going to add $1,000 to the cost of loans for these young people, and it is going to be another huge strain for students and families who are already fighting to afford college and still struggling in this tough economy.

This isn't an abstract issue for me. For me it is very personal. Pell grants and student loans were what allowed my six brothers and sisters and me to go to college when my dad got sick and had to leave his job. They were what made college affordable for us, and they were what allowed each one of us to pursue careers and give back to our communities. Because our government was there for us, at a very tough time for us, those seven kids in my family grew up to be a firefighter, a lawyer, a computer programmer, a sports writer, a homemaker, a middle-school teacher, and a United States Senator—a pretty good investment by our country. And our family's story is not unique.

In fact, last week I went across my home State of Washington listening to student after student describe the real-life impacts this interest rate hike will have on their livelihood. The Columbian, a newspaper in Vancouver, Washington, wrote a story on the roundtable I held last week with local students. As the Columbian reported: the rate hike would impact students like Dora Hernandez, a first-generation college student at Washington State University in Vancouver. They reported that: Dora became a mother at the age of 18, 2 months after she graduated from high school. She worked two to three jobs at a time to support herself and her child. It was at one of those jobs working the concession stand on a college campus that inspired her to improve her own life by earning a postsecondary degree. She received some financial aid, but she will still have $29,000 in student loans to pay back when she graduates this month, she told me, proudly standing right in front of that concession stand she used to work at. She has no job lined up yet. She said:

> I was flabbergasted to find out how much student loan debt I've accrued. Honestly, I'm scared. I hope Congress finds a way to keep interest rates on student loans down for students like me.

The Columbian also reported the story of Diane Robinson, a 24-year-old single mom who told me she decided to enroll at Clark College after a divorce left her with absolutely nothing. She told me:

> I would not be here without the loans. It would be impossible.

Through her tears, Diane told me that she was raised to repay her debts and worries about her looming student loan payments every single day. She said:

> If there is an increase on student loan interest rates, it will compromise my quality of life. Repaying the debt I have accrued will be essential for me to have a happy future.

For millions of Americans, affordable college has been the ticket to the middle class. And for millions of small business owners, finding local workers with the education skills they need has been what has allowed them to expand and grow in our communities. We cannot afford to let that slip away. We can't allow access to college to become unattainable for so many of our families. As we all know, college costs are rising too quickly right now anyway. In fact, since 1985, the cost of a college education has increased by 559 percent because States have had to cut back their support for higher education and operating costs have increased. Student loan debt has spiked, and for the first time in U.S. history, the national student debt burden has surpassed $1 trillion. That is more than the total amount of credit card debt.

So the last thing our students right now need—the very last thing—is for interest rates on this critical loan program to double. We cannot afford to allow that to happen. At a time when mortgage rates are under 4 percent, we should be doing everything possible to keep rates low for students today. In fact, we should be investing in our future and trying to get more high school students to continue their education. We should not be doubling interest rates on a critical loan program that students count on. It does not make sense.

The Stop the Student Loan Interest Rate Hike Act that is before us is a commonsense measure that will prevent a rate hike on more than 7.4 million college students, and it pays for it by closing a tax loophole that allows certain wealthy professionals to dodge paying their fair share of taxes. So I hope we can move to this today.

I want to add, it is not just the students I talked about, Dora and Diane, who are speaking out against this rate hike. In fact, if our Republican colleagues do decide to block our ability to go to this bill today, I know that students all across our country are going to continue to make their voices heard about this—whether it is in person or in letters or on Twitter or on Facebook—and we will bring those stories right here to the Senate over and over until Republicans see that the students of America are not going to take no for an answer on this critical issue that will affect their lives far into the future.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

Mr. BROWN of Ohio. Mr. President, I rise in support of the same legislation, and I appreciate the work of Senator MURRAY and Senator KLOBUCHAR.

I introduced this legislation with Senator HARKIN of Iowa and Senator REED of Rhode Island, and in the last couple of weeks I have been to the Cayuga County Community College, a community college in Cleveland, Ohio State University, Wright State University near Dayton, and the University of Cincinnati. There were student bodies, student government people in both political parties there. There is virtually universal support among students for this legislation. We have no business letting the interest rate double. The vote that will take place in less than 1 hour gives us an opportunity to help students in a huge way.

The average Ohio graduate of a 4-year university has a $27,000 student debt. If we are going to pile more money on that debt by allowing the interest rate to go from 3.4 to 6.8 percent, it means that student is less likely to be able to buy a house, less likely to probably start a family, and less likely to be able to start a business. It saps wealth from our community. If we can keep this interest rate at 3.4 percent, it will pay dividends much more than the cost of this.

I would close by saying this was a bipartisan arrangement. Back in 2007, when Senator KLOBUCHAR and I were in our first year in the Senate, President Bush signed legislation brought forward and passed by a Democratic Senate and a Democratic House, with Republican support. So it had broad bipartisan support to lock in 3.4 percent for 5 years. Why are people making it partisan now?

The fact is we should pass this legislation today. We should pay for it in a way by closing these tax loopholes that are called the Newt Gingrich-John Edwards tax loopholes, where both of them—Newt Gingrich, a Republican, and John Edwards, a Democrat—in their private sector lives have legally been able to avoid tens of thousands of dollars in taxes. Lobbying firms, consulting firms, all have used this loophole. Governor Romney wanted to close this loophole when he was Governor of Massachusetts. It is something we should move forward on and put the partisanship aside and pass this. This is good for individual students, just like the GI bill after World War II was good for millions of individual students. Look what it did for our society as a whole. It made us a richer country, a more prosperous country, a more egalitarian country. What is not to like about that? That is why we should pass this legislation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

Ms. KLOBUCHAR. Mr. President, I rise to speak in support of the Stop the Student Loan Interest Rate Hike Act.

I want to first acknowledge my colleague Senator BROWN of Ohio for his leadership. They have Ohio State, we have the University of Minnesota, and both of us have met with students from these States who have told us firsthand what they are experiencing every single day. I have talked to students at the University of Minnesota and Minnesota State in Mankato, where my father-in-law taught for many years, and they have told me about their own situations, where they may have five siblings and there is absolutely no way their parents, both of whom are working, can afford to send their kids to college without loans.

I have talked to a young woman in Mankato whose mom was helping with the tuition, and then suddenly her mom lost her job and she couldn't help anymore, parents who have gone out on disability who can no longer help anymore.

We have to ask ourselves as a country, when those things happen, when you have a student who may be the first in their family to ever go to college, are we going to turn our back on them and say: No, we don't want you to go to college? Well, that is not going to work in our country. That is not going to work, because in Minnesota the numbers just came out, and up to 2018, of all the new jobs created, 70 percent are going to require some kind of post-secondary education. Half of them are going to require 1-year to 2-year degrees, the other half are going to require 4-year degrees or more. We know those facts. We know how we are going to be able to compete in this world, and that is by having educated workers. To do that, we cannot turn our back on the students who may be in a situation where they can work part time.

There was one girl I met at the University of Minnesota who was working a 50-hour paid job every week in addition to the classload, in addition to going to school. These students are working hard, and we must make sure they are able to complete their college and complete their degrees. College tuition and fees have been rising more rapidly than household income over the last two decades, and it is becoming more and more difficult for students and their families to afford these costs.

We know that student loan debt has reached record levels. College seniors owed an average of $25,000 in student loan debt upon graduating in 2010, with a total loan debt reaching $1 trillion. This is what we are dealing with.

I know when I had student loans I paid them off, and, Mr. President, you will be happy to know that I met my husband right after I had paid off my loans and he still owed over $20,000 in student loans, but I married him anyway. I have had firsthand experience in what it is like to pay off these loans but never in these amounts our students today are facing. While it is normally good to be above average, my home State is, unfortunately, above average in student loan debt. We rank fourth in the Nation. The average Minnesota student graduates from college with more than $29,000 in loan debt.

As college costs skyrocket and student loan debt climbs, we have to consider what this means for students today and what effect this will have on our future. At a time when our global economy demands more of our workforce, we must focus on the foundation of our future prosperity, and that is education, particularly in science, technology, engineering, and math. To advance in those fields, you need at least a 2-year degree or a 4-year degree. We know that. We must do more to expand higher education opportunities and make college affordable for our students. It is one of the best investments we can make in the long-term success for America. That is because education doesn't just pay off for students, it also pays off for our country in the form of a skilled workforce and a competitive economy.

We have seen this in my own State, where we are home to one of the best skilled, most educated workforces in the country. That is the reason we are first per capita for Fortune 500 companies. I can tell you it is not the weather. These companies did not elect to move to Minnesota and to stay in Minnesota because of our winters. They came in large part because of the educated workforce, because we had people who could do the jobs and create the inventions. At 3M, Minnesota Mining and Manufacturing, they have as many inventions as they have employees. They average one invention for each employee. That is a fact. Look at the numbers. Why is that? Because we have the educated workforce to fill those jobs.

We also know that students today, both those in college and those who are considering college, face many unexpected obstacles, including the pressure to pay for higher education. As I mentioned, when I visited students at the University of Minnesota and also Minnesota State at Mankato, I heard firsthand about their experiences and how hard they were working to get those degrees. These students face many hardships and many sacrifices, but they continue to move forward and they are determined to get their education. The reality is that students can work, save money, and be totally responsible about saving for and paying for college, but life can bring unexpected challenges, and students need help through access to low-interest loans. That is all we are talking about here, low-interest loans.

Interest rates on Stafford student loans are set to double from 3.4 percent to 6.8 percent on July 1 of this year. Unless Congress intervenes, 7 million students will see higher interest rates on their student loans—a dramatic increase in the interest rate that does not make sense at a time when the economy is still struggling to recover and students are facing ever higher college costs and young graduates are having a hard time finding jobs. I know how valuable these loans are to students, and that is why I am a cosponsor of the Student Loan Affordability Act, which would prevent the rate hike and ensure college remains affordable. That would affect this doubling of the interest rate for, in my State alone, 200,000 students. Think what we want those 200,000 students to do. We want those students to be out there inventing the next Post-it note for 3M. We want them out there inventing the next pacemaker. We want them out there inventing the next Google. That is what this is about. That is how our economy has run. We are a country that makes and invents products, makes them and exports them to the world. The only way we do that is with affordable education.

I have heard from hundreds of Minnesotans who say the costs are putting a strain on their families and making college seem out of reach. This is unacceptable, and we must act now.

I know this firsthand, as I explained, not only from what I have seen in my State, what I have seen in the interrelationship between education and business, but in my own life. My grandpa was an iron ore miner. He worked 1,500 feet under the ground in the mines in north Minnesota. He never graduated from college. He never even graduated from high school. He saved money in a coffee can in the basement of their little house, this small house where they literally only had a shower in the basement. He saved money in that coffee can to send my dad and his brother to college. They were the first in that family of Slovenian immigrants—the first to go to college. They went to college. My uncle became an engineer living in Rochester, MN. My dad went to the 2-year junior college, got a degree from what is now Vermilion Community College, then went on to the University of Minnesota, got his journalism degree, joined the AP, and then went on to the Minneapolis Star and Tribune, where he became an award-winning journalist. He traveled the world. He got to interview everyone from Ginger Rogers to Mike Ditka to Ronald Reagan. That is my dad's life, and it all started because his parents believed in education but, most importantly, his country believed in education—the United States of America. That is what this issue is about. It is about progress, it is about families, and it is about moving this country forward.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

Mr. FRANKEN. Mr. President, we just passed the deadline for students to decide where they are going to college this fall. This is one of the biggest financial decisions students will ever make. Nationally, student loan debt is over $1 trillion. It is higher than credit card debt. Over 60 percent of the class of 2010 graduated with outstanding student loans, college graduates. In Minnesota we are fourth in the country for the level of debt college graduates take with them. It is $29,000. This is hurting us as a nation in competition with other countries. It was not too many years ago that the United States was No. 1 in the world in the percentage of its adult population that had graduated from college. Now we are something like 16th. That is going to hurt us.

We have to do something about student debt. Behind every one of these statistics, there are stories. I had students from the board of MNSCU—it is a Minnesota organization of colleges and universities—in my office, and there must have been about 15 or 20 of them. I said to them: How many of you work at least 10 hours a week while going to school? All of them. How many of you work 20 hours a week? Most of them. How many of you work at least 30 hours a week while going to school? A lot of them. How many of you work 40 hours a week while going to school? How many of you work full time while going to school? A few of them, a number of them. That is no way to go to school.

Time after time when I talk to kids, I hear their stories.

Mike Flannery is a graduate of Hennepin Technical College. He was forced to take out private student loans because Federal loans were not enough to pay for his college costs. He graduated from his associate's program with a total debt of $34,750. Michael is now struggling to deal with this massive debt load, and he told me he will likely have to drop out of his summer coursework due to college costs. He currently owes $45,250 and is still working toward his bachelor's degree.

No wonder it takes our students 6 years to graduate—or longer. It is now not really a question; you have to graduate from college or at least get a 2-year degree to get a good-paying job in this country. In the next 7 years, 70 percent of jobs in Minnesota will require some type of postsecondary credential. Yet right now only 40 percent of working-age Minnesotans have one.

If we are going to compete with other countries, we have to do something about this. What can we do? We have to get long-term costs under control. There is a lot to do there, but that is the long term. In the short term, at least we should do no harm. On July 1 Stafford loans, subsidized Stafford loans are set to double, from 3.4 to 6.8 percent. That is unconscionable.

This legislation was written in 2007, and that said it would double. If you look at interest rates, what they have done from 2007 to now, they have just shot down. This makes no sense whatsoever. This is going to affect over 7.5 million students nationwide, over 200,000 in Minnesota. If we fail to take action, this will cost every student in Minnesota about $1,000 in increased loan costs over the life of the loans. That is real money.

We have an offset here we have tried to do. It is about S corporations. I don't want to get into the details of this. Basically what it is—let's say you have an S corp. You are a businessman, and at the end you take your salary and profits, and most honest businessmen pay taxes on all of that, including their withholding tax, their FICA. So you pay FICA on $107,000, approximately, in withholding tax. That pays into Social Security and Medicare. That is what FICA is.

There are others who take advantage of a loophole. It is a loophole. It is legal. Let's say you are a businessman and you make $300,000. Well, you pay yourself a salary of $40,000 and you pay your FICA on that. Then at the end of the year you take out the profits. Now, these profits are not capital gains. They pocket the business's profits without paying payroll taxes. This is as clearly a loophole as anything that exists in our Tax Code. This is exactly the type of loophole that everyone, not just our friends on the other side of the aisle but that we are talking about taking out of the Tax Code so that we can maybe not raise marginal rates as much or, on the other side, they say we can take out the loopholes and lower it. If you can't get rid of this loophole, there is no loophole you can get rid of. This is so obviously a wrongheaded loophole. That extra money they take at the end of the year, it is not considered capital gains, it is income. They pay the top rate on that income—it is above the top rate. This offset would affect only people making over $250,000.

We need to pass this legislation. This is a loophole we need to close because it just makes sense. It is a loophole that I don't think anyone can really defend. I really don't. I would love to hear someone try to defend this one. Again, I have heard over and over that we just have to close some loopholes, these crazy loopholes. This is the one we need to do so our kids can have a manageable debt, so they are not paying exorbitant costs on their debt.

We have to be realistic about all of this, about what it takes to make it in this country. You need a college education or you need some postsecondary education. We have a skills gap in this country we need to close. Kids are borrowing and borrowing, and we are doing this generation a disservice. We have to look at reality.

I heard Mitt Romney the other day in Ohio. He said to kids: Look, take a chance on yourself. Borrow money from your parents to start a business.

That is not what is happening in this country. Kids cannot accumulate an average of $29,000 in debt and still be able to borrow from their parents. If they could borrow from their parents, they wouldn't have an average of $29,000 in debt; they would be borrowing from their parents.

The reality is we are putting a burden on our children that we should not be putting on them. We should close this loophole that there is no rhyme or reason for so these students can be paying a reasonable interest rate and not some exorbitant interest rate. This is just common sense.

I urge my colleagues on both sides of the aisle to vote for this bill and then we can move on to some other things.

Mr. LEAHY. Today the Senate will vote on a vital piece of legislation that I am proud to cosponsor, to prevent the rise in interest rates on need-based student loans. Without action, millions of students across the country will see their interest rates double on their subsidized Stafford loans on July 1. At the very least, these students deserve a debate on this vital pocketbook question that affects millions of young Americans and their families.

I have always strongly believed in the importance of a college education. I was the first in my family to have the opportunity to go to college. Every young person should have the chance to pursue higher education. Education is a path out of poverty, a road to personal growth, and an access ramp to professional accomplishment and economic security. Everyone wins when access to education expands.

It should go without saying that student loan costs should not rise so high that students cannot repay. Yet in recent years, average college tuition rates have increased faster than inflation, far outpacing student financial aid. Since 1985, the cost of attending college has increased by 559 percent, and last schoolyear alone, instate tuition and fees at public 4-year institutions averaged 8.3 percent higher than the previous year.

I hear from Vermonters constantly about their struggles to afford college and their concerns about student loan debt after they graduate. Skyrocketing tuition is making it increasingly difficult for families to afford higher education. Many students are forced to take on significant debt, and too often they are not able to complete college because of soaring costs. For those students who do go on to graduate, record student loan debt has made getting ahead in today's job market next to impossible for many students. Unfortunately, along with the pressure from student loan debt has come an increase in default rates among borrowers, which will affect a student's financial stability for decades.

Especially during these difficult economic times we need to be doing more to address the rising costs of higher education and the growing need for student financial aid. We have made significant investments in higher education and making college more affordable in recent years through historic investments in the Pell Grant Program, moving to a universal system of direct loans, and through the President's recent Executive order to reduce monthly payments for low-income borrowers. While these measures have certainly helped students, more must be done to ensure every American has access to a college education.

While there is agreement on the need to prevent the interest rate increase, division remains on the way to finance the yearlong extension. The House passed a bill largely along partisan lines that would fund the student loan measure by eliminating the Prevention and Public Health Fund, created under the affordable care act. Prevention funding is vitally important in helping to lower health care costs and improving the health of Americans through chronic disease screenings, tobacco education, and immunization programs. An estimated 15 percent of college seniors have chronic diseases and could benefit from this funding. We should not force on students a choice made by Congress, not by students, between disease prevention and lower interest rates.

The solution we offer is far better for students and for the Nation. The bill to which I hope we proceed today would prevent student loan interest rates from doubling by closing a loophole in the Tax Code. Right now, certain businesses can avoid paying employment taxes on their employees' paychecks. This measure would ensure that businesses employing individuals making over $250,000 would be subject to the same Medicare and Social Security taxes every business must pay. This is a commonsense reform that we should all support.

Each opportunity for a young American to earn a college education is also an opportunity for the Nation's future. Our country's ability to compete in the global marketplace in the future depends on our children's ability to finance their education. This does not need to be a partisan issue and should be one where we can find widespread agreement.

We must not tell the 7.4 million students who rely on subsidized Stafford loans that their interest rates will double because protecting a tax loophole is more important than their ability to afford college. I urge every Senator to help us move ahead today to support our students, their futures, and our country's future.

I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

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

Mr. HELLER. Mr. President, I rise in support of efforts to prevent an increase in the student loan rates.

For millions of Americans, education is the key to success and a better future for themselves and for their families. Workers with a bachelor's degree today earn about 70 percent more each year than those with only a high school diploma. We all want a better life for our children and for our grandchildren, and for many of them, a college education is part of achieving that goal.

However, higher education carries an increasingly substantial pricetag. One of my children has already completed her higher education, both my sons are currently in college, and my youngest is preparing for her posthigh school education. I know firsthand the financial strain on both the college students and their families.

The inflation-adjusted cost of college has almost tripled over the last 25 years, while median family income over the same period of time has risen only about 10 percent. Fees keep rising rapidly, soaring 8.3 percent last year at public universities and 4.5 percent at private institutions. In 2009, more than half of all public college graduates were in debt, with an average loan burden of nearly $20,000. For private college graduates, the percentage and amount of debt is even greater. The loan burden itself is substantial, and the last thing graduates need to worry about is high interest rates on these loans.

I was proud to vote for the initial efforts to keep student loan interest rates low back when I was serving in the House in 2007. Now I am a proud cosponsor of the Interest Rate Reduction Act which has been offered by my friend, the Senator from Tennessee, Mr. ALEXANDER. This legislation prevents student loans from doubling from 3.4 percent to 6.8 percent, and I truly hope Congress will be able to come together with a bipartisan agreement soon to prevent this increase from going into effect on July 1.

While student loan rates should be addressed, I am even more worried about the overall economic climate facing college grads. Recent reports found that more than half the bachelor degree holders under the age of 25 last year, which was 1.5 million young Americans, were jobless or underemployed. Of the 1.5 million languishing in the job market, half were underemployed. These young would-be professionals are either unemployed and unable to start paying their loans or have a job that may only provide enough for them to barely scrape by paycheck to paycheck. Instead of becoming the workforce of the next generation, the majority of recent graduates are finding their personal lives and finances mired in this ailing economy. Parents who have been laid off or who have seen their savings diminish have not been able to help their children through their education as they may have planned or wanted to. Our children and grandchildren are paying the price for Washington's failure to lead our Nation out of this economic crisis.

Addressing student loan rates is important and we need to accomplish that work promptly, but our work for America's colleges students and recent graduates is far from over. Congress should be doing something every day to provide more stability and certainty for businesses so they will create jobs and hire these graduates. We need to pass a budget and review expiring tax provisions. We need to get bureaucratic redtape out of the way and let American job creators do what they do best. Let's not put off until tomorrow what we can do today to make sure good-paying jobs will be available for graduates who have worked so hard to provide for a better future and let's pass a bipartisan measure that keeps student interest rates low.

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

The ACTING PRESIDENT pro tempore. Will the Senator suspend his request?

Mr. HELLER. I will.

The ACTING PRESIDENT pro tempore. The Senator from Nebraska.

Mr. JOHANNS. Mr. President, I rise to speak about the issue that is currently under debate; that is, student loan interest rates.

For many students across this great country, the month of May marks the end of the school year and, for some, it means graduating after years of hard work and moving on to another chapter in their life. Americans have always been people who celebrate hard work and the doors that hard work open for all of us.

Our country was founded on the promise that people could come here to find the opportunity to realize their dreams. So one of the most devastating consequences of the recent economy is that college students are beginning this new chapter in their lives when opportunities are harder and harder to come by. Sadly, today's college graduates are more likely to end up unemployed or underemployed and struggling with student loan debt at the same time. They are more likely to end up with those circumstances than they are to land their dream job.

Unfortunately, college costs have been increasing faster than the cost of living. Sixty-five percent of graduates who got a bachelor's degree in 2010 graduated with debt. So as our economy continues to lag, stopping interest rates on subsidized Stafford student loans from doubling could provide much needed relief. That is why I am a cosponsor of legislation introduced by my colleague LAMAR ALEXANDER which extends the current 3.4-percent interest rate for an additional year. It needs to be done.

It cannot be denied that access to education is imperative to ensuring a prosperous future for Nebraska's young people and for all Americans. It should be our goal to foster an economic atmosphere where jobs will flourish, our economy thrives, and opportunities abound for young people and, for that matter, for all Americans. That is why I am so disappointed that today we will vote on a bill that takes such a different approach to paying for the student loan interest rate extension.

The bill we will vote on taxes small businesses and raids funds that would otherwise go to shore up the Social Security and Medicare trust funds. Providing relief for students, protecting seniors' benefits, and fueling our Nation's job engine should not be mutually exclusive goals. We should not be pitting one sector of our population against another. Yet that is what we will do later on today.

This bill sacrifices one of those goals I just mentioned and puts another in jeopardy to achieve a third. I believe that is counterproductive. Why? In part because the future of our young people is so dependent on the availability of jobs in America.

This bill would raise taxes on job creators at a terrible time. The U.S. economy only grew by 1.7 percent in the last year, and our unemployment rate has been over 8 percent now for 39 consecutive months. Taxing job creators has a chilling effect on hiring. It isn't straightforward to promise students the American dream while making it harder for them to get a job—often the first step toward realizing their dreams.

The bill is also enormously unfair to seniors. By diverting tax revenues that would otherwise go to Social Security and Medicare, it ignores the warning flags we just received yet again about these programs. A recent trustees' report verifies that both these programs are on unsustainable paths. Medicare is projected to be insolvent by 2024 and Social Security by 2033—two dates that are well within sight. But instead of helping to strengthen these programs for the future, this bill spends the money elsewhere. The legislation ignores reality and, sadly, that has been all too familiar.

The health care law also siphoned funding from Medicare to the tune of $½ trillion. This money was used to pay for new entitlements in the law, not to extend the life of Medicare. The law's supporters have sometimes claimed it somehow did both—that magically we could count the same dollar twice—but anyone who looked at that disagreed with it, and basic math tells us we can't save and spend the same dollar two times. That was just one of many budget gimmicks used to mask the true cost of the health care bill.

Student loans help shoulder the massive cost of the health care law as well. That law, interestingly enough, nationalized the student loan industry, generating $60 billion over the decade, according to the Congressional Budget Office. But instead of using that money to address the doubling of student loan interest rates that was on the horizon, Congress and the President spent a portion of that money to help pay for the health care law—simply amazing. It is just one more example of a government that claims to know best when their only remedy is to rob from Peter to pay Paul. Sadly, the misguided government solution we will vote on today will be counterproductive for our job creators, for our economy, and for our Nation's job seekers, our soon-to-be graduates.

But don't take my word for it. There is a long list of organizations representing millions of employers and hard-working employees sounding an alarm over the tax increase being proposed in the bill we will vote on today. They are the people who build our homes, fix our air-conditioners, run the corner convenience store, own restaurants, print the flyers we distribute and the church bulletins we receive on Sunday. They all say the pay-for in this bill is bad policy. They don't buy the notion that it is a simple tax clarification. They identify it in plain English as a permanent payroll tax increase.

They go on to say in a letter to Senate leaders that a payroll tax increase should not be diverted from Medicare and Social Security to a temporary program. That letter, dated May 3, 2012, to Senators REID and MCCONNELL and signed by dozens of organizations is in my hand and was printed in yesterday's RECORD.

Senator ALEXANDER has proposed a good option that doesn't slap the job creators with a tax increase and doesn't divert funds that would otherwise go to Medicare and Social Security, and I support his proposal. I would also be open to supporting other payfors other than the irresponsible one we will face today. It is time to look for practical solutions that can actually pass the Senate and help the American people. Americans are getting sick and tired of election-year voting where we face legislation that we all know is designed to fail with this singular focus of generating good campaign talking points. While extending the student loan interest rate is important, a prosperous future depends on more than just that low interest rate. Young Americans would have greater prospects for the future in an economy that generated jobs and its growing income. The budgets would be less drained if the price of gas and health insurance didn't continue to escalate, and they would have more stability down the road if their future wasn't threatened by strained entitlement programs and a Federal debt that is now larger than the entire Nation's economy.

Lately, instead of solving these problems, legislation simply looks for yet another scapegoat, another political gotcha, a bill that is designed to fail to get a 30-second spot. Here in the Senate we should not be in the scapegoat- or gotcha-finding business. We should be in the solution-finding business. That is why I am proud to cosponsor Senator ALEXANDER's legislation that does the right thing for our country's students. This bill provides relief for students during a difficult economic time, and it uses money from a fund created from the health care law to pay for the extension. Identical language has already passed in the House, and it is here for the Senate to consider.

The President has already signed legislation into law using this very health care fund as an offset. The President even included cuts to this fund in his own deficit-reduction proposal. But now, when it is politically expedient to oppose those cuts, he has conveniently changed his mind. Well, these flip-flops don't go unnoticed by the American people.

I hope we can consider Senator ALEXANDER's legislation soon and the President will reconsider his threat to veto it. There has been a lot of finger pointing on this issue, but in reality everybody agrees interest rates on the Stafford loan should not double when the economy is struggling. The only disagreement is over how to pay for the relief. It is unfortunate that an area with so little disagreement has yet again morphed into a political football.

Sadly, with this being a Presidential election year, I fear there will be more of this political gamesmanship. But I stand ready to work with anyone interested in solving the problem.

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. CORKER. 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. CORKER. Mr. President, I rise today to talk about the student lending program that I understand we may be voting on a little bit later today. I want to first say, like my colleague, I have talked with a number of students in Tennessee and people who used to be students in college who have a tremendous amount of loan obligation they have to deal with. Our hearts go out to folks whose careers start with a large amount of debt, and we hear lots of stories about the size of this debt.

So I want to start by saying that I certainly empathize with much of what is happening in the student lending program as it relates to the recipients on the one hand. On the other hand, as it relates to how we deal with this issue, which also relates to these young people—I mean, at the end of the day, these massive deficits we are piling up are also going to be an obligation to them in one form or another. I want to speak to that for one moment.

First of all, I want to say that my friend from Tennessee, the senior Senator, has done as good a job as any of laying out what is driving tuition costs in the first place. The reason students are having to borrow so much money to go to college these days is due to what we have done in Washington. What I mean by that is if we look at the Medicaid Programs in West Virginia or Tennessee, what we have seen over the course of the last couple of decades is that Medicaid costs have been rising dramatically in our own States. Because State governments are forced to fund these huge Medicaid costs, they don't have the same resources available to fund public higher education.

So what is happening is these State governments, which are compelled by us, by the way, to fund these Medicaid Programs—let me make a point. Most people realize that with the passage of the health care bill a couple of years ago, we are going to have upwards of 25 million more Americans across this country on Medicaid. That was the largest part of the health care expansion that took place.

In my own State of Tennessee they have already projected over a 5-year period that it is going to cost them over $1 billion to fund what this Congress mandated as it relates to health care just a few years ago. That is $1 billion that is not going to be available for higher education. So when we campaign around the country and talk about wanting to deal with student lending, I think we ought to be looking at Congress because Congress is actually the one driving the exorbitant tuition rates in the first place by these mandates that we are placing on State governments. It is kind of appalling.

As a matter of fact, in our own State, at a time when Medicaid costs rose 15 percent, in order to make our State's budget balance the State legislature invested 15 percent less in higher education. Again, what is happening is young people—such as the ones who are sitting in front of me—are having to pay exorbitant tuition costs because the States around our country are not able to invest in higher education. Therefore, it is being sloughed off on the backs of students as they enter college.

Let's talk about the loan program itself. First of all, a loan program that charges 6.8 percent, which is what the program is getting ready to do, loans money to all comers—in other words, everybody who comes to get a loan—and there is no collateral in place. It is not like a home mortgage where there is collateral. There is no downpayment. As we know, these loans don't begin to be repaid until years down the road. The U.S. Government is not even breaking even at 6.8 percent. So this whole notion that this student lending program—again, as part of the health care bill—was going to create $50 billion or $60 billion to fund a new health care entitlement was wrong in the first place. With the interest rate at 6.8 percent there is no way taxpayers are coming out even. It is not possible.

As a matter of fact, CBO issued a report in March that said if they used fair accounting standards at the 6.8 percent level, the Federal Government was actually subsidizing student loans by 12 percent. So this whole notion of saying, well, the U.S. Government's borrowing costs is low, and therefore we ought to be making loans at 3.4 percent—by the way, I would love for us to be able to offer rates as low as we can to students. But the fact is we are already losing money at the 6.8-percent level. There is no way, with no money down, no collateral, payments being made down the road, taking all comers, and default rates that will exist that we could possibly be coming out at 6.8 percent. I think CBO has clearly stated that by virtue of the report that came out in March.

Let me come up with a third point. What we are getting ready to do is to discuss a bill that spends $6 billion of our taxpayer money, and Congress is considering spending the $6 billion in this 1 year to give students who apply—futuristically, by the way. This has nothing to do with students who are already in college today and have student lending. But for this 1 year, for loan originations to student lending, we are going to keep the rate at 3.4 percent, which is going to cost an additional $6 billion this year.

So what is Congress considering? Congress is considering paying for that $6 billion over the next 10 years. So instead of saying we are going to spend $6 billion and do what most Americans have to do on a daily basis—if we are going to spend a dollar this year, we have to save a dollar someplace else—what is Congress considering? Spreading the cost over the next 10 years. What is that going to do? Accumulate additional tremendous debt. What is that going to do for the students who are now seeking these loans? Candidly, it piles up additional money they are going to have to pay back.

Let me close by saying this: I know this is campaign season. I know candidates on both sides of the aisle are around college campuses in this country talking to students about their future. What I find unbelievable—and I think these students, by the way, are a lot brighter than people give them credit for as they are campaigning around on college campuses. But, basically, I think these students understand that as politicians are going around trying to offer them deals, they understand that at the same time Washington is piling up tremendous amounts of debt on these students, and not only are they going to have their student loans to repay, but they are going to have all of the trillions and trillions of dollars of debt that Congress is adding on in order to curry favor with citizens of all walks of life in our Nation. That is what happened in Western democracies. We are seeing it play out right now in Europe.

But what I think these students are quickly figuring out is that we are really not giving them anything. Basically, we are taking with the other hand. I think the numbers will carry this out. If, in fact, we do deal with this pending student lending program over the course of the next 6 weeks—and my guess is we may well do that—I hope we will be honest with these college students and at least pay for this expenditure by not spending money on something else so we are not, in essence, giving them something today but taking away something much bigger from them over the long haul.

I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REED. 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. REED. Mr. President, the vote we will take today will affect millions of Americans. If we do not enact legislation before July 1 of this year, approximately 7.4 million students will see the interest rate on their student loans double.

Nearly 200 student government leaders, representing more than 2.5 million college students across the Nation, have asked us to come up with a bipartisan solution to keep the interest rate from doubling this July.

Hundreds of thousands of students, parents, educators, and concerned citizens have called and written to their

Senators and Representatives with a simple message: Don't double the rate.

For them, student loan debt is not a trivial matter. It is a matter of going to school, and it is a matter, ultimately, of the jobs they take and their ability to pay off those loans during their working life.

Without action, students will pay, on average, an additional $1,000 for every year they have to take student loans, if we let this rate double.

Two-thirds of the class of 2010 graduated owing student loans, with an average debt of over $25,000. They are walking out of school with a degree and a huge debt. If we do not fix this problem, beginning today, that debt will be larger for their successes in the years ahead.

Student loan debt collectively has passed the $1 trillion mark—exceeding credit card debt. In fact, there are some who speculate this is the new bubble that is coming upon our economy. This is a serious issue.

The good news is that there seems to be for at least the principle of preventing this increase—an emerging bipartisan consensus that we should not allow the rate to double. The bad news is that my colleagues on the other side have chosen to use the student loan interest rate as another opportunity to attack health care. They have proposed to pay for the extension by cutting funds to the Prevention and Public Health Fund, reducing access to immunizations and services that seek to prevent cancer, diabetes, heart disease, to name a few.

The President has already said he would veto this attempt to pit health care against education—health care, which benefits all, but particularly benefits those low-income and middle-income American families and, of course, these education programs that are a lifeline and a mainstay for middle-income Americans.

The other aspect of attacking this prevention fund is, in the long term, if we are ever going to get our hands around the cost of health care in this country—and both sides recognize this is one of the critical obstacles we face in the future—we have to have better prevention. It is difficult to understand how people can say: Let's not do prevention, but we have to cut health care costs. If we could have an effective prevention program, we could, indeed, over years, and with increasing success, reduce or at least begin to flatten that proverbial health care cost curve.

It is interesting to note, the other side is proposing to use health care to pay for this proposal to help middle-income families, but they do not always insist on paying for everything they want to do. They will, frankly—and, I think, eagerly—extend the Bush tax cuts without any pay-for. The House recently passed the so-called Small Business Tax Cut Act with no offsets. And that costs $46 billion—nearly enough to pay for the student loan interest rate at 3.4 percent permanently.

Following this logic, students and their families across the country are probably wondering: Well, why isn't the risk of doubling their interest rate treated the same way as benefiting the wealthiest Americans through tax cuts and businesses through tax cuts? Don't they count as much? Shouldn't they count as much?

We propose to pay for this 1-year extension by closing an egregious loophole in the Tax Code that has enabled certain high-wage earners to avoid paying their fair share into Social Security and Medicare by misclassifying their wages as profits through subchapter S corporations. It is a very small subset of corporations that are doing this, and our proposal is targeted.

This is not the small manufacturing plant that is organized as a subchapter S corporation or the pharmacy or the lumber dealer. These are consultants, these are high-paid attorneys, these are professionals who have chosen to put between themselves and their company or their partnership in another entity purely for the purpose of minimizing their payroll tax exposure. That is a loophole that should be cut regardless of other measures we are considering.

Essentially, this is a very small group of people, as I said. In order to be subject to this proposal, you would have to have 75 percent or more of your gross revenues from professional services. This does not apply to the manufacturer or the merchant. It is lawyers, accountants, lobbyists, and similarly positioned individuals. And it is further restricted to only those who earn more than $250,000 filing jointly. So this is not the struggling underpaid professional. These are people who are doing reasonably well in this very complicated and competitive society.

According to the Joint Committee on Taxation, in 2009 about 15 percent of all S corporations were service businesses as defined in this bill. Yet this small subset is responsible for billions of dollars in lost revenue to Medicare and Social Security.

In a 2009 report, the Government Accountability Office found that in the 2003 and 2004 tax years, individuals used this loophole to underreport over $23 billion in wage income.

This is a loophole that should be closed. I hope my colleagues on the other side of the aisle will take a serious look at it and join us in supporting this bill.

We have 54 days to prevent the interest rate from doubling on subsidized student loans. We have no time to waste.

Mr. President, with that, I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, in a little over a half an hour we will have a vote on whether we are even going to proceed to the bill that will keep interest rates on our subsidized Stafford loans at 3.4 percent for the next year or whether they will go up double on July 1.

This is just a vote on going to the bill. For the life of me, I cannot understand why the Republicans do not even want to go to the bill. Well, perhaps they are afraid if the vote really comes down to the bill itself and the, quote, offset, that maybe some of my friends on the other side of the aisle will think that students may be a little bit more important than a few wealthy people in this country who are not paying their fair share of taxes. But they are going to hide behind this motion to proceed. So that is what the vote is at noon. Are we going to even go to the bill so we can debate it, offer amendments, vote it up or down? Republicans do not even want to go there. They do not even want to proceed to the bill.

They have clouded it up in a lot of rhetoric about offsets and how we are going to pay for this. It comes down to a choice. We have a serious offer, a serious offer, a serious offset, one which is widely recognized as a terrible loophole. By closing that loophole—which affects a microcosm of individuals in this country—we are able to pay for keeping the interest rate at 3.4 percent for another year.

My friends on the other side of the aisle say, well, they want to keep the 3.4-percent interest rate, but they want to pay for it by eliminating—eliminating—killing the Prevention and Public Health Fund that goes to help make sure our kids do not get diabetes, to make sure we fight obesity, that we cut down on smoking in this country, that we make sure kids get their vaccinations—all the things that go to save us money in health care. That is the prevention fund. They want to take that money away from there. They want to end that program. That is their offset.

Well, if that is what they want, fine. But let's get to the bill. If they want to offer that as an offset, fine, we will vote on it. But they do not even want to go to the bill. Their priorities are not the students. Their priorities are protecting a small class of individuals in this country who use the Tax Code to avoid paying their fair share of Social Security and Medicare taxes.

We have heard all about: job creators, job creators; oh, we Democrats are going after these job creators. Well, the offset we have only affects subchapter S corporations, and only subchapter S corporations that have three or less stockholders—three or less. These are usually family members. They do not create any jobs—three or less. If you have five or ten or more, you are not covered by this; only if you have three or less, and only—only—if you have more than $250,000 a year in income. It is very narrowly drawn, very narrowly drawn. But the Joint Tax Committee scores this saying that over 10 years, by closing this loophole, we put $6 billion into the Medicare trust fund and $3 billion into the Social

Security trust fund. So there is $9 billion there of money where people using this loophole—a few people using this loophole—are able to escape paying their share of Medicare and Social Security taxes.

We are saying, let's close that loophole. Let's use those savings, put them into the Medicare and Social Security trust funds. Under the scoring system here, any revenue that is raised or mandatory cuts go to offset any increases in mandatory spending. Well, that is kind of budget jargon around this place. All it means is, by closing this loophole, we are able to do two important things: one, put more money into the Social Security and Medicare trust funds, and keep the interest rate for students at 3.4 percent for another year. Not a bad deal. I think a very good deal. But my friends on the other side are not going to go there. They want to kill the Prevention and Public Health Fund.

Mr. President, how much time remains on our side?

The PRESIDING OFFICER. The majority has 8 minutes remaining.

Mr. HARKIN. Mr. President, I yield the floor at this time and reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, I can understand the Senator from Iowa's concern about the reduction of the prevention and public health fund, which he put in the health care bill. I know he has a longstanding interest in that subject.

But let's be clear about this. It is not just Republicans who think that fund isn't the best use of taxpayer money; it is almost all the Democrats on that side of the aisle. In February, the Middle Class Tax Relief and Job Creation Act was passed. It was voted on in the Senate, and every Democrat except six voted to take $5 billion out of the prevention and public health fund we are talking about to pay for it. It is not only the Democrats on that side who have supported taking from the fund, it is the President of the United States.

President Obama, in his Fiscal Year 2013 budget proposal, proposed taking $4 billion away from the fund, and then in his 2011 deficit reduction package, he proposed taking $3.5 billion from the fund. So it is a bipartisan proposal. We are a government that is borrowing 40 cents of every $1 we spend. If we are going to spend some money, we have to save some money, at the very least.

What we are proposing on the Republican side is the same goal the Democrats have, the same goal that both President Obama and Governor Romney have, which is to take this 3.4-percent interest rate for new subsidized loans, for 40 percent of students who take out loans, and extend it at that rate for another year, while we also take a look at what the long-term prospects could be. We agree on that. We agree that 3.4 percent ought to continue to be the rate on new loans for another year. The President agrees. Governor Romney agrees.

We don't agree with Senator REID's proposal on how to pay for it. We have suggested paying for it by reducing spending in the health care law and reducing it in a way that all but six Democratic Senators have supported or at least from the fund they have supported reducing before and from the fund the President has supported reducing before.

Why are we suggesting saving from the health care law? There is a reason for that. It is because those who passed the health care law are overcharging students on student loans in order to help pay for it. Here is why I say that. The government is borrowing money, according to the CBO and the way it scores student loan spending today, at 2.8 percent and loaning it to students at 6.8 percent. The truth is, that 6.8 percent is a pretty good interest rate for a student who is maybe unemployed today. My colleague from Tennessee, Senator CORKER, was here talking about that earlier. There might be other ways of looking at this spending differently. But the way the Congressional Budget Office scores this spending today, it says the government is borrowing money at 2.8 percent and loaning it at 6.8 percent and that the government is making, in effect, a profit—that is my word—because the CBO says that based on the amount of money the government is receiving from the student loans, it makes a profit or a savings of $61 billion over 10 years.

What did our friends on the other side do with that $61 billion? The Senator from Iowa very carefully explained that yesterday. They spent it—all except $10 billion, which they used for deficit reduction. They could not keep their hands off it. They spent $8.7 billion of that excess money from student loans to help pay for the health care law.

We are saying that if we are looking for money to keep the interest rate at 3.4 percent, if we are trying to help students, why don't we give back to the students the money we are taking from them to pay for the health care law. We are overcharging students, according to the way the CBO looks at the loans, by $8.7 billion to help pay for the health care law. We propose in our bill to freeze the rate at 3.4 percent, give the students back the money we are overcharging them, and use the excess money—over $6 billion—to reduce the deficit, which we need to do at a time when we are borrowing 40 cents of every $1 we spend.

That is what the Interest Rate Reduction Act I have proposed does. It freezes it at 3.4 percent and gives back to students the money the government is overcharging them on student loans to pay for it. That is the same bill the House of Representatives passed. If we can get a vote on that here and pass it in the Senate, we can send it to the President, and he could go around the country saying he has worked with the Congress and has produced a way to help students save money.

The President needs to also say a couple more things. It is not much money—$7 a month on average student loans. But this is the political season, and students need to be aware of that. I have talked about tuition going up and student loans going up. But if we do what we have agreed we should do, what the House has already voted to do, and freeze this interest rate on 40 percent of new student loans at 3.4 percent for 1 year, it saves the average student on the average loan $7 a month. That is for 10 years. It adds up eventually to $830, but it is $7 a month. We should talk about the rest of the story too.

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

The PRESIDING OFFICER. The Senator has 14 minutes.

Mr. ALEXANDER. I thank the Chair. The rest of the story is about why tuition is going up. As a result, why are loans going up? There are several reasons. The main reason, which every college president and every Governor knows—and the Presiding Officer who was the Governor of West Virginia—college tuition is rising at public universities and community colleges across the country, where three out of four of our students go, is because of Federal Medicaid mandates on States that are soaking up dollars that would otherwise go to the University of West Virginia, the University of Tennessee, the University of Iowa, and other public institutions. Every college President knows that and every Governor knows that. That didn't just start 3 years ago. That was going on when I was Governor 25 or 30 years ago. I even came to Washington and said to President Reagan: You take all of Medicaid and we will take all of kindergarten through the 12th grade education. We want out of this situation every year of having to use State dollars to fund one-third or whatever you think we ought to be paying for Medicaid.

If we had made that swap 30 years ago, if the Federal Government had taken over all of Medicaid and the States had taken over all of kindergarten through the 12th grade education, the States would have come out about $4.5 billion ahead. If we made it today, if the Federal Government took all of Medicaid and the States took all of elementary and secondary education, the States would have $92 billion extra to spend. Where would it go?

I know that a lot of it would go to education—maybe most of it—especially to higher education and to public universities. The reason students are fasting and striking in California, when tuition is going up, is because California has reduced spending to its public universities by $1 billion since 2008. What the students don't seem to know is that the reason California has had to reduce spending to its public universities is because Washington has insisted that California, Tennessee, West

Virginia, Iowa, and every other State increase their share of spending on Medicaid, and that soaks up the money that would otherwise go to public universities and community colleges.

In my own State, last year, Medicaid spending was up 16 percent and higher education spending was down 15 percent. What was the result? Up went tuition 8 percent and up went student loans. So it is a good thing, I suppose, that Democrats and Republicans and Governor Romney and President Obama have all agreed that for 1 year we want to freeze the rate on new subsidized Stafford student loans at 3.4 percent and save the average students who get those new loans $7 a month.

What students and families who are struggling to pay for college need to know is that until we repeal this health care law or until we repeal these Medicaid mandates on States, those college tuition rates will be going through the roof. The Kaiser Family Foundation says States, which now spend about 1 out of every 4 State tax dollars on Medicaid, will see a 29-percent increase on average in the next year as the health care law goes into effect. Where do you suppose that 29 percent increase will come from? It will come from the State budgets. The Governor will sit there and choose primarily between spending for community colleges and universities. More of it will go to Medicaid and less to community colleges and universities. So their quality will go down and their tuition will go up. The students will be fasting in California and they will be thinking it is their legislators in California who are the problem, while it is really the legislators in Washington, DC who are the problem because they are the ones imposing the Medicaid mandates on states.

I have tried to be fair in saying this problem is not an invention of President Obama's and of the new health care law; this has been a trend for 25 or 30 years. But President Obama and the new health care law have made this problem worse. This debate, while it may save students $7 a month in interest payments and while we think the fairest way to do it is to take the money we are overcharging them and give it back to them, this debate at least highlights the issue I hope I hear the President and Governor Romney talk about this fall, which is about who is responsible for rising college tuition and student loan debt.

I believe the main person and main group responsible are those who insist on continuing Medicaid mandates on States that soak up the dollars that should be going to public colleges and universities.

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

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, how much time do we have?

The PRESIDING OFFICER. Eight minutes. The other side has 9 minutes.

Mr. HARKIN. Mr. President, I always enjoy engaging in good debate with my friend from Tennessee. He is a very thoughtful Senator, a very thoughtful member of our Committee too, and a good friend. Having been a former Secretary of Education, he has a depth and wellspring of knowledge about education, and I respect that greatly.

We obviously see things a little bit differently, but that is the nature of the animal here. I say to my friend that without getting into a point-by-point rebuttal, I wish to make it clear the President did put in his budget taking some money out of the prevention fund. I assume my friend knows I was not much in favor of that proposal. Then it was used later on to extend the unemployment insurance and also the payroll tax cut until the end of this year. That money was used for that. I was not very supportive of that. I thought we should have taken the money from elsewhere. At least the President has said that is it, no more. We will take a nick out of that prevention fund but no more. That is why he issued a statement of administration policy saying he would veto this bill if it had any cuts to the Prevention and Public Health Fund.

I used the analogy a while ago that the cut the President proposed, which was supported on our side, to extend the payroll tax cuts to the end of the year, I likened that to taking a couple pints of blood—we can take a couple pints of blood and still get our health back and go on. The proposal of my friend from Tennessee takes all our blood or all the prevention fund money. When we do that, we are dead. That is the analogy I have used. They took a couple pints of blood, which I was opposed to, but the prevention fund is still alive and healthy and is doing its job. It is going to do even more of its job in the future, as long as we don't take any more money out of it, and the President has said he will not do that.

I wanted to make that clear. That happened one time; no more. Even though Senators supported it on our side—and there were people who supported that on our side—they have said no more; we are not taking more out of that fund.

Lastly, I cannot help but also talk about this $61 billion the Senator from Tennessee keeps talking about. As I said yesterday, he is right in one way; that we did spend it. The question is, What did we spend it on? Well, as I said, $36 billion went to increased Pell grants. I don't think my friend from Tennessee would want to cut Pell grants. I think he is a pretty good supporter of Pell grants. That is where $36 billion of that went. And $750 million went to the College Access Challenge Grant Program, $2.55 billion went to historically Black colleges and universities, and $2 billion went for community colleges. So my friend may be right. Maybe we could reduce those interest rates a little bit. But what that money is being used for is basically students.

Now, I will be honest about this. Ten billion dollars went for decreasing the deficit. I don't think my friend from Tennessee would be opposed to that. And $9.2 billion went to other health care programs, including requiring dependent coverage in the health care bill. In other words, how many students now are covered under their parents' policies until they are age 26? They didn't have that before. Now they have it. So some of this money was used to invest in that or community health care centers. Yes, we did do that by providing some of the money from that—$9.2 billion of that—for some specific types of items in that health care bill.

Lastly, Mr. President, I just have to ask a question. Are we having a health care debate here or an education debate? I thought we were talking about education. We are talking about whether student loan interest rates on subsidized Stafford loans are going to double on July 1. Now it has morphed into some kind of big health care debate.

I have heard it said that the other side wants to keep the interest rates at 3.4-percent for a year. OK, fine. The question is, How do we pay for it? That is really the question. We have offered in good faith, I believe, a serious proposal: closing the loophole that affects a very small sliver of people in this country who are using this sort of a fog surrounding Subchapter S corporations to escape paying their fair share of Medicare and Social Security taxes.

Yesterday, someone on the other side said: Well, we can audit them. We can do IRS audits.

The IRS only audits one-half of 1 percent of subchapter S corporation filings. So if there is kind of a fog out there and I get to decide as a taxpayer, as a subchapter S corporation, whether I get paid or whether it is dividends, what am I going to say? Dividends. Because my odds are 95.5 percent that they are never going to audit me—95.5 percent. Those are pretty good odds.

That is why the Joint Tax Committee said that by closing this loophole—by closing this loophole—we save over $9 billion, put into the Social Security fund and Medicare fund, and at the same time be able to keep the interest rate for students at 3.4 percent. That is a serious offer. The offer from the other side is not serious. They want to kill the prevention fund. That is not serious at all, but that is where they are coming from.

Well, I say let's have a vote. Let's at least move the bill. That is what the vote is at noon, is moving the bill, getting it out there so we can have a debate on the bill and how we pay for it. Obviously, my friends on the other side of the aisle don't even want to bring up the bill. They do not want to bring it up. They are going to vote against cloture, against bringing up the bill to even discuss it and vote on it.

Mr. President, I will close by urging all Senators to support the cloture motion so that we can get to the bill and students and their families will know that we are serious about this and that on July 1 their interest rates are not going to double on our middle-class families.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I appreciate the comments and the courtesies of the chairman of the Committee on Health, Education, Labor and Pensions, and I recognize his leadership and his interest in these subjects.

The Senator asked the question: who connected health care to student loans? It was the Democrats who connected health care to student loans. Think about this. Here we were debating a new health care law a few years ago, and what happened? The Democrats—the majority—said: While we are at it, while we are supposedly fixing health care, we are going to take over the entire student loan program. We are going to take Arnie Duncan, who is a terrific Secretary of Education, and we are going to make him banker of the year, banker of the century, and we will put him in charge of making more than $100 billion in new loans every year to students all over America.

So as a part of the health care law, they got rid of the student loan program, most of which was handled by people you would expect to be making loans—that is, banks—and put it all in the government. They did that on the theory that the banks were making too much money.

It reminds me of people who think that if it can be found in the Yellow Pages, the government ought to be doing it. Autos, student loans—just put it all in the government.

So if we are going to do that, if we are going to connect the two, student loans and banks—and then the Congressional Budget Office comes along and says: Well, OK, if the government takes over the student loan program, it will save $61 billion, that $61 billion ought to go to the students who are getting the loans. That is my view. That is our view. And the Congressional Budget Office estimates that if we applied that $61 billion savings to student loans, we could have reduced the interest rates to about 5.3 percent and save the average student $2,200 over 10 years.

So it wasn't anybody on this side of the aisle who suggested during the health care debate that we ought to suddenly say: While we are at it, let's take over the student loan program.

All we are saying today is this: We agree with President Obama, we agree with Governor Romney, and we agree with the House of Representatives that the interest rate for new subsidized Stafford student loans should stay at 3.4 percent for the next 12 months. That will save the average student about $7 a month in interest payments. The only difference we have is how we propose to pay for it. The Democrats want to raise taxes on people and small businesses who are creating jobs while we are still in the midst of the greatest recession since the Great Depression. We say that since the government is borrowing money at 2.8 percent and loaning it to students at 6.8 percent and since the Congressional Budget Office said there was a savings of $61 billion when the Federal Government took over the student loan program and that $8.7 billion of the savings went to pay for the health care law, we ought to take the money the government is overcharging students and use it to pay for keeping this rate lower for another year. That is what we Republicans are saying and is where we have a difference in opinion with the other side.

So I hope my colleagues will vote no on the motion to proceed. We have a different proposal that we believe is superior and is the same as the one that passed the House. We would like a chance to offer the Interest Rate Reduction Act and give the students the benefit of our proposal, which will give the overcharged money back to them. We would like to have a vote on that.

Therefore, I recommend that we keep the rate at 3.4 percent; that we use the money we recognize as the savings we are taking from students, by overcharging them for student loans, as the best way to pay for it. Hopefully, the majority leader will allow us to consider the Interest Rate Reduction Act that we have proposed.

I thank the Chair, and I yield the floor.

CLOTURE MOTION

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

The bill 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 motion to proceed to Calendar No. 365, S. 2343, the Stop the Student Loan Interest Rate Hike Act of 2012.

Harry Reid, Jack Reed, Sheldon Whitehouse, Jeff Merkley, Charles E. Schumer, Kay R. Hagan, Jeanne Shaheen, Robert P. Casey, Jr., Kent Conrad, Sherrod Brown, John F. Kerry, Dianne Feinstein, Mary L. Landrieu, Barbara Boxer, Patty Murray, Bernard Sanders, Barbara A. Mikulski, Richard J. Durbin.

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 the motion to proceed to S. 2343, a bill to amend the Higher Education Act of 1965 to extend the reduced interest rate for Federal Direct Stafford Loans, 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 bill clerk called the roll.

Ms. SNOWE (when her name was called). Present.

Mr. KYL. The following Senators are necessarily absent: the Senator from Illinois (Mr. KIRK) and the Senator from Indiana (Mr. LUGAR).

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

The yeas and nays resulted—yeas 52, nays 45, as follows:

[Rollcall Vote No. 89 Leg.]

YEAS—52

Akaka	Hagan	Nelson (NE)
Baucus	Harkin	Nelson (FL)
Begich	Inouye	Pryor
Bennet	Johnson (SD)	Reed
Bingaman	Kerry	Rockefeller
Blumenthal	Klobuchar	Sanders
Boxer	Kohl	Schumer
Brown (OH)	Landrieu	Shaheen
Cantwell	Lautenberg	Stabenow
Cardin	Leahy	Tester
Carper	Levin	Udall (CO)
Casey	Lieberman	Udall (NM)
Conrad	Manchin	Warner
Coons	McCaskill	Webb
Durbin	Menendez	Whitehouse
Feinstein	Merkley	Wyden
Franken	Mikulski	
Gillibrand	Murray	

NAYS—45

Alexander	DeMint	McConnell
Ayotte	Enzi	Moran
Barrasso	Graham	Murkowski
Blunt	Grassley	Paul
Boozman	Hatch	Portman
Brown (MA)	Heller	Reid
Burr	Hoeven	Risch
Chambliss	Hutchison	Roberts
Coats	Inhofe	Rubio
Coburn	Isakson	Sessions
Cochran	Johanns	Shelby
Collins	Johnson (WI)	Thune
Corker	Kyl	Toomey
Cornyn	Lee	Vitter
Crapo	McCain	Wicker

ANSWERED "PRESENT"—1

Snowe

NOT VOTING—2

Kirk Lugar

The PRESIDING OFFICER. On this vote, the yeas are 52, the nays are 45. One Senator announcing present. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The majority leader.

Mr. REID. Mr. President, I enter a motion to reconsider the vote by which cloture was not invoked.

The PRESIDING OFFICER. The motion is entered.

RECESS

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

Thereupon, the Senate, at 12:30 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

STOP THE STUDENT LOAN INTEREST RATE HIKE ACT OF 2012—MOTION TO PROCEED—Continued

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Mr. President, I rise to express deep disappointment in the