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Senate

The Senate met at 9:15 a.m. and was called to order by the Honorable SHELDON WHITEHOUSE, a Senator from the State of Rhode Island.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal Spirit, today, give Your guidance to our lawmakers. Help them to seek first Your kingdom so that everything in time will fall into its proper place and their lives will honor You. As they seek greater intimacy with You, empower them to relate honestly with themselves and with one another. Lead them together to find solutions to the problems that beset this great land. Calm their fears and strengthen their faith. Use them to serve You and country with faithfulness. Let Your peace guard their hearts.

Lord, make us all ever grateful to You for burdens lifted, suffering assuaged, sins forgiven, life renewed, differences reconciled, and hopes restored.

We pray in Your sovereign Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable SHELDON WHITEHOUSE led the Pledge of Allegiance, as follows:

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

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 21, 2007.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable SHELDON WHITEHOUSE, a Senator from the State of Rhode Island, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

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

RECOGNITION OF THE ACTING MAJORITY LEADER

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

THANKING THE CHAPLAIN

Mr. CONRAD. Mr. President, first, we thank the Chaplain for another outstanding prayer. The Chaplain serves this institution very well. We thank him and commend him for that.

SCHEDULE

Mr. CONRAD. This morning, the Senate will immediately resume consideration of the budget resolution. Under the order entered last night, Mr. ENSIGN, the Senator from Nevada, will offer an amendment. Following debate on that amendment, the majority will offer an amendment. Unless we arrive at a different understanding between the managers of the bill, I want to alert all colleagues that no votes will occur before 5 p.m. this evening.

We start today with 42 hours left of the 50 hours on the budget resolution. We want to alert colleagues that unless we are able to find a way to give back time, that means we will have to be in until at least midnight tonight and, perhaps, through the night on Thursday. I don't anticipate that occurring because I anticipate Senator GREGG and I will work out a means to avoid that. But colleagues need to know that because we started the budget resolution later this year than in previous years, because of other legislation, we are under great pressure if we are going to finish this on Friday. We simply must conclude by Friday.

So we alert colleagues we are going to try to move a series of amendments so our friends on the other side of the aisle have a full opportunity to get their amendments up, offered, and considered, and colleagues on this side of the aisle also get a chance for their amendments.

With that, I thank my colleagues and ask for their cooperation with the managers as we move forward on the budget resolution.

Now we will turn to Senator ENSIGN, who is a valuable member of the Budget Committee. Sometimes we disagree on specifics, but we always welcome his good nature.

RESERVATION OF LEADER TIME

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

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2008

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

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 21) setting forth the congressional budget for the United States Government for fiscal year 2008 and including the appropriate budgetary levels for fiscal years 2007 and 2009 through 2012.

Pending:

Sessions amendment No. 466, to exclude the extension of tax relief provided in 2001 and 2003 from points of order provided in the resolution and other budget points of order.

Cornyn amendment No. 477, to provide for a budget point of order against legislation that increases income taxes on taxpayers, including hard-working middle-income families, entrepreneurs, and college students.

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

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

Mr. ENSIGN. First, I compliment Senator CONRAD on his relationship with Senator GREGG. The cooperation they have displayed over the past several years should serve as an example to everyone in this body how the Senate can, and should, work. They battle fiercely, battle for their own ideas, but the collegiality they demonstrate and the respect they show one another is a good example for the rest of us in the Senate. One we should follow. It is really the way we should legislate around here. I offer them my compliments.

AMENDMENT NO. 476

Mr. ENSIGN. Mr. President, I ask unanimous consent that the pending amendment be laid aside so that I may call up amendment No. 476.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. ENSIGN] proposes an amendment numbered 476.

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

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

The amendment is as follows:

(Purpose: To ensure that our troops serving in harm's way remain America's top budget priority by: ensuring full funding for the Department of Defense within the regular appropriations process, reducing reliance on supplemental appropriations bills, and by improving the integrity of the Congressional budget process)

On page 41, strike lines 9 through 11 and insert the following:

(2) for fiscal year 2008,

(A) for the national defense (050) function, $498,844,000,000 in new budget authority and $507,394,000,000 in outlays; and

(B) for all other functions, $443,468,000,000 in new budget authority and $514,013,000,000 in outlays.

Mr. ENSIGN. Mr. President, to briefly describe the amendment, it is a defense firewall amendment. This is not a new idea. We have had defense firewalls in the past. They have worked with some success. There have been a few problems with them, but overall they worked with some success.

We drafted the defense firewall in this amendment in a little different way than previous firewalls. These changes, I believe, will actually result in the firewall having its intended effect. That is, to make sure that the defense money in the budget is actually spent on defense.

In past years, a defense firewall has, frankly, been necessary. The chairman of the Budget Committee can attest to the fact that, under Republican control, this budget enforcement tool should have been in place. I have been very critical of Republicans when we chose to underfund defense purposely to shift money to other programs. Over the last several years, we used a kind of sleight of hand and budget gimmicks, and then restored defense spending later on in emergency supplementals. In effect, this raises overall spending for the Government.

Instead of honest budgeting and trying to increase certain non-defense programs in the open, we hid our spending habits from the American people. I have always said, that if you want to increase non-defense spending, have an honest vote to do so rather than using a gimmick. Fund defense honestly rather than what we have been doing, which is dishonest budgeting. We have not had the transparency under which I believe this institution should operate.

When the Democrats were campaigning last year, they criticized us in a lot of ways for using budget gimmicks, and I think rightly so. It is their time to keep what they have campaigned on—honest budgeting and true transparency. That is what we need in this place.

I want to take a minute to demonstrate what I have talked about for the last several years. Unfortunately, given how the new Democrat majority has chosen to fund BRAC, this Congress is continuing the bad habits of Congresses past.

What this chart shows is, in 2002, we added $1.9 billion in new spending. We took away from defense, about $1.9 billion, and then added that amount back in a supplemental. And this happens because everybody knows that Congress is going to fund defense to add that spending back later. We don't want to vote to actually cut defense, so we shift the money in the regular appropriations process and put it back in during an emergency supplemental. But what happens is that the $1.9 billion in 2002 gets added into the baseline for the next year. Then the next year, we underfunded defense by $11.5 billion, we shifted the money to other programs, and then added back the defense spending during the supplemental. The effect of this is to add on to the previous year—all of that in fiscal year 2004.

You can see the green bar at the bottom is the combination of the previous 2 years; that is added into the baseline. Then you do this again. Robbing from defense to once again add to the non-defense part of the baseline. This continues each year all the way up, and then you see what happens until we get to 2006. The cumulative effect of this is shown on the next chart.

I know the chairman of the Budget Committee likes charts, so we wanted to make sure we would have some of our own today. The cumulative effect of doing this each year for 5 years is a total of $84 billion. We don't have the new numbers for 2007 yet, but it is about an extra $40 billion. So we are probably well over $125 billion for a 6-year total in new spending. That really is the problem.

People are not being honest. If they want to increase spending, do it honestly. What our defense firewall says is that if you want to adjust defense spending, it cannot be done during the appropriations process; it has to be done during the budget process so that we are being honest with the American people. Since we assume a defense number in this budget, this amendment puts a wall around that amount so that it cannot be taken during the appropriations process. That wall says we will not take any more money out of defense to put into the other appropriations bills. This is transparency. This is honesty in budgeting.

When Republicans were in the majority, the Democrats claimed that we were fiscally irresponsible. They promised that they were going to come to power and be fiscally responsible. This is an amendment that will give them the opportunity to do just that. It gives them the opportunity to reject one of the budget gimmicks that has been used to add new spending.

I call on my colleagues in the majority to join with me in putting transparency into the budget process so we can help restrain Federal spending. Why do I say that? It is because when the Defense bill comes up as part of the process, no one, especially during a time of war, is going to vote to cut defense. So knowing that the Defense bill has to pass, the other bills get funded first. Defense comes up and it is slightly underfunded, so they know they have to make that up during an emergency bill. The emergency bill comes to the floor, and everybody knows it is going to pass. That is how this whole budget gimmick ends up increasing overall spending.

If you support fiscal responsibility, if you don't want to add a burden of debt and higher taxes onto young people and future generations, vote for this amendment. This is a fiscally responsible way to budget and to bring transparency into the Senate. This is the kind of amendment we need going forward. Both parties should operate under this kind of honesty when it comes to budgeting. I encourage all of my colleagues on both sides of the aisle to support this amendment.

I yield the floor.

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

Mr. CONRAD. Mr. President, I thank my colleague for this amendment. I don't favor this amendment, but it is a thoughtful, serious amendment, and it deserves thoughtful, serious consideration.

Let me just indicate that the budget resolution, as it stands with respect to funding for defense and funding for the war, is not affected by this amendment. The budget resolution has the President's full request for the war. So I wish to be clear that the Ensign amendment doesn't affect that. What the Ensign amendment does provide is a 60-vote point of order against any legislation that exceeds the budget authority, which he sets for defense and

nondefense discretionary spending, which is in the resolution. So what he is seeking to do is prevent money from going from defense to nondefense or the other way, from nondefense to defense. That is something we have done in the past.

My own analysis of it is that firewalls have not worked particularly well. We had them under the 1990 budget agreement. I think what we learned from that experience was they just didn't work as intended. Why not? Because instead of preventing games, I am afraid it encouraged games.

Let me say why I believe that is the case. No sooner were firewalls created for defense and international spending and domestic spending in the 1990s than our colleagues started to become very creative about how to jump over the firewalls.

For example, Congress started to dramatically expand the amount of medical research done by the Department of Defense. Instead of doing it at the National Institutes of Health, they tried to, in effect, evade the firewall—which, again, is absolutely well intended. But by doing the medical research not at NIH over in the domestic discretionary spending, they shifted the cost over into defense spending.

I am very strongly in favor of medical research, as I know my colleague from Nevada is. But does anyone in this Chamber really believe that we would have increased breast cancer research more effectively by not having it done at NIH rather than by the United States Army? And since firewalls were put in place, successive administrations have now started putting FBI budget authority over in the Defense Department. This is the kind of game that I think, in many ways, the Senator is seeking to prevent but I am afraid may just be encouraged.

Why has that been done? It has been done to evade the firewalls. It is not clear to me what problem this amendment would actually solve. We haven't had firewalls in the last several years. Yet defense spending has grown rapidly.

Since 2001, defense, as a share of gross domestic product, has grown very significantly. Here is a chart that shows what has occurred.

Defense, as a share of gross domestic product—which all the economists say is the best way to measure—has gone from 3 percent in 1999 to 4.2 percent of GDP now.

Seen another way, defense spending—this is not a share of GDP, but this chart is expressed in constant 2008 dollars so that we have a fair apples-to-apples comparison.

We can see that defense spending has gone up very dramatically. In fact, we are now past, in real terms, the spending at the President Reagan defense buildup peak, and we are now set to go beyond the Vietnam war spending peak.

The Ensign amendment will actually take away flexibility from appropriators about how best to live within their overall total allocation. They have a much closer perspective on the programmatic needs of the various agencies, and I don't think we should be reducing that flexibility.

If the Appropriations Committee were to move to eliminate $50 million in wasteful spending at the Department of Defense—let's presume for a moment that we found $50 million of waste at the Department of Defense—I think those of us close to this know that is not a theoretical possibility—that if $50 million of wasteful spending was found at the Department of Defense, it couldn't be easily reallocated to Homeland Security because it would face this defense firewall block. I think that is a mistake.

Finally, I note for my colleagues on the other side that a vote for the Ensign amendment is a vote to endorse and enforce not just defense, but also the nondefense discretionary spending levels in the Democratic budget resolution. My colleagues will be voting to endorse $443.5 billion in nondefense discretionary spending because this firewall works both ways.

If my colleagues think money ought to be transferred from domestic nondefense spending to defense spending, it would face this same firewall. It would have the same 60-vote hurdle.

On that basis, while I absolutely respect the constructive intention of the Senator from Nevada, I believe it would have precisely the opposite effect that he intends.

I thank the Chair and yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. GREGG. Mr. President, I yield myself such time as I will take.

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

Mr. GREGG. Mr. President, I wish to speak in support of the amendment of the Senator from Nevada. I think it is a critical amendment as we look at the budget with which we are dealing.

We know the budget we received from the other side of the aisle is a classic tax-and-spend budget. It raises taxes by $900 billion. It raises spending $144 billion in nondefense discretionary. The practical effect of that is very clear. The size of Government is going to grow dramatically, and the American workers are going to have to pay a heck of a lot more in taxes.

But there is something else we need to be sensitive to, and that is—and I credit the Senator from North Dakota for doing this—the Senator from North Dakota has put in place the numbers the President asked for to fight the war—$145 billion I believe is the number; something like that—for the 2008 budget. The problem is that unless that money is secured in a way that it cannot be gamed or used or reallocated, it can be used to grow the Government in nondefense discretionary activity. We have seen that happen. We have seen that happen, regrettably, all too often around here where money, which is defense money, is taken out of the Defense Department, moved over to the social spending side of the ledger because there is some account somebody wants to spend money on, and then halfway through the year, the Defense Department starts to run out of money and everybody is going to vote to replenish the Defense Department with a supplemental. That is the way it works around here.

Regrettably, it happened last year that way. Regrettably, it happened the year before last that way. Regrettably, it happened the year before the year before last that way. That is exactly what happens around here. Money is taken out of the Defense Department, put into the social spending accounts, it grows the base of the social spending accounts, and then the Defense Department is replenished through a supplemental because everybody knows we have to fund the Defense Department, especially during a time of war.

What the Senator from Nevada is trying to do is make sure that where we have this massive amount of money sitting there, these warfighting funds, and where we have increased the defense base by so much money, we essentially protect that money from being raided for the purposes of being used for everyday accounts around the operation of Government and for building the base of the operation of Government.

When we look at the history of the Congress, that type of action is needed. We need that type of protection. So a defense firewall is absolutely critical to fiscal discipline, and, I would argue—and I think history stands with me on this argument—if we don't have a defense firewall, it is very clear that the social nondefense, nondiscretionary spending number isn't going to increase by $144 billion, which is the number which is in this bill, which is a pretty significant increase over the President's number, by the way—the President jumped it up by a significant amount—it is going to increase by a lot more because we know defense money is going to flow into those accounts throughout the appropriations process in order to take care of this issue or that issue that somebody believes is important to their agenda.

We heard yesterday the Senator from Massachusetts talk about how No Child Left Behind had to receive more money, how IDEA had to receive more money, how Pell grants had to receive more money. The Senator from North Dakota has put more money into those accounts, significantly more money, and the President has put more money into those accounts, significantly more money. But I can assure my colleagues that when that appropriations bill hits the floor with those dollars in it, it is going to go up even further because there is going to be money taken out of the Defense Department and put into the Labor-HHS bill for the purpose of expanding those programs because that

money is sitting there and the money is defenseless, to use a term of art. The money is defenseless. It is going to be raided and taken over to the social side of the ledger from the Defense Department.

The Senator from Nevada has the right approach to set up this firewall and make it clear that we are going to have fiscal discipline. That is what we need, fiscal discipline. This budget doesn't have much fiscal discipline in it. In fact, it doesn't have any to speak of. But as a practical matter, it shouldn't get worse. We should put in place some limits that allow us to make sure even with this massive increase in nondefense discretionary money, that is where it stops, and we don't end up with the Defense Department being used as the piggy bank to fund even more nondefense discretionary spending.

The Senator is on the right track. It has been done before. It was actually quite effective before. I disagree with the characterization of it by the Senator from North Dakota. It made life a little more difficult with the appropriators and others who wanted to take advantage of defense dollars in order to use them on the nondefense discretionary side of the ledger, for social spending or whatever projects were floating around they wanted to do.

It will also have a direct impact, quite honestly, on earmarks. It will make it more difficult to earmark because there won't be money available with which to earmark. If you are opposed to earmarks, for fiscal discipline, if you think the Defense Department should get the money we promised them to fight the war, you have to vote for the Ensign amendment.

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

Mr. CONRAD. Mr. President, as the Senator from New Hampshire well knows, the war funding is secure. It is absolutely secure. At his urging, we put the war funding in a sidecar. Our cap adjustment for war costs is available only for war costs. That is a red herring of an issue, and he knows it.

Let's go back to this question of how things really work. I must say, I am sympathetic to the basic notion of trying to exert discipline and not having money that is appropriated for defense used for something else. I am absolutely sympathetic to that. The problem is, I don't think this works, and I am asking to have the list of earmarks that is in the Defense appropriations bill brought to me because I will then read that list. It will take me a good part of the day because we all know what is really happening around here.

The Senator talked about somehow suppressing earmarks. Please, do I really have to read the list of earmarks that has been put in the Defense appropriations bill that have nothing——

Mr. GREGG. Will the Senator yield at that point?

Mr. CONRAD. Let me complete the thought. I will be happy to yield. Don't we all know, haven't we all read the Defense appropriations bill and seen earmark after earmark after earmark put into that Defense bill that has nothing whatsoever to do with defense? I will be happy to yield.

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

Mr. GREGG. Mr. President, my point was that this will increase the piggy bank available to nondefense discretionary to be used for earmarking because it will take defense dollars and move them over to nondefense discretionary accounts. I don't argue with the argument that there is a significant number of earmarks in the defense budget. I hope that as part of reading his Defense Department earmarks—which I will be happy to agree exists—he will at the same time list the earmarks that were added into the Labor-HHS bill over the last 4, 5, 6 years as a result of literally billions of dollars being taken out of the Defense Department to pump up the Labor-HHS bill. That is where the earmarks occurred.

Mr. ENSIGN. Will the Senator yield?

Mr. CONRAD. I will be happy to yield in a minute, if I may just respond to the Senator. I think we all know the truth of this institution is that as soon as we create something such as a firewall, very creative minds go to work in this institution to find a way around it. That is the hard reality. I am happy to yield.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. ENSIGN. Mr. President, first of all, the Senator from North Dakota made the point that defense funding is secure. We do not in any way think we are going to underfund defense or the war funding. The point we were making about defense spending is that because everybody is going to make sure defense spending is secure, once the money for defense is put in there, money is taken out and put into other spending programs, then later in the year it is filled back in for defense.

Everybody knows we are going to fund the war. Everybody knows we are going to do the critical needs of the Department of Defense. What we are arguing is that other spending is going to be increased because of the budget gimmicks because there is no transparency.

What my amendment does is put transparency back into the process. That is why the Senator from New Hampshire and myself are arguing how critical this amendment is if we want to actually have some fiscal restraint, if we want to not just continue to blow up the deficits and pass this huge debt on to future generations.

Without transparency, without all the budget gimmicks, the numbers that my colleagues saw that I put up and the charts I put up for the last 5 years—let's put those charts back up. For the last 5 years, $84 billion total has been added in nondefense, other types of social spending programs. And it was done, in a way, with budget gimmicks, where people, kind of sleight of hand over here, looked as though they were being fiscally responsible, but they were not. They said they were operating within the budget caps that were set out, but because then the Defense spending was declared as emergency, that allowed people to get around the Defense caps.

What we are trying to do is to install some fiscal discipline. That is why we put a 60-vote, supermajority, point of order against this kind of activity. There is still flexibility. If people wanted to argue: let's take the money out, let's increase these accounts the way it has been done in the past, at least there is a supermajority required to do so.

I keep going back to last fall's election and before that, when the Democrats accused Republicans in the majority of being fiscally irresponsible. This is a chance to fulfill their campaign promise of being fiscally responsible. It is time to step up, put mechanisms in place that will put the discipline into this body to help hold down the spending that goes on in this place.

I will not argue that games won't be played. What we are going to do, though, is to make it more difficult to play the games. There will always be people who will try to get around whatever budget discipline we put in. The appropriators are famous for that. What we are trying to do here is to put in budget discipline, to put in a steeper wall to climb over to get around these sleight-of-hand budget tricks.

That is what this amendment is about, to say let's for once be fiscally responsible around this place. Let's think about the children and future generations as far as spending is concerned. I ask my colleagues to support this amendment when it comes up to the full Senate for a vote.

Mr. BYRD. Mr. President, at Andrews Air Force Base in 1990, I helped to craft the first statutory firewalls as part of the budget summit that resulted in the Budget Enforcement Act of 1990. That act created three categories of discretionary spending—defense, international, and domestic discretionary.

At the time, the device of the three separate caps to protect each category from being raided by another category made sense. There was a definable military threat, and nondefense funds did not contribute significantly to the defense of the Nation. That is not the case anymore. The September 11 attacks blurred the line between defense and nondefense spending. Military threats can no longer be viewed as matters that are fought solely through the Defense Department. The enemy may attack our troops overseas or civilians here at home. Within a matter of weeks, the focus of our war against terrorism can shift from military efforts abroad, to our homeland security efforts here at home, and then back again.

To respond to this threat, the Congress should maintain maximum flexibility to shift funds to where they are needed most—whether for our homeland security needs here at home or for our troops overseas or for our veterans who need health and medical care. With so much uncertainty regarding the threat of terrorism and the war in Iraq, it makes no sense to limit how those funds can be spent.

Senators should know that firewalls in the past have forced the Congress to resort to all sorts of machinations to pass its annual spending bills. Firewalls were used in past years, as part of a partisan budget process, to hold nondefense discretionary spending at unrealistically low levels. These spending levels were set early in the year under different fiscal circumstances and at levels that neither the administration nor the Congress expected to stay within. The result was always unnecessary delays in the appropriations process and even more spending as nearly all budgetary discipline evaporates in the push to pass an end-of-the-year omnibus bill.

These kinds of budget gimmicks undermine the people's confidence in the Congress to manage the Nation's spending priorities.

Mr. President, I yield the floor, and 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. OBAMA. 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.

Who yields time?

Mr. CONRAD. Mr. President, how much time would the Senator like?

Mr. OBAMA. Mr. President, I was hoping for 10 minutes.

Mr. CONRAD. I will be happy to yield 10 minutes to the Senator off the bill.

The ACTING PRESIDENT pro tempore. The Senator from Illinois is recognized for 10 minutes.

THE IRAQ WAR

Mr. OBAMA. Mr. President, on Thursdays, Senator DURBIN and I hold a constituent coffee so we can hear from the folks back home. A young man came a few months ago who was about 25, 26 years old. He had been back from Iraq for a year. The first 6 months of that year he spent in a coma. An explosion had shattered his face, blinded him in both eyes, and has left him without the use of one arm.

He told us about how he was going through rehab, and he introduced us to his family. He has a wife and two young daughters like I do, and his wife talked for a bit about the adjustments they were making at home since dad got hurt. I found myself looking at not just him, but at his wife, who loves him so much, and I thought about how their lives were forever changed because of the decision that was carried out 4 years ago.

The sacrifices of war are immeasurable.

I first made this point in the fall of 2002, at the end of the speech I gave opposing the invasion of Iraq. I said then that I certainly do not oppose all wars, but dumb wars—rash wars. Because there is no decision more profound than the one we make to send our brave men and women into harm's way.

I have thought about these words from time to time since that speech, but never so much as the day I saw that young man and his wife.

The sacrifices of war are immeasurable. Too many have returned from Iraq with that soldier's story—with broken bodies and shattered nerves and wounds that even the best care may not heal. Too many of our best have come home shrouded in the flag they loved. Too many moms and dads and husbands and wives have answered that knock on the door that is the hardest for any loved one to hear.

And the rest of us have seen too many promises of swift victories, and dying insurgencies, and budding democracy give way to the reality of a brutal civil war that goes on and on and on to this day.

The sacrifices of war are immeasurable. It was not impossible to see back then that we might arrive at the place we are at today.

I said then that a war based not on reason but on passion, not on principle but on politics would lead to a U.S. occupation of undetermined length, at undetermined cost, with undetermined consequences. I believed that an invasion of Iraq without a clear rationale or strong international support would only strengthen the recruitment arm of al-Qaida and erode the good standing and moral authority that took our country generations to build. There were other experts, and leaders, and everyday Americans who believed this too.

I wish we had been wrong. I wish we weren't here talking about this at the beginning of the war's fifth year. Because the consequences of this war have been profound. And the sacrifices have been immeasurable.

Those who would have us continue this war in perpetuity like to say that this is a matter of resolve on behalf of the American people. But the American people have been extraordinarily resolved. They have seen their sons and daughters killed or wounded on the streets of Fallujah. They have spent hundreds of billions of dollars on this effort—money that could have been devoted to strengthening our homeland security and our competitive standing as a nation.

No, it has not been a failure of resolve that has led us to this chaos, but a failure of strategy—a strategy that has only strengthened Iran's strategic position; increased threats posed by terrorist organizations; reduced U.S. credibility and influence around the world; and placed Israel and other nations friendly to the United States in the region in greater peril.

Iraq has not been a failure of resolve, it has been a failure of strategy—and that strategy must change. It is time to bring a responsible end to this conflict is now.

There is no military solution to this war. No amount of U.S. soldiers not 10,000 more, not 20,000 more, not the almost 30,000 more that we now know we are sending—can solve the grievances that lay at the heart of someone else's civil war. Our troops cannot serve as their diplomats, and we can no longer referee their civil war. We must begin a phased withdrawal of our forces starting May 1, with the goal of removing all combat forces by March 30, 2008.

We also must make sure that we are not as careless getting out of this war as we were getting in, and that is why this withdrawal should be gradual, and keep some U.S. troops in the region to prevent a wider war and go after al Qaida and other terrorists.

But it must begin soon. Letting the Iraqis know that we will not be there forever is our last, best hope to pressure the Iraqis to take ownership of their country and bring an end to their conflict. It is time for our troops to start coming home.

History will not judge the architects of this war kindly. But the books have yet to be written on our efforts to right the wrongs we see in Iraq. The story has yet to be told about how we turned from this moment, found our way out of the desert, and took to heart the lessons of war that too many refused to heed back then.

For it is of little use or comfort to recall past advice and warnings if we do not allow them to guide us in the challenges that lie ahead. Threats loom large in an age where terrorist networks thrive, and there will certainly be times when we have to call on our brave servicemen and women to risk their lives again.

But before we make that most profound of all decisions—before we send our best off to battle, we must remember what led us to this day and learn from the principles that follow.

We must remember that ideology is not a foreign policy. We must not embark on war based on untested theories, political agendas or wishful thinking that has little basis in fact or reality. We must focus our efforts on the threats we know exist, and we must evaluate those threats with sound intelligence that is never manipulated for political reasons again.

We must remember that the cost of going it alone is immense. It is a choice we sometimes have to make, but one that must be made rarely and always reluctantly. That is because America's standing in the world is a precious resource not easily rebuilt. We value the cooperation and goodwill of other nations not because it makes us feel good, but because it makes all the world safer—because the only way to battle 21st century threats that race across borders—threats like terror, and disease, and nuclear proliferation—is

to enlist the resources and support of all nations. To win our wider struggle, we must let people across this planet know that there is another, more hopeful alternative to the hateful ideologies the terrorists espouse—and a renewed America will reflect and champion that vision

We must remember that planning for peace is just as critical as planning for war. Iraq was not just a failure of conception, but a failure of execution, and so when a conflict does arise that requires our involvement, we must do our best to understand that country's history, its politics, its ethnic and religious divisions before our troops ever set foot on its soil.

We must understand that setting up ballot boxes does not a democracy make—that real freedom and real stability come from doing the hard work of helping to build a strong police force, and a legitimate government, and ensuring that people have food, and water, and electricity, and basic services. And we must be honest about how much of that we can do ourselves and how much must come from the people themselves.

Finally, we must remember that when we send our servicemen and women to war, we make sure we have given them the training they need, and the equipment that will keep them safe, and a mission they can accomplish.

We must respect our commanders' advice not just when its politically convenient but even when it is not what we want to hear. And when our troops come home, it is our most solemn responsibility to make sure they come home to the services, and the benefits, and the care they deserve.

As we stand at the beginning of the fifth year of this war, let us remember that young man from Illinois, and his wife, and his daughters, and the thousands upon thousands of families who are living the very real consequences and immeasurable sacrifices that have come from our decision to invade Iraq.

We are so blessed in this country to have so many men and women like this—Americans willing to put on that uniform, and say the hard goodbyes, and risk their lives in a far off land because they know that such consequences and sacrifices are sometimes necessary to defend our country and achieve a lasting peace.

That is why we have no greater responsibility than to ensure that the decision to place them in harm's way is the right one. And that is why we must learn the lessons of Iraq. It is what we owe our soldiers. It is what we owe their families. And it is what we owe our country—now, and in all the days and months to come.

Mr. President, I yield the floor.

Mr. CONRAD. Mr. President, I commend the Senator from Illinois, Senator OBAMA, for the wisdom he has displayed with respect to the conflict in Iraq. I read a speech he gave when he was a State Senator warning about the dangers of going to war in Iraq. In many ways it reflected many of the same feelings and analysis I had given in my speech on the floor of the Senate.

I gave the last speech before that fateful vote to authorize going to war in Iraq. I believed at the time it was a mistake to go to Iraq before finishing business with Osama bin Laden. After all, it was Saddam Hussein in Iraq whom this administration decided to go after. But it was not Saddam Hussein or Iraq that attacked this country on 9/11, it was Osama bin Laden and the al-Qaida network that had attacked this country. We have still never held Osama bin Laden to account. I have always felt that was an extremely serious mistake, a military mistake for this country. I was so impressed that the Senator from Illinois, who was a State senator at the time, had the wisdom and the judgment to see that. I wish more had seen it.

I, again, thank the Senator from Illinois.

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

Mr. GREGG. Mr. President, so we can get the order, I understand we are going to go to Senator BUNNING next; is that the game plan? He is on his way to the floor.

Mr. CONRAD. Yes. I thank the Senator very much for his continuing courtesy as we try to move through this. Senator BUNNING, we are told, is on his way to the floor to offer an amendment. We are also asking Senator BINGAMAN to come.

I see Senator BUNNING is here now. We can go to his amendment.

Mr. BUNNING. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. The Ensign amendment is the pending question.

Mr. BUNNING. I ask unanimous consent the pending amendment be set aside.

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

AMENDMENT NO. 483

Mr. BUNNING. I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows.

The Senator from Kentucky [Mr. BUNNING], for himself and Mr. ENZI, proposes an amendment numbered 483.

Mr. BUNNING. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide a point of order against any budget resolution that fails to achieve an on-budget balance within 5 years)

At the end of title II, add the following:

SEC. ___. CIRCUIT BREAKER TO PROTECT SOCIAL SECURITY.

(a) CIRCUIT BREAKER.—If in any year the Congressional Budget Office, in its report pursuant to section 202(e)(1) of the Congressional Budget Act of 1974 projects an on-budget deficit (excluding Social Security) for the budget year or any subsequent fiscal year covered by those projections, then the concurrent resolution on the budget for the budget year shall reduce on-budget deficits relative to the projections of Congressional Budget Office and put the budget on a path to achieve on-budget balance within 5 years, and shall include such provisions as are necessary to protect Social Security and facilitate deficit reduction, except it shall not contain any reduction in Social Security benefits.

(b) POINT OF ORDER.—If in any year the Congressional Budget Office, in its report pursuant to section 202(e)(1) of the Congressional Budget Act of 1974 projects an on-budget deficit for the budget year or any subsequent fiscal year covered by those projections, it shall not be in order in the Senate to consider a concurrent resolution on the budget for the budget year or any conference report thereon that fails to reduce on-budget deficits relative to the projections of Congressional Budget Office and put the budget on a path to achieve on-budget balance within 5 years.

(c) AMENDMENTS TO BUDGET RESOLUTION.—If in any year the Congressional Budget Office, in its report pursuant to section 202(e)(1) of the Congressional Budget Act of 1974 projects an on-budget deficit for the budget year or any subsequent fiscal year covered by those projections, it shall not be in order in the Senate to consider an amendment to a concurrent resolution on the budget that would increase on-budget deficits relative to the concurrent resolution on the budget in any fiscal year covered by that concurrent resolution on the budget or cause the budget to fail to achieve on-budget balance within 5 years.

(d) SUSPENSION OF REQUIREMENT DURING WAR OR LOW ECONOMIC GROWTH.—

(1) LOW GROWTH.—If the most recent of the Department of Commerce's advance, preliminary, or final reports of actual real economic growth indicate that the rate of real economic growth (as measured by real GDP) for each of the most recently reported quarter and the immediately preceding quarter is less than 1 percent, this section is suspended.

(2) WAR.—If a declaration of war is in effect, this section is suspended.

(e) SUPERMAJORITY WAIVER AND APPEALS.—

(1) WAIVER.—Subsections (b) and (c) may be waived or suspended in the Senate only by an affirmative vote of three-fifths of the Members, duly chosen and sworn.

(2) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this subsection shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this subsection.

(f) BUDGET YEAR.—In this section, the term ''budget year'' shall have the same meaning as in section 250(c)(12) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Mr. BUNNING. Mr. President, this amendment is almost identical to the language that was included in the fiscal year 2003 budget resolution that Chairman CONRAD authored. This amendment provides that, starting with the fiscal year 2009 budget, if

CBO's budget and economic outlook reports projections that the Social Security surplus will be spent for non-Social Security programs during any year covered by its projections, then the budget resolution must present a plan to protect Social Security by reducing those deficits.

As you can see by this chart, in 2009, 2010, 2011, and 2012, these are the Social Security dollars that are being used in this current budget that has been proposed for other purposes. From $423 billion up to $1.027 trillion. If the budget resolution fails to put the budget on a glidepath to protecting the Social Security surplus within 5 years, it will be subject to a point of order in the Senate. There is an exception for times of war and low economic growth, and it can be waived by a vote of three-fifths of the Senators.

The purpose of this circuit breaker is to put the budget on a path to balance without spending the Social Security money that is needed for the baby boomers' retirements. It ensures that Social Security trust funds will be used for their intended purpose and that is for retirement of the baby boomers and all after.

We all know the challenges the Social Security system faces as the first of the baby boomers start to retire very shortly. The effects of this demographic tidal wave will begin to grow rapidly as the years progress. Chairman CONRAD will point to a provision in this budget that he calls the ''save Social Security first'' point of order. However, this point of order does not—I say emphatically does—not protect the Social Security surplus the way my amendment will do it. In fact, the budget resolution before us spends, as I showed you, over $1 trillion additional of the Social Security surplus. My amendment says that just because we have been spending the Social Security surplus for decades doesn't mean we should continue. We have dug ourselves into a big ditch. The budget before us keeps digging.

My amendment says stop digging. It forces Congress to make a plan to protect the Social Security surplus. I urge my colleagues to think about the future of Social Security retirees and support this amendment. We have this amendment before us. It is almost exactly like the amendment the now chairman of the Budget Committee put in the 2003 budget resolution, and his rationale for knocking out the point of order in the budget markup was: ''Well, we have been doing it for years.''

Yes, we have been doing it for years, and it is time to stop. Stop spending the Social Security surplus for other purposes—other purposes being any other functions for which the Federal Government might need money. What does that do to my grandchildren and the grandchildren of everybody else in this body and those listening? It says to your grandchildren: You have to fend for yourself. We are going to leave you with this pile of debt, such that in 2017 we are not going to have enough money in the trust funds to pay off your Social Security benefits—in 2017, when we start spending this money out of the trust funds—with the interest we are supposed to be getting from it. By 2040, we will have spent down all the trust funds and all the interest. What does that mean? That means in 2041 those benefits in Social Security will be 74 percent of what we promised our recipients. That is the money that will be coming in, in Social Security taxes at that time. We will only be able to pay out 74 percent of the benefits because we have prespent the trust funds for other purposes.

My amendment says: Stop. Think about what you are doing, Members of the Senate, Members of the Congress. Stop digging the hole. We are going to bury our future generations in a massive debt situation where their benefits will not be able to be paid.

I ask support for this amendment when it comes up for the vote.

I yield the floor.

The ACTING PRESIDENT pro tempore. Who yields time? The Senator from North Dakota.

Mr. CONRAD. Mr. President, the Senator talks about Social Security money being spent in the Democratic budget resolution—and he is right. There is money spent, Social Security money, in the Democratic budget resolution. Why? Because our friends on the other side, in the 6 years they have controlled everything, have dug such a deep hole it is going to take us a while to climb out. Look at the President's budget. That is the only budget from the other side. The other side has not presented a budget other than the President's budget.

Here is what the President's budget does in terms of spending Social Security money. The President's budget spends $1.16 trillion of Social Security money over the next 5 years—every dime that is available. We use $1.03 trillion. So let's be clear. The only budget from the other side uses more Social Security money than does our budget. Both budgets use Social Security money because we are now in such a deep hole it is going to take time to dig out.

Here is the record from the other side. The record from the other side is they have so far spent $1.1 trillion of Social Security money and, if the President's budget is followed, they will have spent $2.5 trillion by 2017. Every dime of Social Security money that is available to spend will have been spent by our friends on the other side. That is their record.

Look, we inherited this mess. We have to climb out and we are making progress. Our budget balances by 2012, and over time we will end this practice of using Social Security money. Let me indicate that in this budget resolution, we have passed a ''save Social Security first'' amendment. It says there can be no new mandatory spending or tax cuts until the 75-year Social Security solvency is restored, unless it is paid for or gets a supermajority vote. That is in the underlying budget resolution to protect Social Security.

I say to my colleague, he has offered an amendment I previously offered. When I offered it, it was before we descended into this deficit and debt ditch. It was designed to prevent us from going that road, from going down the path of using Social Security money to fund other things. Unfortunately, our colleagues on the other side opposed it and defeated it. They prevented it from being put in force, which would have hopefully prevented all this from happening. But that was not the case. Now it is akin to closing the barn door after the cattle are gone. Now the Senator from Kentucky offers this amendment.

The upshot of this amendment, if it were to pass, would be to create a 60-vote hurdle against having a budget resolution next year. That is what the effect of the Bunning amendment would be. If people want to vote for it as a symbolic measure, that is fine with me. Members should know they are free to vote however they think is the right way when we vote on the Bunning amendment later this evening.

Ms. STABENOW. Will my colleague yield for a question?

Mr. CONRAD. I am happy to yield.

Ms. STABENOW. I thank you, as chairman of the Budget Committee, for bringing forward the ''save Social Security first'' amendment in committee. It makes it very clear in the budget resolution that we intend to come out of this hole and are committed to making sure Social Security moneys are restored.

Last night we heard from other colleagues on the other side of the aisle. Senator SESSIONS offered an amendment that basically would fly in the face of Senator BUNNING's amendment, wouldn't you say, because it essentially would take away the ability to have a 60-vote point of order as it relates to extending the tax cuts that created the hole in the first place. Because isn't it true that essentially the tax cuts were paid for by using Social Security surplus funds?

Mr. CONRAD. The Senator is certainly right. Senator SESSIONS' amendment would allow all of the tax cuts to be extended without having to be paid for, without having to be offset. So it does directly contradict at least the spirit of the Bunning amendment.

I must say, I am very much in sympathy with the spirit of the Bunning amendment because, after all, it was my amendment back in 2002 when it really would have done some good because that was before we went down this path of using Social Security funds to pay all kinds of other bills.

I have said many times that what is being done here in Washington is a basic violation of any kind of the sense of the trust fund because trust fund moneys that are in temporary surplus before the baby boomers retire are

being used to pay other bills. You could not do that in any other institution. You could not do that in any private business. You could not do that in any other private sector institution. You could not take the retirement funds of your employees and use them to pay your operating expenses. If you did that, you would be in violation of Federal law. You would be on your way to a Federal institution, but it would not be the Congress of the United States, it would not be the White House; you would be headed for the big house because that is a violation of Federal law. But that is the practice that has grown up. It has been, unfortunately, the case here for 30 years, with only 2 years of exception: The last 2 years of the Clinton administration, we were able to stop using Social Security funds to pay other bills. That was one of the greatest achievements of the Congress and the administration. Unfortunately, under this new administration, they went right back the other way, using every dime of Social Security money to pay other bills. Now we are in such a deep hole that it is going to continue for some period of time until we are able to dig out.

Ms. STABENOW. If I might ask a second question of my friend. Again, I will start by congratulating the Senator. I remember, as a new member of the Budget Committee, coming in in 2001 when there were record surpluses, that the Senator was warning us about what could happen. Actually, is it not true that at that time, the Senator was suggesting a third of the surpluses go to prefunding the liability of Social Security so we would not find ourselves in this mess? Would not that have had a very different outcome on where we are today?

Mr. CONRAD. Yes. I thank the Senator for remembering that. I did have a plan. Instead of giving the outsized tax cuts the President proposed, I proposed giving a $900 billion tax cut, very large tax cuts, but to use the rest of the money to strengthen Social Security, to either prefund the liability or pay down the debt.

Instead, a different judgment was made. Social Security money that really never was in what I would consider surplus—because it is all needed when the baby boomers retire—has been taken and has been used, every dime under the President's fiscal plan, to pay other bills and to finance tax cuts. I think that was a profound mistake. That is why I offered the amendment the Senator from Kentucky has now offered, an amendment I offered back in 2002, to prevent us from ever going down this path. Now we have gone down it. Both budgets, if we are to be honest, use Social Security funds. We use somewhat less than the President's budget. It is going to take time to dig out.

The PRESIDING OFFICER (Mr. CARDIN). The Senator from Kentucky.

Mr. BUNNING. Mr. President, two wrongs do not make a right. The fact is that the President's budget includes it, every President's budget has included it since Ronald Reagan. That includes Bush 1, Bill Clinton's budget for 8 years, and now George W. Bush's budget. They have included spending the Social Security trust funds that are in surplus in every budget for over 15 years that I know of.

Now that my good friends from the Democratic Party are in the majority, they are doing the same thing. They are spending our trust funds that the Social Security system must buy bonds with. That is the law. We do not have another law that says you can take the Social Security trust funds and you can put it in this little box and you must keep it. No. The law says—and I was on the Ways and Means Committee with the current chairman of the Senate when we tried to wall off Social Security trust funds. It did not pass over in the House at that time. So we have been spending them ever since. That does not make it right. It is still wrong to spend it.

The other side said they are going to fix the surplus problem. Well, they are not. I hope they do. This amendment gives some teeth to that promise because it holds the majority—whoever is the majority—accountable.

Now that they are in the majority, they do not want to hold themselves responsible for the Social Security trust funds. They say: Oh, because we have been doing this all this time, it is too late to stop. We can save $1.027 trillion if we stop now and do not include this in our 5-year projections.

I hate to tell you, if we moved this out to 10 years, what it would look like. I am not going to do that because the budget is a 5-year budget. But $1 trillion, to my grandkids and their retirement or Senator CONRAD's grandkids or anybody's kids, is a lot of money, and the more we can save for their retirement, the less we are going to have to borrow down the road.

So, please, when you are considering this amendment, consider the consequences of what we are doing here. We are doing more of the same. It is time we stopped doing it.

I ask for your support. This is a very important amendment. It is not a feel-good amendment; it is a substantive amendment that we actually are doing things to stop spending the Social Security trust funds.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I thank the Senator from Kentucky, who may be one of the most effective spokespersons in the Senate on the issue of protecting the Social Security accounts and making sure that as we move forward, we are responsible in that area.

This amendment accomplishes exactly that. It is a brilliantly drafted amendment because it was, of course, drafted by the chairman of the Budget Committee and offered by him.

Mr. Chairman, it reflects that the times have changed. Well, they really have not; the numbers have changed. Instead of $2 trillion, we are now talking $1 trillion of Social Security money that is going to be used in this budget.

You know, the cattle are not out of the barn; they truly are in the barn. And we figure each cow is worth a dollar. We should be protecting them, and we should be at least addressing them. What I think the amendment does is it highlights the essence of one of the most significant problems with this budget; that is, although it spends a lot of money and it raises a lot of taxes, it does nothing on the issue of the long-term solvency of this Government, which is the most significant threat we face.

The chairman of the Budget Committee has held numerous hearings on this issue. I have congratulated him on being focused on this issue. But, unfortunately, he brought forward a budget which does not address this. We have created a government which is not going to be affordable to our children because the costs of Social Security and the costs of Medicare when the baby boomer generation retires is simply going to overwhelm their fiscal ability to support that generation.

We should be getting on right now and doing things that correct this. There were ideas put forward which would accomplish this that the President put forward in the area of Medicare. There are things you can do in the area of Social Security. For example, you can get the reimbursements correct on the COLA.

But what this budget does is nothing. It does nothing to protect or address this outyear problem. What it does do is aggravate the problem by digging the hole deeper by using $1 trillion of Social Security funds to operate the Federal Government over the 5 years of this budget.

So when the chairman of the committee drafted the amendment, he was thinking correctly. And when he said that—he was speaking here relevant to the use of Social Security funds by the administration in prior budgets—they included as the definition of a balanced budget one that raided the Social Security trust fund of every dime. Then he claimed that it was a balanced budget. That was no balanced budget; that was a budget built on massive borrowing disguised as balancing the budget.

Well, that is essentially a statement which could be applied exactly to this budget. So the chairman was right with that statement. Then he went on further and said: It threatens Social Security to take $180- to $190 billion of Social Security money, to use it, instead of paying down the debt or prepaying the liability, to use to it pay operating expenses of the Government, it threatens Social Security. That again is being done within this budget to the tune of $1 trillion.

So the Senator from Kentucky in his own way is once again highlighting the issue effectively and has put forward language which will accomplish the

goal. It was good language when it was offered by the Senator from North Dakota, and it is good language offered by the Senator from Kentucky. I certainly hope we support it.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, first of all, I want to say I have been put at a disadvantage here because the Senator from Kentucky, whom I like very much, whom I respect very much, has offered an amendment I drafted.

Unfortunately, they did not support it when I offered it back in 2003. It really would have helped us avoid this disaster of using Social Security money. So maybe we have here a coming around to support an issue at least at a later point. I am going to recommend to my colleagues that we vote for this amendment on the floor, as a symbolic measure if for no other reason.

When I drafted this amendment and offered it back in 2002, what a difference it would have made if it had been adopted. But, unfortunately, our colleagues who have just spoken so eloquently in favor of it now opposed it then. They opposed it when it actually would have done something. Well, I still appreciate the fact that they now, 5 years later, appreciate the wisdom of my words then. I certainly will not stand in the way of adopting this amendment tonight. In fact, my vote will be cast in favor of this amendment.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I don't want to prolong the debate because the Senators from New Mexico and Tennessee have an amendment ready to go. But I would note that the most recent inconsistency on this is not our side, it would be on the Democratic side, in that the Senator from North Dakota voted against this amendment in committee, which he now is going to vote for on the floor. I wanted to make that point. So the inconsistency is in the eye of the beholder.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Let me say that I cast that vote in committee because the practical effect of this amendment now is not going to protect Social Security. The practical effect of this amendment is to create a 60-vote hurdle to pass a budget resolution next year.

But, look, I am proud of the amendment I crafted 5 years ago. I think we have to send every message we can that it is wrong to be using Social Security trust funds to pay other bills. I believe that with every fiber of my being. Senator BUNNING has offered this amendment unfortunately 5 years too late. I am going to support it even though it is 5 years too late.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I will conclude my comments by saying that I hope the Senator from North Dakota is not cynical, because of his rather negative view of what this amendment will do. I hope it does not come to fruition.

I hope what the amendment does is force the people who bring the budget next year to look at Social Security and figure out how we are going to deal with it and thus put in place some entitlement reform which addresses this issue and gets us into a position where we are able to protect it.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, it is for that reason that I will support the amendment, because it may, even at this late hour, help build pressure for what the Senator from New Hampshire and I both want to do, which is somehow find a path to addressing these long-term entitlement challenges. It may help do that.

In that spirit, I will support the amendment tonight.

Now we have Senator BINGAMAN ready.

The PRESIDING OFFICER. The time yielded to the Senator from New Mexico?

Mr. CONRAD. How much time does the Senator from New Mexico seek?

Mr. BINGAMAN. I need at most 15 minutes. I know my colleague from Tennessee needs a comparable amount of time. I know there are others who wish to speak, but I don't know if they will be able to come to the floor at this point.

Mr. CONRAD. I yield 15 minutes to the Senator from New Mexico. And then the Senator from Tennessee, how much would the Senator seek?

Mr. ALEXANDER. Up to 15 minutes, please.

Mr. CONRAD. Would the Senator from New Hampshire provide the Senator from Tennessee with time off his side on this amendment?

Mr. GREGG. I would. I understand the Senator from South Carolina wants to speak on the Bunning amendment. Should we complete that debate?

Mr. CONRAD. I think in fairness to the other two Senators, we should let them go forward with their amendment. Then we could come back to the Senator from South Carolina for his comments on the Bunning amendment.

Mr. GREGG. Sounds good.

The PRESIDING OFFICER. Is the Senator from North Dakota seeking consent to set aside the Bunning amendment so we may proceed to this amendment?

Mr. CONRAD. Yes, I think we should set aside the Bunning amendment so that the Bingaman amendment may be offered. The Senator from Tennessee could speak on that. We did ask them to come at this time to do so. I apologize to Senator DEMINT. We were not aware that he was on his way to the floor. In fairness, that is what we should do.

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

The Senator from New Mexico is recognized.

AMENDMENT NO. 486

Mr. BINGAMAN. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Mr. ALEXANDER, Mr. LIEBERMAN, Mr. DOMENICI, Mr. ENSIGN, and Mr. REID, proposes amendment numbered 486.

Mr. BINGAMAN. I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide additional funding resources in FY2008 for investments in innovation and education in order to improve the competitiveness of the United States)

On page 10, line 9, increase the amount by $1,008,000,000.

On page 10, line 10, increase the amount by $428,000,000.

On page 10, line 14, increase the amount by $345,000,000.

On page 10, line 18, increase the amount by $179,000,000.

On page 10, line 22, increase the amount by $35,000,000.

On page 11, line 1, increase the amount by $18,000,000.

On page 14, line 9, increase the amount by $11,000,000.

On page 14, line 10, increase the amount by $9,000,000.

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

On page 26, line 12, decrease the amount by $1,019,000,000.

On page 26, line 13, decrease the amount by $437,000,000.

On page 26, line 17, decrease the amount by $348,000,000.

On page 26, line 21, decrease the amount by $179,000,000.

On page 26, line 25, decrease the amount by $35,000,000.

On page 27, line 4, decrease the amount by $18,000,000.

Mr. BINGAMAN. Mr. President, I am offering this amendment on behalf of myself and Senators ALEXANDER, LIEBERMAN, DOMENICI, ENSIGN, and REID. This is an amendment that I believe will go a long way toward ensuring that the United States maintains its preeminent status in our global economy.

On March 6, Senator REID and Senator MCCONNELL and many of the rest of us held a press conference on the introduction of a bill we called the America COMPETES Act. The bill represents recommendations from two reports on the status of our Nation's ability to compete in the global economy. Those reports are the National Academy of Sciences report on ''Rising Above the Gathering Storm,'' and the Council on Competitiveness report entitled ''Innovate America.''

Obviously, this is not the right time to try to enact that legislation. Let me make it clear to my colleagues that we are not proposing that legislation as an amendment to the budget resolution. What we are proposing, though, is an amendment that tries to make sure

that the budget ceilings, the overall amounts that are permitted for the various agencies and functions of the Government, are as high as possible so that there is room in this budget to actually go forward and appropriate the funds called for in that authorizing legislation. We hope we will bring up that authorizing legislation some time in the next couple of months and get it passed and sent to the President.

Let me describe briefly what this amendment would do. It would provide for the National Science Foundation to meet the President's requested funding level of $6.4 billion for the Department of Energy. It would allow the budget to meet the President's request for the Office of Science at $4.4 billion, as well as provide funding that would allow for a program similar to that administered by the Hertz Foundation for training a new generation of Ph.D. students in the physical sciences. For the National Institutes of Science and Technology, it will provide necessary funding to meet the $704 million authorization level in the bill, thereby strengthening programs such as the Hollings Manufacturing Extension Partnership to help small and medium-sized businesses compete in the global economy.

The reports I referred to were important in that they tapped into and identified a growing uneasiness that is being experienced throughout the country about our ability to remain competitive in world markets. It is clear that we are slipping in our world leadership role in science and engineering. We are losing site of the importance of long-term investments in creating the conditions for prosperity.

In 1995, Alan Greenspan was quoted as saying:

> Had the innovations of recent decades, especially in information technologies, not come to fruition, productivity growth would have continued to languish at the rate of the preceding 20 years.

Recent work that has been done by the Federal Reserve bears out that a broader category of such intangible investments now accounts for a full 11 percent of our gross domestic product and that much of our economic growth is attributable to these activities: research and development and information technologies. The statistics that we have bear out that while we are not yet at a point of crisis, we are approaching one. At the macro level, the fastest growing economies continue to increase their research and development investments at nearly five times the rate of the United States. Collectively, we have China and Ireland, Israel, Singapore, South Korea, and Taiwan increasing their research and development investment rates by 214 percent between 1995, when Alan Greenspan made his statement, and 2004. During that same period when they were increasing their investment by over 200 percent, the United States was increasing its investment by 43 percent.

A recent survey of several industries in the United States and Europe found that 48 of 235 recent or planned research and development facilities would actually be located in this country; 55 were to be located in China, 18 in India. Indeed, on a trip I took to India a couple years ago, we learned that the Intel Design Center for Intel Corporation in Bangalore is now designing chips that are fabricated by a manufacturing plant in New Mexico. It used to be the other way around. It used to be that we would do the design work, the high-end, value-added work here, and the manufacturing would occur elsewhere.

The achievement and interest level of U.S. students in math and science is a serious problem for all of us. In fact, the most recent NAEP assessments of educational progress in math reveal that only 23 percent of 12th graders in this country performed at or above proficient. That is in the year 2005. Unfortunately, this assessment in science reveals that the scores for 12th graders have declined since 1996 in each of the science areas—in the earth sciences, physical sciences, and life sciences. Only 18 percent of 12th graders scored at or above proficient in science.

So the issues are serious. They are ones about which more and more of the opinion leaders and thoughtful students of this subject have come to be concerned. These reports have been a major contribution to the dialog. Those of us in Congress are now called upon to actually put in place some solutions to these problems.

I believe passing this amendment to the budget resolution to ensure that there will be room in the budget for funding to meet these very important needs is extremely important.

Let me also acknowledge—and this is something for which I commend the chairman of the Budget Committee—the budget resolution before us increases funding for education by more than $6 billion over what the President proposed. Much of that increased funding is to allow for full funding in the appropriations process of some of these math and science education initiatives and also strengthening math and science teaching skills for our Nation's teaching workforce. That is clearly intended by the budget resolution. The amendment we are offering today does not propose increases in funding in that area because, in fact, the budget resolution itself does make room for the funding increases that America COMPETES calls for.

Let me acknowledge the extremely impressive leadership of my colleague from Tennessee, Senator ALEXANDER, in focusing the attention of the Congress on this issue. He has been the single most aggressive Member of the Senate in making sure we continue to address this issue at every stage. As I see it, our amendment is one step in that process. I know it has the support of Senator REID. I believe it also will have the support of the managers of the legislation. I hope it has the support of all Senators, Democratic and Republican.

I should point out that the offset that this legislation calls for is essentially whatever change in funding the Appropriations Committee chooses to make in so-called function 920. It gives them discretion to either do a very modest across-the-board cut in other funds or find some other way to locate the funds needed.

This legislation would add $1.9 billion that is currently not permitted in the budget for these essential items. It is important that we pass the amendment. I urge all my colleagues to do so.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I congratulate the Senator from New Mexico. He has been working at this a long time. He helped originate the report by the National Academy of Sciences to which he referred, ''Rising Above the Gathering Storm.'' He has also performed a service to the Senate and the country by doing some of the hard, less glamourous work, because he has worked his way through the budget process and, in his words, we are making sure with this amendment that we have room in the budget to appropriate funds to support what I believe is the single most important legislation before the Congress this year; that is the America COMPETES Act which has been introduced by the Democratic leader, Senator REID, and by the Republican leader, Senator MCCONNELL.

At one stage in its development over the last 2 years it had 70 Senators, an equal number of both parties, supporting it and has been vetted and worked on by at least a half dozen of our committees. I thank Senator BINGAMAN for his long-time leadership on this effort, especially for making sure there is room in the budget for it.

On this side of the aisle, we talk a lot about progrowth policies and progrowth investments. We usually mean tax cuts when we talk about that. I learned a long time ago that while low taxes and balanced budgets are one important part of a progrowth strategy, they are not the only important part.

When I was Governor of my State, the Senator from New Hampshire was Governor of his State. That is a low-tax State. It was nearly as low a tax State as Tennessee when we were both Governors. That was important. But we also found out in Tennessee that if we wanted an auto industry, we had to have good four-lane highways. If we wanted to grow new jobs, we wanted to have a good banking. That was part of a progrowth strategy.

But more than anything else, the most important part of a progrowth strategy in my State was schools, colleges, and universities. We learned that better schools, colleges, and universities meant better jobs.

So this legislation we are talking about is about America's brainpower advantage. It is the reason why we produce a third of all the money for

about 5 percent of all the people in the world. It is because of the big ideas that have come out of our country. From the automobile, to the electric light bulb, to Google—they have been created here. The jobs are here and the standard of living is higher here.

But the rest of the world has figured that out. They have the same brains we do, and suddenly China is recruiting the most distinguished Chinese professors from great American universities to come back to China to build up China. You heard what Senator BINGAMAN said about what is happening in India.

We are talking about a little money for progrowth investments here. We would make room for $1 billion the President requested—that the President requested—to restore funding for basic scientific research in math and science education so we can keep our brainpower advantage. This is the real way to keep our good jobs from going to China and India and other countries in the world.

It is important to keep that $1 billion over the next year in perspective. That is half what we spend in the war in Iraq in a week. We spent $237 billion on debt last year, $378 billion on Medicare, $545 billion on Social Security, at least $70 billion on hurricanes. We are going to be asked to pass a $100 billion supplemental request for the war in Iraq.

We will not have enough money to pay all these important bills unless we keep enough money in the budget for the investments that keep our brainpower advantage so we can keep our jobs. That is where we get all that money.

The Bingaman-Alexander amendment would help make room for the $1 billion requested by the President to fund basic research in math and science education.

Specifically, one, it would restore $398 million for the National Science Foundation, bringing the total to $6.429 billion, as requested by the President.

Two, it restores $610 million for the Department of Energy's Office of Science, bringing the total to $4.481 billion, which meets the President's request, and then adds $70 million extra for three programs that are part of the Reid-McConnell America COMPETES Act: Discovery institutes, PACE Graduate Fellows, and Distinguished Scientists.

It adds $11 million for the National Institute of Standards and Technology, as authorized for next year by the Reid-McConnell legislation.

The majority leader and the minority leader, in the midst of some contentious discussions in the Senate—which we have regularly—are rising above that and putting this piece of legislation into play. I know of no other piece of legislation that has that kind of bipartisan support that is that important to the future of our country. It is based on work Senator BINGAMAN, Senator DOMENICI, Senator MIKULSKI, Senator ENSIGN, Senator LIEBERMAN, Senator HUTCHISON, and many others have been a part of. Senator Frist and Senator REID put the bill in, in the first place, toward the end of last year.

It began because Senator BINGAMAN and I and others walked down the street to the National Academy of Sciences and said: Please tell us exactly what we ought to do, in priority order, to keep our brainpower advantage. Give us 10 specific things to do. They gave us 20, in priority order. That was put together with other important work done by the Council on Competitiveness. Then here we are today with the ''Rising Above the Gathering Storm'' report and with the Council on Competitiveness' report.

The bill, the America COMPETES Act, to which this amendment relates, authorizes $16 billion in new spending over 4 years. But this is a significant savings over the original legislation, the one that was sponsored by 70 Senators and reported by the committees. We took out $3 billion from the bills passed by Energy and Commerce. We avoided a number of duplicative undergraduate scholarship programs. We wanted progrowth investment, but we wanted to do it wisely and prudently.

I wish to conclude my remarks with some of the provisions of the America COMPETES Act. I know the Senator from South Carolina is waiting to speak, and others will be speaking, too, so I will conclude my remarks quickly. But it includes such matters as doubling funding for the National Science Foundation. It will set the Department of Energy's Office of Science on track to double in funding over 10 years. It will strengthen the skills of thousands of math and science teachers, and others.

As I said, provisions of the America COMPETES Act include double funding for the National Science Foundation, or NSF, from $5.6 billion in fiscal year 2006 to $11.2 billion in fiscal year 2011; setting the Department of Energy's Office of Science on track to double in funding over 10 years, increasing from $3.6 billion in fiscal year 2006 to over $5.2 billion in fiscal year 2011.

Another provision is to strengthen the skills of thousands of math and science teachers by establishing training and education programs at summer institutes hosted at the National Laboratories and by increasing support for the Teacher Institutes for the 21st Century program at NSF.

Another provision is to expand the Robert Noyce Teacher Scholarship Program at NSF to recruit and train individuals to become math and science teachers in high-need schools.

Another provision is to assist States in establishing or expanding statewide specialty schools in math and science that students from across the State would be eligible to attend—as they do now in North Carolina and other States.

Another provision is to expand Advanced Placement, AP, and International Baccalaureate, IB, programs by increasing the number of teachers prepared to teach these math, science, and foreign language courses in high schools. This would allow thousands of new students to take these outstanding college preparatory classes.

Another provision is to provide grants to universities to establish programs modeled on the successful UTeach program at the University of Texas—where students getting a bachelor's degree in math or science can concurrently earn teaching credentials and become the new generation of math and science teachers.

Another provision is to create partnerships between National Laboratories and local high-need high schools to establish centers of excellence in math and science education.

The challenge America faces today is really about brainpower and jobs.

We Americans—who constitute just 5 percent of the world's population—produced about 30 percent of the world's wealth last year. Yet we worry that America may be losing its brainpower advantage. We see what is happening in China and India and other countries, too, such as Finland, Singapore, and Ireland. We face a new ''flat'' world where more and more countries can compete with us, and we must rise to the challenge. That is why we must fund this progrowth investment in our economy and create the best new jobs here instead of shipping them overseas. That is why I hope all my colleagues will join in supporting this amendment.

One more point. We asked our National Academies what to do to keep our brainpower advantage. We worked 2 years through various committees and many changes to bring our legislation to this point. We still have some way to go, although a parallel path is being pursued in a bipartisan way in the House.

I believe we will get there, and get there soon, with this kind of leadership. But we should realize President Hu of China walked over to the National Academy of Sciences in China last July, and they do things in a little different way. He announced to his joint academy meeting in the Great Hall of the People exactly what China's innovation effort would be over the next 10 years, how they are going to increase their percentage investment in the gross domestic product, how they are going to improve their universities and elementary and secondary schools, and exactly what they would do to recruit distinguished Chinese leaders to come back, because they know their brainpower advantage, to the extent they can develop and improve on it, is the most important aspect of creating good jobs and a higher standard of living here.

So this legislation is a step in that direction for us. We have much more to do. We have the research and development tax credit to make permanent. We have provisions in the immigration legislation which have passed once,

which I hope pass again, to in-source brainpower, to give a preference to people with high skills in science, technology, engineering, and math. Let them stay here, create jobs here instead of in other countries. We are going to continue to work on that.

But Senator BINGAMAN has, by his leadership and persistence, come up with an amendment, which I join him in cosponsoring, which will make room for funding. We need to properly support the America COMPETES Act that Senator REID and Senator MCCONNELL have cosponsored, along with 40 of us right now. Hopefully, we will be keeping that brainpower advantage and, therefore, keeping our good jobs.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. CONRAD. Mr. President, I ask the Senator to withhold for 1 minute.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I wish to comment very briefly on the amendment that was offered.

I commend Senator BINGAMAN and Senator ALEXANDER for one of the most thoughtful amendments I have seen being offered on the budget resolution. It is bipartisan. It is something that has been very well thought through. It is almost a model for how things ought to be done in this Chamber. So I especially commend Senator BINGAMAN and Senator ALEXANDER for this effort, and many other colleagues who have been involved in it. I hope it serves as an example for everybody about how we do business around here. I thank the two Senators very much.

Mr. President, we now have Senator DEMINT who wants to comment briefly on the Bunning amendment and also lay down an amendment. We have an understanding we have the potential of a side-by-side amendment with the DeMint amendment, if that becomes necessary. Senator GREGG and I have talked about that.

IMPORTANCE OF EDUCATION

Mr. BINGAMAN. As the chairman knows, strong math and science education is critical if we, as a nation, are going to continue to have a skilled and educated workforce that can compete in the global economy.

Mr. CONRAD. Yes, I agree.

Mr. BINGAMAN. Does the chairman agree that we need to improve K–12 math and science education for all students in this country and do all we can to strengthen the math and science teaching skills of the teaching workforce?

Mr. CONRAD. Yes, these are both very important elements to maintaining our economic edge.

Mr. BINGAMAN. I am very pleased that the chairman's mark increases funding for education by more than $6 billion over the President's proposed budget, and I ask, was it the chairman's assumption that this increase should be used, in part, to fund provisions that will strengthen K–12 math and science education and strengthen the math and science teaching skills of the teaching workforce?

Mr. CONRAD. That is correct.

Mr. BINGAMAN. I thank the chairman and look forward to working with him to ensure these critical programs receive funding.

Mr. DOMENICI. Mr. President, today I join Senator BINGAMAN and other colleagues to offer an amendment to increase our investment in our Nation's economic competivenes.

Our amendment will provide just over $1 billion for the coming fiscal year to support world-class research in the physical sciences and for educating our next generation of scientists.

Just over a year ago, the National Academy of Science report, ''Rising Above the Gathering Storm,'' focused national attention on a challenge of enormous significance. We are not doing enough to harness, and develop, our national brainpower.

Earlier this month, I joined a bipartisan group of Senators to introduce the America COMPETES Act, S. 761. This act is the result of a remarkable cooperative effort, involving three Senate committees and valuable contributions from a number of Senators. We have the support of the majority leader and the minority leader, and we are going to make this happen.

All of us that worked to write this legislation are deeply concerned about maintaining our Nation's ability to compete in the high-tech, global marketplace.

Our bill increases our investments in science and mathematics education at all levels—kindergarten through high school, college, and graduate school. The America COMPETES Act will also build on educational programs at Department of Energy laboratories. These programs will strengthen the teaching skills of math and science teachers throughout the country.

The America COMPETES Act authorizes a doubling of research dollars to key research agencies, including the Department of Energy Office of Science, the National Science Foundation, and the National Institute of Standards and Technology.

The amendment we offer today will allow us to follow through on the promise of the America COMPETES Act. We need to devote the resources necessary to meet the goals of this important legislation.

We need to take action now to support our standard of living and ensure we continue to grow and prosper. If we do not, we can expect other nations to rival our global competitiveness—and one day to surpass us.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. DEMINT. Mr. President, I ask unanimous consent that we set the pending amendment aside.

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

AMENDMENT NO. 489

Mr. DEMINT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. DEMINT] proposes an amendment numbered 489.

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

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

The amendment is as follows:

(Purpose: To establish a reserve fund for Social Security reform)

At the end of title III, insert the following:

SEC. ____. RESERVE FUND FOR SOCIAL SECURITY REFORM.

If the Senate Committee on Finance reports a bill or joint resolution, or an amendment is offered thereto, or a conference report is submitted thereon, that provides changes to the Federal Old Age, Survivors, and Disability Insurance Benefits Program established under title II of the Social Security Act (42 U.S.C. 401 et seq.) by—

(1) requiring that the Federal Old Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund are to be used only to finance expenditures to provide retirement income of future beneficiaries of such program;

(2) ensuring that there is no change to current law scheduled benefits for individuals born before January 1, 1951;

(3) providing participants with the benefits of savings and investment while permitting the pre-funding of at least some portion of future benefits; and

(4) ensuring that the funds made available to finance such legislation do not exceed the amounts of the Chief Actuary of the Social Security Administration's intermediate actuarial estimates of the Federal Old Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund, as published in the most recent report of the Board of Trustees of such Trust Funds;

the chairman of the Committee on the Budget of the Senate may make the appropriate adjustments in allocations and aggregates to the extent that such legislation would not increase the deficit for fiscal year 2008 and for the period of fiscal years 2008 through 2012.

Mr. DEMINT. Mr. President, as we all came into this debate on the first Democrat budget, a lot of us had high hopes. If you think back to the November elections, it seemed, at least for a few months, that Republicans and Democrats, in many ways, were saying a lot of the same things. We all decided it was very important we stop wasteful spending. We talked about reducing the debt. We even talked about keeping some of the tax relief that had gotten our economy going and created more jobs, although there is certainly some disagreement as to which tax cuts should be kept in place.

As we see the Democratic budget at this point, there are certainly a number of us who are disappointed, particularly as we see this budget allows crushing tax increases to hit Americans at every income level, as well as tax increases on the businesses that provide us all our jobs. Even more, there is nothing in this budget that does anything to cut spending. We all know there is wasteful spending

throughout this Federal Government. We need to get about the task of finding it and cutting it.

Perhaps the worst example of wasteful spending is when we take the taxes people pay for Social Security and, instead of saving them, we spend them on other things. For a number of years now, the amount of taxes all Americans pay in every paycheck for their future Social Security income—they have actually been more than we need to pay the benefits of current retirees. It is what we refer to as the Social Security surplus. But instead of saving this surplus over the years, we take that money and put it in the general fund and spend it on all kinds of things.

Even worse than spending Social Security on other things is we do not count it as debt when we talk about the deficit every year. So using the Social Security money is actually a way to hide even more wasteful spending without counting it as debt.

Now, for everything we borrow from Social Security, we put an IOU in this so-called trust fund, with this idea someday we are going to pay it back. But we need to try to remind the American people there are no plans in this Congress—and there never have been any plans—to pay that money back. Unfortunately, the Democratic budget that has been proposed over the next 5 years will spend over $1 trillion additionally in Social Security taxes, as well as the interest that is supposed to be paid on that money that has already been borrowed. So the money that should be saved for the future of Americans in their retired days is being spent every year, and it is being used to conceal more and more wasteful spending.

A lot of us have heard the news reports over the last year or two about the number of corporate pension plans that are going broke. The reason for that is, over the years not enough money has been put in those pensions to allow the companies to actually pay the benefits that have been promised. We call that an underfunded pension plan. It is creating huge problems for us throughout our country and for a number of workers who are counting on those pensions in their retirement.

But as we consider Social Security, it is a pension plan. It is a pension plan Americans pay into with the reasonable expectation that one day they will be able to get their promised benefits. But Social Security is not only an underfunded pension plan, it is a completely unfunded pension plan. Not one dime of all the trillions of dollars that have been put into Social Security over our lifetime is saved. As I said before, it is actually being used to obscure a bigger debt and to obscure more and more wasteful spending at the Federal level.

I commend Senator BUNNING for his amendment that would require our budgeting needs not budget these Social Security dollars for other spending. I think it is very important that we take this a step further. Not only should we not spend the Social Security surplus, but we should take that money and put it in a reserve account so we actually save it for the future instead of giving it to the general fund to spend on anything we in Congress can come up with. Take the Social Security surplus—the cash itself will be about $80 billion this year; if you count the interest, it gets well more than that—put it in a reserve account and not spend it.

The amendment I have offered would allow us, within the budgeting process, to set this money aside and not spend it. Unless we support this amendment as part of the budgeting process, when we bring this up to actually get it done some time this year, there will be a point of order against it and it will not be allowed to pass. So it has to be done now. That is the purpose of this amendment.

Now, what will happen if we pass this amendment and we take this money off the table and no longer allow Congress to spend it? Then we are going to have to be honest about our debt, and we are probably going to have to cut some wasteful spending because this money is not going to be available for us to spend. It will put a lot of pressure on both parties, Republicans and Democrats, to figure out how to cut wasteful spending and how to save the Social Security money we promised to future generations. If we put it in a reserve account, we will also start the process to create a funded Social Security system, a Social Security system that has real money so we can keep our promises to future generations.

So I support Senator BUNNING's amendment. I offer another that will take it a step further, so that the money we take off the table cannot be spent on anything else; it has to be in a reserve account and can only be spent on Social Security in the future. I wish to thank the Senator for allowing me to offer that amendment.

I yield the floor.

Mr. CONRAD. Mr. President, would the Senator be open to some questions with respect to his amendment so we might clarify it so we might have a floor understanding of the intention of the Senator?

Mr. DEMINT. Yes, I will.

Mr. CONRAD. Let me first say that in large measure, I am in agreement with what I hear the Senator saying. I have always thought we are engaged in ''funny money'' accounting around here, taking Social Security money and using it to pay other bills. That is the object of the Senator's amendment; is that correct?

Mr. DEMINT. Well, that is part of the goal. The goal is not to spend it on other things but to actually set it aside so we don't spend it. In the past, as the Senator knows, we talked about lockboxes, where we don't spend it, but in effect we do spend it, even if it is paying down the debt.

The goal of the amendment is to take money that is surplused for Social Security and say it will only be spent for Social Security. This amendment doesn't take it any further than that. It doesn't tell Congress how the money should be saved or invested; it doesn't get into the more controversial aspects of will it go into personal accounts. It does not establish individual ownership at all. These are the things that have divided us in the past.

But I think we agree with the basic concept: Let's take Social Security off the table and somehow save it in a way that we can't spend it so we can be more honest in our accounting.

Mr. CONRAD. That raises a whole series of questions, and that is another thing I wanted to ask the Senator about. If it is set aside, if it is not used to pay down the debt, how would those funds be invested under the amendment from the Senator?

Mr. DEMINT. My amendment doesn't specify. Congress would have to determine that. As the Senator knows, as part of the budget process, this does not affect it happening. We would still have to perform the act of taking the money off the table. I think, again, as a majority Senator, you would have a greater determination of how that money is saved. There is no intent in my amendment to direct how it is saved. It could be T bills or something within the Federal Government. But the hope is we will put it in some type of holding or savings that is not part of the general fund anymore. It is not spent.

Mr. CONRAD. Mr. President, is there anything in this amendment that would prevent it from being invested in some other securities other than Government bonds?

Mr. DEMINT. There is nothing that allows for it or prevents it. So I assume, again, with my colleagues in control of what comes to the floor, there is no danger of it drifting into any controversial area. I think we can certainly agree on some safe savings that would be risk free for the American people.

Mr. CONRAD. Is there anything that would prevent the funds from going to private accounts?

Mr. DEMINT. It does not allow for that in any way. That would have to be a separate piece of legislation, so that would be determined by—this legislation does not open the door for private accounts.

Mr. CONRAD. I thank the Senator for his answers to those questions. Has the Senator sent the amendment to the desk?

Mr. DEMINT. Yes.

Mr. CONRAD. I appreciate that. We have an understanding that if there is a desire to have a side-by-side amendment, that will be open to our side. I thank the Senator for answering those questions and for offering the amendment.

Mr. DEMINT. I thank the Senator.

Mr. CONRAD. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, in the interest of trying to move things along with some dispatch, we have now had a number of amendments offered, including the Bunning amendment, the DeMint amendment, the amendment by Senators BINGAMAN and ALEXANDER. We now want to make certain we are ready to go to the Allard amendment. We are told Senator ALLARD will be here momentarily. That would be the next amendment in order. We are trying then to go to the Baucus amendment. We are trying to reach his staff to see if that would be accommodated within his schedule. We also have Senator COLLINS. When would she be available?

Mr. GREGG. Mr. President, as I understand it, Senator COLLINS expects to be here by 11:45 to present her amendment. Then, as I also understand it, at 12:30, we go to an hour which is agreed to and under the rule they have an hour certainly available to them on the Humphrey-Hawkins, and that would be Senator BROWNBACK and Senator SCHUMER, I believe, who have that hour.

Mr. CONRAD. Let us check with Senator BAUCUS and see.

Mr. GREGG. We certainly want to accommodate Senator BAUCUS on our side.

Mr. CONRAD. All right. Let's see if we can't work that out in the next few moments. Until then, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. CONRAD. I see Senator ALLARD has now come to the floor. We want to thank him for helping expedite the consideration of the budget resolution. We very much appreciate his coming on short notice to the floor to offer his amendment.

Senator ALLARD's amendment is now in order.

The PRESIDING OFFICER. Does the Senator seek unanimous consent to set aside the pending amendment?

Mr. CONRAD. Precisely so.

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

The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, while I am getting set up, I ask unanimous consent to set aside the pending business. I have two amendments at the desk, and I ask unanimous consent to call them up en bloc and send them to the desk.

Mr. CONRAD. Reserving the right to object, we have only been noticed on this side about one amendment.

Mr. ALLARD. Yes. I plan on calling it up—I wish to call up both amendments so I have votes on them. The first amendment, and then the second amendment I plan on putting in the group of amendments we will vote on at the end, which we only allow a few minutes for debate. The first amendment I was going to call up—this will be the one we will debate and take up floor time.

Mr. CONRAD. All right. Fair enough.

Mr. ALLARD. Mr. President, I wish to send up——

Mr. CONRAD. Could we get the second amendment?

Mr. ALLARD. I will be glad to get those to my colleagues. Here is the one on discretionary spending, the one we will be debating during this time period. Would the Senator like the second amendment before I send it up?

Mr. CONRAD. We have a procedure we try to follow so that we see amendments before they are sent to the desk. That would be very helpful to us. We were noticed on the Senator's first amendment. That is the amendment the Senator offered in the committee; am I correct?

Mr. ALLARD. That is the one that was offered in committee dealing with discretionary spending. The second amendment deals with mandatory spending.

Mr. CONRAD. I appreciate that. If the Senator could send up the one we have seen and withhold on the other until we have had a chance to look at that.

Mr. ALLARD. That would be fine.

Mr. CONRAD. I appreciate it very much.

Mr. ALLARD. I wish to make sure we get an opportunity to vote on the second amendment.

Mr. CONRAD. Yes, the Senator's right will be protected to have both of these amendments voted on.

Mr. ALLARD. I thank the Senator very much.

AMENDMENT NO. 491

The PRESIDING OFFICER. The clerk will report the single amendment.

The bill clerk read as follows:

The Senator from Colorado [Mr. ALLARD] proposes an amendment numbered 491.

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

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

The amendment is as follows:

AMENDMENT NO. 491

(Purpose: To pay down the Federal debt and eliminate government waste by reducing spending on programs rated ineffective by the Program Assessment Rating Tool)

On page 4, line 6, decrease the amount by $4,270,000,000.

On page 4, line 7, decrease the amount by $4,427,500,000.

On page 4, line 8, decrease the amount by $4,675,500,000.

On page 4, line 9, decrease the amount by $4,972,500,000.

On page 4, line 10, decrease the amount by $5,284,000,000.

On page 4, line 15, decrease the amount by $870,000,000.

On page 4, line 16, decrease the amount by $2,752,500,000.

On page 4, line 17, decrease the amount by $4,580,500,000.

On page 4, line 18, decrease the amount by $4,877,500,000.

On page 4, line 19, decrease the amount by $5,189,000,000.

On page 4, line 24, decrease the amount by $870,000,000.

On page 4, line 25, decrease the amount by $2,752,500,000.

On page 5, line 1, decrease the amount by $4,580,500,000.

On page 5, line 2, decrease the amount by $4,877,500,000.

On page 5, line 3, decrease the amount by $5,189,000,000.

On page 5, line 7, decrease the amount by $870,000,000.

On page 5, line 8, decrease the amount by $3,622,500,000.

On page 5, line 9, decrease the amount by $8,203,000,000.

On page 5, line 10, decrease the amount by $13,081,000,000.

On page 5, line 11, decrease the amount by $18,269,500,000.

On page 5, line 15, decrease the amount by $870,000,000.

On page 5, line 16, decrease the amount by $3,662,500,000.

On page 5, line 17, decrease the amount by $8,203,000,000.

On page 5, line 18, decrease the amount by $13,081,000,000.

On page 5, line 19, decrease the amount by $18,269,500,000.

On page 25, line 12, decrease the amount by $20,000,000.

On page 25, line 13, decrease the amount by $20,000,000.

On page 25, line 16, decrease the amount by $102,500,000.

On page 25, line 17, decrease the amount by $102,500,000.

On page 25, line 20, decrease the amount by $270,500,000.

On page 25, line 21, decrease the amount by $270,500,000.

On page 25, line 24, decrease the amount by $487,500,000.

On page 25, line 25, decrease the amount by $487,500,000.

On page 26, line 3, decrease the amount by $719,000,000.

On page 26, line 4, decrease the amount by $719,000,000.

On page 26, line 12, decrease the amount by $4,250,000,000.

On page 26, line 13, decrease the amount by $850,000,000.

On page 26, line 16, decrease the amount by $4,325,000,000.

On page 26, line 17, decrease the amount by $2,650,000,000.

On page 26, line 20, decrease the amount by $4,405,000,000.

On page 26, line 21, decrease the amount by $4,310,000,000.

On page 26, line 24, decrease the amount by $4,485,000,000.

On page 26, line 25, decrease the amount by $4,439,000,000.

On page 27, line 3, decrease the amount by $4,565,000,000.

On page 27, line 4, decrease the amount by $4,470,000,000.

On page 41, line 9, decrease the amount by $4,250,000,000.

On page 41, line 10, decrease the amount by $850,000,000.

Mr. ALLARD. Mr. President, I wish to make a few comments about the PART program in general, which is a program that has been put in place by the Congress through a piece of legislation that was passed more than a decade ago. This program directs the agencies to set up measurable goals and objectives, and then we go in later on and those goals and objectives are evaluated to see if the agency is actually meeting those goals and objectives.

The piece of legislation, which was passed more than a decade ago, was called the Government Results and Procedures Act. So these agencies have had time to work with this program for some time under the Clinton administration as well as the Bush administration.

When making funding decisions, Members of Congress should consider what they are buying for the taxpayer. Funded programs should be effective and efficient. The Federal Government has completed comprehensive assessments of the performance of almost 1,000 programs, representing 96 percent of the total program funding using this Program Assessment Rating Tool, which is referred to as PART. These detailed program assessments and the evidence on which they are based are available for the public to view at www.expectmore.gov. It is a very good reference for the public to use—for, in fact, Members of Congress or any agencies to know exactly where they stand as far as where their performance standards are concerned.

These assessments represent the combined wisdom of career officials. This is not a political process, these are objective evaluations done by career officials at agencies and OMB—the Office of Management and Budget—and are based on evidence of that program's performance.

Programs assessed with the PART receive an overall rating. The best rating they can get is ''effective.'' Then it goes to ''moderately effective,'' ''adequate,'' ''results not demonstrated'' or ''ineffective.'' While a program's overall rating should not be the sole determinant of its funding, Congress should prioritize funding programs that perform well. Ineffective programs, in particular, should be scrutinized to determine if the resources they use could be better spent elsewhere and if their goals could be achieved through another means.

When determining where to invest resources, Members of Congress can look to the PART for important information. No. 1: Does the program address an existing problem, interest or need, and those that do not should not be funded.

The other question to be asked is: Does the program have performance goals that relate to the outcomes the American people want? Those that do not may not be worthwhile investments of taxpayer dollars. Do independent, rigorous evaluations demonstrate that the program is effective? If not, Congress may want to reconsider whether to fund the program.

If evaluations have not been conducted, Congress may want to consider investing some money in an evaluation to determine if the program is having its intended impact.

Is the program working to improve its performance is another question we ask. A program that does not have an improvement plan in place or is not working aggressively to improve may not be the best investment of resources.

The other question: If an increase in funding is requested for a program, has the program explained how the additional funding will impact its performance? Programs that cannot articulate how they will use their resources simply aren't the best candidates for investment.

So that is what the PART Program is all about. It is a good program, and it is being implemented more and more throughout the agencies.

Some of the PART findings are programs that have been ineffective. Let's look at a few of those.

PART found that actual additional natural gas reserves attributable to technology developed by the Natural Gas Technology Program have been relatively small. Moreover, as noted by the National Academy of Sciences:

> It is difficult to separate the contributions made by the Department of Energy and contributions made by industry and others.

Another program rated ineffective by PART is the Migrant and Seasonal Farmworkers Program, which may not concentrate enough on providing training and employment. Each year, more than 60 percent of the program's approximately 30,000 participants receive only supportive services, such as emergency cash assistance. They don't carry on with the goal and objective, which is training and employment. Although these services are important, they are not contributing significantly to helping participants gain stable, year-round employment. If we want to train them, we need to look at that program.

PART found the same thing with the Health Professions Program. One study found that only 1.5 percent of the physicians trained by institutions receiving the program's family medicine training grant provided health care in areas with a physician shortage, compared to 1.1 percent of physicians trained by other institutions. There is only a four-tenths of a percent performance difference. What is that program accomplishing?

PART found no evidence that the Radiation and Exposure Screening and Education Program reaches the maximum number of beneficiaries or the beneficiaries who are at the greatest risk. There is not even an estimate of the number of people potentially affected by uranium and nuclear testing activities and where they might live.

Another program rated ineffective by PART is the Juvenile Accountability Block Grants Program. It was found ineffective because it has no measurable impact on either juvenile crime or the juvenile justice system to date.

These are only a few of the programs that have been looked at by the PART Program. I think they provide the information Members of Congress need to evaluate whether programs are ineffective.

The amendment before us just addresses a portion of discretionary spending. The full PART Program evaluates mandatory programs and discretionary programs.

I put forward two amendments. The amendment before us is the discretionary program where we will get a considerable amount of debate. The mandatory amendment is one the chairman asked be reviewed, and he assured me I will have an opportunity to offer that amendment at a later time.

So I rise today asking Members to support this amendment where we deal with the discretionary spending as the PART Program is being applied. The overall purpose of the amendment is to pay down the Federal debt and eliminate Government waste by reducing spending on programs rated ''ineffective'' by the Office of Management and Budget's PART program. This is through the career professionals in the agency. This is not driven by any kind of political agenda. PART is a Government-wide assessment of the performance of almost 1,000 programs, again, representing 96 percent of total program funding.

If we look at programs in the discretionary spending area which are rated ineffective, it amounts, over the time period of this budget, which is 5 years, to $88 billion of program spending. My amendment says we will reduce 25 percent of the spending in this area, which is about $17 billion over the period of 5 years. We will say that those programs are ineffective and we need to reduce spending for those so that we motivate the agencies to redo their programs, so they truly are accomplishing what was laid out for the original purpose of the program.

What happens in our budget that is before us is we have $900 billion in increasing taxes by default because we don't do anything to extend those tax provisions which are expiring in 2010 and before. So my point is this: We are forcing the taxpayers to pay more into the Federal budget, and at the same time we are spending $88 billion on ineffective programs.

My amendment says we are going to take a portion of the $88 billion—about $18 billion—out of here for a strong signal from the Congress that we want to support effective programs and we want the taxpayer dollars spent in a responsible way. My amendment doesn't take all of the $88 billion, realizing there may be points in time when another program is not meeting its goals and needs more money. So that flexibility is allowed in this particular amendment. It doesn't target any specific program. Those programs which I

recounted to you are just representative of some of the efforts that happen under the PART Program. It is a wonderful way for the Members of Congress to begin to evaluate whether a program is effective, and then not just leave it there but say, through the budget, to those agencies: You have to get your act together; we don't tolerate using taxpayer dollars—particularly when we are increasing your taxes—to allow those programs to go on in an ineffective manner.

Almost worse than being rated ineffective, we have programs out there that have made absolutely no effort at all to measure their results. I believe these are the worst offenders. In the following years, I hope Congress will look at those programs. They have absolutely refused to do anything to create accountability so that the Members of Congress can evaluate what is going on in those programs.

So that is what my amendment is all about. It is about saving taxpayer dollars in a responsible way; it is about forcing managers of these programs to put in effective goals and objectives so that they accomplish what the legislation intended. The budget authority is about $4.3 billion in each year, from 2008 to 2012. That comes close to about $18 billion or so, which is used to pay down the Federal debt.

I ask my colleagues in the Senate to join me in trying to bring forward more accountability in the programs we have passed. I think this is a wonderful tool we have for whatever administration is in control. This is a direct message to the agencies to get their act in order, because we are concerned about how taxpayer dollars are being spent. This is not an onerous amendment. It is trying to bring accountability to Government programs that we pass.

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

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

Mr. CONRAD. Mr. President, I say to Senator ALLARD, as I expressed in the committee, the only problem I have with this amendment is that, unfortunately, a budget resolution cannot assure the right things would be cut. As you know, we don't really have that power. We just give a block of money to the Appropriations Committee and they decide how to spend it.

Mr. President, does the Senator need more time or could we go to Senator BAUCUS?

Mr. ALLARD. Mr. President, let me summarize my comments and respond. I think if we look at our budget process, we hopefully—maybe not this year but next year—will be able to put in some instructions to the committees. I understand we cannot specifically tell them but, as budgeteers, we have an opportunity to put in instructions to the various committees to participate.

I hope this passes, and maybe we can deal with this in conference. If not, maybe the chairman would look at it either in conference committee or in future years and we can put in some kind of instructions and say: Look at those programs under your jurisdiction and look at the ones classified as ineffective and begin to demand more accountability on those particular programs.

I hope we can get a ''yea'' vote on both of these amendments to send a message, if nothing else, to the conference committee to get it passed. If it doesn't work out this year, maybe we can work it out in future years.

I ask unanimous consent that a letter from Citizens Against Government Waste in support of both of my amendments be printed in the RECORD.

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

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE,
Washington, DC, March 20, 2007.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: Soon you will be voting on S. Con. Res. 21, the Concurrent Resolution on the Budget for Fiscal Year 2008. The Council for Citizens Against Government Waste (CCAGW) believes there are serious fiscal problems with this budget proposal. It spends more money than the president requested; it raises taxes by allowing the tax cuts that have led to our robust economy to expire; and it doesn't address the looming financial crisis our Nation faces—the exploding costs of Medicare, Medicaid, and Social Security. Furthermore, it does not cut a single program, even those with questionable results, or go after waste, fraud and abuse.

The budget proposal needs substantial improvements. Two amendments, which will be offered by Sen. WAYNE ALLARD (R–Colo.), are a good place to start.

One amendment will help eliminate government waste by reducing spending on programs that have been rated ineffective by the Program Assessment Rating Tool or PART. The amendment cuts discretionary spending by $4.3 billion in the years 2008–2012 by simply reducing these ineffective programs' annual funding by 25 percent.

The other amendment will reduce mandatory spending by eliminating waste, fraud, and abuse by 1 percent. In a May 2004 Government Accountability Report (GAO), ''Opportunities for Congressional Oversight and Improved Use of Taxpayer Funds,'' several suggestions to find savings in mandatory spending programs were provided to Congress. The amendment saves $13 billion in the first year and $71 billion over 5 years.

In both instances, any savings from these amendments will reduce the debt and cannot be used for new spending.

On behalf of the more than 1.2 million members and supporters of CCAGW, I urge you to support these amendments. All votes on S. Con. Res. 21 will be among those considered in CCAGW's Congressional Ratings.

Sincerely,

THOMAS SCHATZ,
President.

Mr. ALLARD. I yield back my time.

Mr. CONRAD. Mr. President, I think now would be a good time to go to Senator BAUCUS. I apologize to the Senator from Montana for the miscommunication that occurred this morning. I apologize to him for that. As a result, he came at 10 o'clock seeking time, which we all agreed was to be his time. Through a miscommunication, we wound up going to another Senator. I very much thank the Senator for his acceptance of the apology.

The PRESIDING OFFICER. Without objection, the Allard amendment is set aside.

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I thank my good friend from North Dakota, Senator CONRAD. He has done a super job, almost impossible job putting this budget together. It is tough enough to get agreements in this body, and it is more difficult when it is a budget resolution. I compliment my colleagues on both sides of the aisle for their excellent and diligent work. I also say to him I appreciate his offer of an apology with respect to the misunderstanding and miscommunication. This Senator is probably as much a part of the miscommunication as anybody.

AMENDMENT NO. 492

Mr. BAUCUS. Mr. President, I send an amendment to the desk and.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana (Mr. BAUCUS], for himself, Ms. LANDRIEU, Mr. PRYOR, Mr. BAYH, Mr. NELSON of Nebraska, and Mr. NELSON of Florida, proposes an amendment numbered 492.

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

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

The amendment is as follows:

(Purpose: To provide tax relief to middle class families and small businesses and to expand health insurance coverage for children)

On page 3, line 13, decrease the amount by $200,000,000.

On page 3, line 14, decrease the amount by $52,700,000,000.

On page 3, line 15, decrease the amount by $126,916,000,000.

On page 3, line 22, decrease the amount by $200,000,000.

On page 3, line 23, decrease the amount by $52,700,000,000.

On page 4, line 1, further decrease the amount by $126,916,000,000.

On page 4, line 8, increase the amount by $5,000,000,000.

On page 4, line 9, increase the amount by $5,000,000,000.

On page 4, line 10, increase the amount by $5,000,000,000.

On page 4, line 17, increase the amount by $5,000,000,000.

On page 4, line 18, increase the amount by $5,000,000,000.

On page 4, line 19, increase the amount by $5,000,000,000.

On page 5, line 1, increase the amount by $5,200,000,000.

On page 5, line 2, increase the amount by $57,700,000,000.

On page 5, line 3, increase the amount by $131,916,000,000.

On page 5, line 9, increase the amount by $5,200,000,000.

On page 5, line 10, increase the amount by $62,900,000,000.

On page 5, line 11, increase the amount by $194,816,000,000.

On page 5, line 17, increase the amount by $5,200,000,000.

On page 5, line 18, increase the amount by $62,900,000,000.
On page 5, line 19, increase the amount by $194,816,000,000.
On page 18, line 20, increase the amount by $5,000,000,000.
On page 18, line 21, increase the amount by $5,000,000,000.
On page 18, line 24, increase the amount by $5,000,000,000.
On page 18, line 25, increase the amount by $5,000,000,000.
On page 19, line 3, increase the amount by $5,000,000,000.
On page 19, line 4, increase the amount by $5,000,000,000.
On page 49, line 6, decrease the amount by $15,000,000,000.

Mr. BAUCUS. Mr. President, I again commend the chairman for his able work in bringing this budget to the floor. He has done a superb job.

The budget resolution before us leaves a surplus of $132 billion in the year 2012. The amendment I now offer on behalf of Senators LANDRIEU, PRYOR, BAYH, and BILL NELSON would state the Senate's will on what we should do if that surplus materializes.

In sum, our amendment says that the Senate's highest priority for any surplus should be American families. Our amendment would put children first. It would take $15 billion out of that $132 billion and devote it to improving children's health care coverage under CHIP, the Children's Health Insurance Program. The budget resolution already recognizes this priority in a deficit-neutral reserve fund.

Our amendment would also reduce the amount in that reserve fund. So we are not increasing the net amount of spending on CHIP. It will be the same. We are just making that work on CHIP more likely.

We are saying if we have a surplus in 2012, then we ought to spend some part of that surplus on children's health, and we are saying if we have a surplus in 2012, we should not raise taxes to pay for all of the Children's Health Insurance Program. If we have a surplus in 2012, we should not cut Medicare to pay for all of CHIP. Rather, we should use some of that surplus to fund children's health; that is, put children first.

Then our amendment takes the rest of the surplus and returns it to the hard-working American families who created it. Our amendment devotes the rest of the surplus to the extension and enhancement of tax relief for hard-working American families.

Here are the types of tax relief about which we are talking. We are talking about making the 10-percent tax bracket permanent. That is a tax cut for all taxpayers. Obviously, if the 10-percent tax bracket is made permanent—that is, for all years—all taxpayers who pay income taxes, irrespective of their income, irrespective of their bracket, get a tax break.

We are talking about extending the child tax credit. That provides a $1,000 tax credit per child. This tax credit recognizes a family's ability to pay taxes decreases as family size increases. Unless we act, the child tax credit will fall to $500 per child. Currently, it is at $1,000. The child tax credit should be made permanent. We need to recognize the financial responsibilities of childbearing.

We are also talking about continuing the marriage penalty relief, which is a tax cut on which the American family has come to rely. It is going to continue. We know that. We should recognize that fact. Marriage penalty relief makes sure a married couple filing a joint return has the same combined tax liability as they would have if they were not married.

We are also talking about enhancing the dependent care credit. Clearly, this credit is very important to working families. It recognizes the additional cost for raising children in this fast-paced society.

We are talking about improving the adoption credit. The majority of adoptions cost over $20,000. This provision offers a credit of $10,000 for those willing to give a home to a needy child.

We are talking about providing combat pay under the earned-income tax credit, otherwise known as the EITC. Under current law, income earned by a soldier in a combat zone is exempt from income tax. That is good. This actually, however, hurts low-income military personnel under the EITC. If not for the EITC combat pay exception, combat zone pay would not count as earned income for purposes of determining the credit. This amendment makes that exception permanent so that military families can get the full benefit of the EITC.

We are talking about reforming the estate tax. We want to try to give American families certainty. We want to support America's small farmers and ranchers, and in this amendment, we have allowed room for estate tax reform that will do that.

And we talk about returning surplus revenues to hard-working American families.

That is what our amendment does. It is very simple, very straightforward. It says we should put America's kids and families first. It says if we have a surplus, these are the priorities it should be used for. I urge my colleagues to join me in supporting this amendment.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Senator from North Dakota is recognized.

Mr. CONRAD. Madam President, they have changed presiding officers on me. It is good to have you in the chair.

Madam President, I thank very much Senator BAUCUS for his leadership on this very important amendment. This amendment is to reassure all those who have benefited from the middle-class tax cuts that those tax cuts will go forward, that those children who are not now currently covered under the SCHIP legislation will have the opportunity to be covered.

The Senator has also provided for small business because we have a number of provisions that are critically important to small business and, of course, to prevent the estate tax from having this bizarre outcome, which is now in the law, where the exemption would go down to $1 million from $3.5 million just two years before. That makes no sense. So the Senator provides for room in this amendment to deal with estate tax reform.

The precise contours of that will be up to, obviously, the Finance Committee. The Senator is providing the resources to provide for the middle-class tax cuts, to have estate tax reform, to have SCHIP funded so those kids will be funded, and to have critical elements of small business covered as well.

I appreciate very much the leadership the Senator has provided in putting this amendment together. All of us know if those provisions came to the floor, they would enjoy broad bipartisan support. In fact, they would probably get supermajorities. They might get 70 votes on the Senate floor. So it makes sense to have them in the resolution.

I thank Senator BAUCUS. He has spent a lot of time energy, and effort bringing colleagues together around this amendment. I, for one, appreciate it. I hope my colleagues will support the Baucus amendment. I know there have been dozens of colleagues—I think virtually every member of our caucus—who have been involved in the discussions about the elements of the amendment that the chairman of the Finance Committee has offered.

Madam President, would the Senator like more time?

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, I believe this amendment should be adopted by every Senator because essentially it is saying if we have a surplus in 2012, as contemplated by the budget resolution, these are priorities all of us support. If these were before the Senate today as actual tax provisions—and they will be, I am sure, at some future date because the current tax cuts don't expire until 2010—that we will vote for them anyway because it is the right thing to do.

Marriage penalty relief, child tax credit, the combat pay exception for soldiers, adoption credit, the 10-percent bracket—these are all provisions that are very important. The American public deserves them. I hope very much this amendment will be adopted by all Members because I think it is something all Members and all the citizens of our country support.

I see the ranking member is on the floor. I would be interested in knowing the degree to which he enthusiastically supports the amendment.

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

Mr. GREGG. Madam President, I suspect I will support it, although I don't know, but I wish to ask the chairman

of the Finance Committee a few questions so I get more specifics on the amendment.

What is the total cost of this amendment?

Mr. BAUCUS. It is approximately $195 billion. It allocates the projected surplus that is in the budget resolution.

Mr. GREGG. If I might ask, Madam President, further, of the chairman, the surplus, however, is in the year 2012. So what happens to these rates in 2011 that will expire? Are those picked up?

Mr. BAUCUS. That is a good question. The answer to that is essentially this is a 5-year budget resolution, so we want to balance the budget in 5 years, in 2012. But because the tax cuts that are mentioned in the amendment currently expire in 2010, the Senator raises the question about 2011, 2012. If I understand the import of the question of the ranking member of the Budget Committee, it is what happens in 2011.

Mr. GREGG. Or 2010.

Mr. BAUCUS. In the earlier years, 2010, there would be a deficit, but by the time we finish the 5 years, there would be a surplus. We have written this amendment in a way to prevent a yo-yo, on-off effect of the tax provisions. To make it perfectly perfect, so there is not a deficit in any year, 2010, 2011, or 2012, we can have the tax cuts go up or down, and so forth, but I think it is best for the American people not to have a yo-yo effect, not go up and down, but to extend across the board those provisions which are contained in the amendment at the end of the day would not be a deficit.

Mr. GREGG. Would it be appropriate—if I can ask the chairman of the Finance Committee or the chairman of the Budget Committee—I want to get to what the tax cuts are specifically, but they would be extended if they expired in 2010, 2011, or 2012, they would be extended through that period. If that is the case, then the Senator must be using more than the surplus in 2012. He must be using some number in 2010 by which you increase the deficit and 2011 by which you increase the deficit.

My question is, what is the number the Senator is using for 2010 and 2011 to account for those extensions in those years?

Mr. BAUCUS. It is true, in those years there is deficit spending, but it comes in balance in 2012.

Mr. GREGG. But how do they score in those 2 years?

Mr. BAUCUS. I think it is $194 billion for those 3 years 2010, 2011, 2012.

Mr. GREGG. So there is another $60 billion on top of the surplus that is used; is that correct?

Mr. BAUCUS. Approximately.

Mr. ALLARD. I have a question, if the Senator will recognize me for a question, if the Senator will allow me to ask a question of Senator BAUCUS. I think the Senator from New Hampshire has the time.

Mr. GREGG. I think I have the time for the purpose of asking questions.

The PRESIDING OFFICER. The question by the Senator from New Hampshire is pending.

Mr. ALLARD. I have a question.

Mr. GREGG. I yield to the Senator to ask whatever questions he has. I have additional questions.

Mr. ALLARD. In effect, this adds to the debt?

Mr. BAUCUS. Sorry?

Mr. ALLARD. In effect, this amendment adds to the total debt?

Mr. BAUCUS. No, we are back in balance by 2012 at the end of the 5-year period contemplated by this amendment. In the meantime, we are in deficit for the years 2010 and 2011.

Mr. GREGG. I think the answer to your question, if I might interject, is it increases the debt by $195 billion.

Mr. ALLARD. I had $194 billion, but $195 billion. That seemed to me it did increase the debt. Maybe we can check that out.

Mr. GREGG. That would have to be what it does.

May I ask a further question of the Senator. It costs $195 billion over the 3 years to extend these tax cuts. Is the education tuition tax credit presumed in that number?

Mr. BAUCUS. There is an underlying answer to all these questions; namely, these are questions the Finance Committee is going to address and find the appropriate offsets and deal with the pay-go when it comes up at that time. But essentially, education tuition tax credits are not provided for in this amendment, but are in the budget resolution.

Mr. GREGG. If I may ask further, Madam President, would the expensing section 179 accounts be included in that number?

Mr. BAUCUS. Section 179 expensing is not contemplated.

Mr. GREGG. In this number. Is capital gains contemplated in this number?

Mr. BAUCUS. It is not.

Mr. GREGG. Is continuing the dividend rate contemplated in this number?

Mr. BAUCUS. It is not.

Mr. GREGG. I thank the Senator. I think that answers my questions. I am presuming what is contemplated in this number then will be the marriage tax penalty and the child credits; is that correct?

Mr. BAUCUS. Those two and some others, correct, including the 10-percent bracket.

Mr. GREGG. And the 10-percent bracket. I am presuming I certainly will be supportive of this amendment in its present form. However, I do suspect we are going to have an amendment which picks up the other extensions.

Mr. BAUCUS. I expect we will.

Mr. GREGG. It is the arbitrariness of the process around here that the Senator from Montana is first to the surplus that was left, but the practical effect of our amendment will be essentially the same as the Senator's, which is to extend the tax credit rates. That is tax deductions—tax rates. I also think the ones we are going to suggest we extend—and we will get to this in our debate—are ones which are more oriented toward economic activity, generating or creating economic activity, than the extensions which are included in the chairman's proposal, which are all good and appropriate but which don't translate other than through maybe greater consumption directly into economic activity, such as the capital gains and the dividend rate does, and the expensing, obviously.

We will have that discussion when we offer ours, and I appreciate the chairman's courtesy in allowing me to ask him these questions.

Mr. BAUCUS. If the Senator will yield.

Mr. GREGG. Madam President, I yield the floor.

Mr. BAUCUS. Madam President, I will say to the body, the world, and also primarily to the Senate and the ranking member of the Budget Committee, of course, these are all issues—that is, those issues raised basically by the ranking member of the Budget Committee—that the Finance Committee is going to work on over the next several years. It is up to us, up to the committee, and up to this body to find the offsets to pay for them. We will do the very best we can. I think we don't want to get into a deficit situation.

Mr. GREGG. Madam President, if the Senator will yield for one further question, what is the chairman, within his score, what is he anticipating as to how the death tax treatment would be dealt with?

Mr. BAUCUS. The estate tax provision.

Mr. GREGG. The death tax.

Mr. BAUCUS. Some people call it the death tax. We all know what we are talking about. This amendment contemplates extending the estate tax provisions that are in effect in 2009 permanently.

Mr. GREGG. If the chairman will yield further, and through the President, I would ask, in 2009, what is the exempted amount?

Mr. BAUCUS. Again, under current law I think the exempted amount is $3.5 million.

Mr. GREGG. That would be the minimum in 2009 also?

Mr. BAUCUS. The 2009 extension. The point is that the resolution also contemplates—well, it has an additional $4 billion that can be used for other tax purposes, including changing the provisions of the Federal estate tax.

Mr. GREGG. Madam President, I thank the chairman for his courtesy.

Mr. CONRAD. Madam President, I again want to thank very much Senator BAUCUS for offering this amendment, which is to protect the middle-class tax cuts and to make certain we don't have this anomaly of the estate tax being at $3.5 million in 2009 and

then going down to $1 million. That makes no sense. The Senator has said very well that the amendment he has provided would prevent that from occurring, and there are some additional funds that would be used to make those provisions even more attractive, or they could be used for other tax provisions.

The truth is, the budget resolution doesn't cite that. We give certain instruction to the Finance Committee and, ultimately, the Finance Committee is going to make these judgments. What the chairman of the Finance Committee has said is that it is his intention to have estate tax reform to protect the middle-class tax cuts and also to have the resources to extend children's health care coverage to every child in America. Every single witness before our committee, and I think it is fair to say virtually every witness before the Finance Committee, has said that covering children, as the Senator from Montana has so aggressively pursued—coverage for every child in America is the right thing to do substantively for this country. Covering children is the least expensive thing to do and has the greatest payoff as an investment because a child's entire life is then improved if they catch a health care problem when they are young.

I think the Senator from Montana has put together an amendment that deserves the support of every Member of the body.

Mr. BAUCUS. I thank the Senator. I might ask the question, Madam President: Basically, what are budgets? Budgets are an expression of priorities. This budget is designed to express what this body thinks, what so many of us think are the proper priorities for this country. Since the resolution has about a $132 billion surplus, we think the strong priority should be to use that to help middle-income Americans.

The provisions in this amendment provide for that and clearly help kids get health insurance. A major problem in this country, clearly, is health care. We spend so much on health care. Yet there is some question what we get out of it. This country spends $6,300 per person—that is per capita—on health care, which is almost twice as much as the next most expensive country. Yet we are not twice as healthy. The problem, clearly, is coverage; that is, not everybody has health insurance. Everybody in America should have health insurance.

The other question is cost, but this amendment addresses the coverage side of it; that is, trying to help more people get health insurance, people who do not now have health insurance. Where do we begin? We think we begin with kids. Currently, there are about 6 million children who are covered under the Children's Health Insurance Program. There are about 6 million others who are eligible but not covered. We believe, and this amendment states, that if we begin providing health insurance coverage for more Americans, we should certainly begin with kids. When we begin with kids, let's help those kids who don't have the same financial means that other kids have.

A lot of other kids, fortunate for them, their families, father and mother, have a good job and health insurance is part of the job. But we are talking about kids who don't have that. These are kids whose income levels, or their parents' income level, is just above the qualifying rate for Medicaid. Medicaid does provide health insurance for kids, but there are a lot of kids who don't get health insurance because their family's income is just above the Medicaid cutoff. That needs to be covered under the Children's Health Insurance Program, on which this amendment is designed to expand.

So I would summarize by saying that I think it is a proper set of priorities, given the resources we have, and I hope every Senator supports this amendment.

Madam President, I yield the floor.

AMENDMENT NO. 480

Ms. COLLINS. Madam President, I call up amendment No. 480, and I ask for its immediate consideration.

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

The bill clerk read as follows:

The Senator from Maine [Ms. COLLINS], for herself, Mr. WARNER, and Mr. SMITH, proposes an amendment numbered 480.

Ms. COLLINS. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide for a deficit-neutral reserve fund for permanently extending and increasing the above-the-line deduction for teacher classroom supplies and expanding such deduction to include qualified professional development expenses)

At the end of title III, add the following:

SEC. _____. DEFICIT-NEUTRAL RESERVE FUND FOR EXPANSION OF ABOVE-THE-LINE DEDUCTION FOR TEACHER CLASSROOM SUPPLIES.

The Chairman of the Senate Committee on the Budget may revise the allocations, aggregates, and other levels in this resolution by the amounts provided by a bill, joint resolution, amendment, motion, or conference report that would permanently extend and increase to $400 the above-the-line deduction for teacher classroom supplies and expand such deduction to include qualified professional development expenses, provided that such legislation would not increase the deficit over the total of the period of fiscal years 2007 through 2012.

Ms. COLLINS. Madam President, the amendment that I have proposed, with my colleagues, Senator WARNER and Senator SMITH, would establish a deficit-neutral reserve fund to allow for the expansion of an existing tax credit for schoolteachers and other educators who buy supplies for their classroom. The reserve fund that our amendment creates would allow for an increase in the current $250 deduction to $400, and it would make it permanent. This tax deduction is available to educators who incur out-of-pocket expenses in order to improve the educational experience of their students.

The amendment would also allow this above-the-line tax deduction to be claimed for expenses related to professional development.

This amendment builds upon a $250 tax deduction in the current law that Senator WARNER and I authored in 2001. It became law as part of the tax relief package that passed that year. This tax relief was later extended through the end of this year, and I would suggest that there is no reason for us to have the uncertainty about the continuation of this valuable tax deduction. We should move to make it permanent.

Teachers who buy classroom supplies in order to improve the educational experience for their students deserve more than just our gratitude. They deserve this modest tax incentive to thank them for their commitment and their hard work. So often teachers across this country, and certainly in the State of Maine, earn modest salaries. Yet they dig deep into their own pockets to spend money to improve the classroom experience of their students.

A survey by the National Education Association found that teachers spend, on average, $443 a year on classroom materials. Other surveys show that they are spending even more than that. In fact, a survey conducted by the National School Supply and Equipment Association has found that educators spend, on average, $826 to supplement classroom supplies, plus an additional $926 for instructional materials on top of that; in other words, a total of $1,700 out of their own pockets.

I have spoken with literally dozens of teachers in Maine who tell me that they routinely spend far in excess of the $250 deduction limit that is in current law. I have made a practice of visiting schools all over Maine. In fact, I visited approximately 160 schools during the past 10 years, and I have seen firsthand the dedication of our schoolteachers to their students. At virtually every school that I have visited, teachers are spending their own money to benefit their students.

Year after year, teachers spend hundreds of dollars on books, bulletin boards, computer software, construction paper, stamps, ink pads, just about anything you can think of. Let me give a couple of examples. There are two elementary school teachers in Augusta, ME, Anita Hopkins and Kathy Toothacher, who purchased books for their students so they could have a classroom library, as well as workbooks and sight cards. They have also purchased special prizes to give to their students as positive reinforcement. Mrs. Hopkins estimates that she spends between $800 and $1,000 of her own money on extra materials to make learning more enjoyable and to create

a more stimulating classroom environment.

In addition to increasing the amount of this deduction, I think we should also expand it so that it can be used by educators who are paying for their own professional development. We hear a lot of discussion about the provisions of the No Child Left Behind Act and about the need for highly qualified teachers. One of the best ways for teachers to improve their qualifications is through professional development. Yet in towns in my State, and I expect throughout the country, school budgets are often very tight and money for professional development is often very small or even nonexistent.

That is why I think we should allow this tax deduction to also be claimed when a teacher takes a course or attends a workshop and has to pay for it out of his or her own pocket. In my view, it is the students who are the ultimate beneficiaries when teachers receive professional development to sharpen their skills, or perhaps teach them a more innovative way to teach the material and present it to their students.

Studies have consistently shown that other than involved parents, the single greatest determinant of classroom success is the presence of a well-qualified teacher. I know from talking to educators across Maine that they are eager to take advantage of professional development opportunities in order to make an even more positive impact on their students.

The teacher tax relief that we have made available since 2001 is certainly a positive step, and I am very proud, along with my colleague, Senator WARNER, to have authored that law. Today, we can set the stage for making that deduction permanent, for expanding it to include professional development, and to increase it to $400 to more accurately reflect what educators really spend in the classroom.

This amendment is a small but appropriate means of recognizing the many sacrifices that teachers make each and every day to benefit children across America. I am very pleased that the National Education Association has endorsed this amendment, and I ask unanimous consent that a letter from the NEA supporting the amendment be printed in the RECORD.

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

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, March 21, 2007.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: On behalf of the National Education Association's (NEA) 3.2 million members, we urge your support for an amendment (S. Amdt. 480) to be offered by Senators COLLINS (R–ME), WARNER (R–VA), and SMITH (R–OR) to the Senate Budget Resolution that would increase, expand, and make permanent the tax deduction for educators' out-of-pocket classroom supply expenses. Votes associated with this issue may be included in the NEA Legislative Report Card for the 110th Congress.

The educator tax deduction helps recognize the financial sacrifices made by teachers and paraprofessionals, who often reach into their own pockets to purchase classroom supplies. Studies show that teachers are spending more of their own funds each year to supply their classrooms, including purchasing essential items such as pencils, glue, scissors, and facial tissues. For example, the National School Supply and Equipment Association found that in 2005–2006, educators spent out of their own pockets an average of $826.00 for supplies and an additional $926 for instructional materials, for a total of $1,752.

The amendment would add a deficit neutral reserve fund to the Budget bill, directing funding sufficient to increase the deduction to $400, make it permanent, and expand it to cover professional development expenses. This expansion is critical as teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century.

The current deduction was extended at the end of 2006, but will expire again at the end of this year absent additional congressional action. Increasing, expanding, and making the deduction permanent will acknowledge the sacrifices made by those who have dedicated their lives to educating our children and will alleviate the uncertainty they face as they wait each year to see if the deduction will be extended.

We urge your support for this important amendment.

Sincerely,

DIANE SHUST,
Director of Government Relations.
RANDALL MOODY,
Manager of Federal Policy and Politics.

Ms. COLLINS. Madam President, I hope the managers of the bill might be willing to act on this amendment shortly.

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

The PRESIDING OFFICER. The clerk will call the roll.

The journal clerk proceeded to call the roll.

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

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

Mr. CONRAD. Madam President, we have a unanimous consent request we are working on. I do not yet have that printed version before us so that Senator GREGG and I might be able to enter into that.

I would like to talk for a moment to the Senator from Maine about her amendment. If the Senator from Maine could tell me, what is the cost of her amendment and what is the proposed way of paying for it?

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Madam President, the way I have drafted the amendment is to use a technique that has been commonly used in the budget resolution of creating a deficit-neutral reserve fund. That means the committee of jurisdiction, the Finance Committee in this case, would be required to come up with an offset for the cost to avoid an impact on the budget. I do not have a cost estimate from CBO yet on the proposal. It is not an expensive tax incentive, but we have followed the wisdom and advice of the leaders of the Budget Committee by drafting it in such a way that it would not have a budget impact.

Mr. CONRAD. I thank the Senator. Does the Senator have a rough, even back-of-the-envelope estimate of the cost?

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Madam President, I would say to the chairman of the Budget Committee that we have requested an estimate, but we have not yet received one. Because of that uncertainty, we did go the route of the deficit-neutral reserve fund so that, regardless of the cost, it would be offset by the decisions made by the Finance Committee.

Mr. CONRAD. I thank the Senator for the thoughtfulness of her amendment. I thank her for doing it as a deficit-neutral reserve fund so it does not impact the budget and says to the committee of jurisdiction that, if they come forward with the proposal, they will find a way to offset the costs. I certainly appreciate what the Senator has done so as to not have an adverse impact on the budget. We do appreciate that.

Madam President, does the Senator require a rollcall vote?

Ms. COLLINS. Madam President, I do not.

Mr. CONRAD. Madam President, we have to check with the Finance Committee before we can take this on a voice vote, but it is my intention, if we get clearance, to try to do that at the appropriate time. I thank the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Madam President, I thank the chairman and ranking member for working with me on this issue. I think it is a modest approach that can make a real difference to the thousands of teachers across this country who dig deep into their own pockets in order to enrich the classroom experience for their students. It is a modest but appropriate way for us to recognize their financial sacrifice. I hope the two managers of the bill will be able to clear the amendment.

Mr. CONRAD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. GREGG. Madam President, I have given an amendment, which I hope to bring up at this time, to the majority as a courtesy. I am waiting for them to take a look at it before I offer it.

Essentially, this amendment deals with reconciliation. Reconciliation is a fairly arcane exercise, but it has significant impact around here. Reconciliation is the tool the Budget Committee has, to put some teeth into our efforts to try to control spending. There are no reconciliation instructions in the majority proposal. I wish there were. I wish there were reconciliation instructions on entitlements, and I wish those reconciliation instructions had followed the suggestions of the President, as I said in my opening statement, where he made recommendations that were very reasonable and would not have affected beneficiaries but would have saved $8 trillion over the 75-year life of Medicare and would have helped move them toward balance by getting the providers paid correctly and by having very high-income individuals contributing to the cost of their insurance, especially drug insurance.

But there is also another side to reconciliation, and that is, as committees are given reconciliation instructions which save money, sometimes they take that money and they spend it, which is not the purpose of reconciliation. Reconciliation should not be used for a cover event for the purposes of spending money.

The majority has put in place a point of order that would make it very difficult to use reconciliation for the purposes of reducing taxes. It is perfectly reasonable that we should also make it very difficult for doing that for purposes of spending money. I didn't want to eliminate the ability to spend money. Some money is going to be needed, at least that these programs as they get adjusted in reconciliation should have, maybe, some adjustment. For example, 2 years ago, when the HELP Committee received reconciliation instructions on education accounts, they basically reduced the subsidy that went to lenders by approximately $20-some-odd billion, I think $21 billion or $22 billion. At the same time, they took some of that reduction in subsidy and put it toward expanding the Pell Grant Program, especially for people who were going into the math and science disciplines.

That was a good policy decision, and I don't want to tie the hands of our authorizing committees excessively, but I think there has to be an understanding that reconciliation is primarily an effort to control spending and to discipline spending on the entitlement side of the accounts. It doesn't deal with discretionary spending.

This amendment will essentially say that for every $10 you save under reconciliation expense, no more than $2 could be actually spent. So it says you can't spend more than 20 percent of the savings that are generated in a reconciliation exercise. It is an attempt once again to put some discipline in here.

Why is it relevant to a budget that doesn't have any reconciliation at all? As I said, I wish this did have reconciliation. It is relevant because the House has put reconciliation instructions in, a very small amount. It appears to me the intention of the House honestly is to use reconciliation as a cover for spending, not as a cover for controlling spending—which would be, in my opinion, an inappropriate action. That is why I brought forward this language. I hope others would agree with me that that would be inappropriate and certainly inconsistent with reconciliation as a concept.

I am handed a note to point out that when we did the reconciliation instruction in 2005, we had net savings in that of approximately $40 billion, which was the most recent large reconciliation instruction we pursued in this Congress and which was constructive and which actually, in the outyears, turns into very significant savings.

This is basically to put in place a discipline which will allow us to be sure the Budget Act's purposes are not abused and it is not used to run interference and allow an easier path to greater spending on the entitlement side of the account.

It is a very reasonable approach. It doesn't totally bind the hands of the authorizing committees but makes it clear that a budget should be for the purposes of a budget, which is to discipline the spending of the Federal Government, and having this discipline in place is appropriate.

I would like to offer that amendment, hopefully in the near term, so we can get it in the queue here.

At this point, I yield the floor.

Mr. CONRAD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CONRAD). Without objection, it is so ordered.

Ms. KLOBUCHAR. Mr. President, I rise today in support of the budget resolution currently before the Senate. I particularly wanted to speak in support of the additional funding that the resolution provides for the Veterans' Administration, funding that will help one of the most important challenges facing the Nation today.

That challenge is how do we repay our men and women in uniform who have sacrificed for us on the frontlines, on the battlefield, when they return home, and how do we ensure they have all the support and services they need to resume their lives.

But before I turn to the VA funding, I want to first speak about the current economic situation in America and how this resolution will help to even the economic playing field for the people of this country. When I would go around, especially in rural America, which I think you understand, Mr. President, and start talking about economic issues, I would be in a situation where I would think 10 people would come to a small cafe and 100 people would show up.

When the price of gas goes up over $3 a gallon, such as it did last summer, people who have a longer way to drive will feel it first. When they have two kids they are trying to send to college, and tuition at the University of Minnesota goes up 110 percent, they feel it first. When their health care premiums go up 60 percent in 7 years, such as they have been in our State, middle-class people feel it first. When it is their kids who are going to war and their neighbors and their cousins and their grandkids, they feel it first in their hearts.

That is what this is about, at the national level, the economic policies that produce record deficits and ever-mounting debt. What was a $128 billion Federal budget surplus in 2001 turned into a $258 billion deficit in 2006. A $5.6 trillion 10-year projected surplus in 2002 has turned into a $2 trillion projected deficit.

Federal deficits have gone up by $1.5 trillion, with most of it being held by Government and companies in China and India and many of our economic competitors. This resolution will begin the effort to restore fiscal sanity and responsibility to our Government. It includes a strong pay-as-you-go rule that requires that we pay for any new mandatory spending or offsets or else get 60 votes to approve it. There will be no more spend-as-you-like bills.

This does not mean there will be no new mandatory spending or tax cuts to help working families. In fact, the resolution includes a reserve fund for new tax relief measures but only if we find appropriate offsets. It means we have to work to implement them in a fiscally responsible way.

The resolution also makes it much harder to push through budget reconciliation measures that are now used in the opposite way than they were intended, to increase the budget deficit or decrease the budget surplus. This resolution signals an end to the spend-as-you-like policies that have created our current fiscal problems at the national level.

My colleagues and I have, in the Budget Committee, started reversing this trend and putting the interests of middle-class families front and center. This budget resolution is a good start.

I would like to address the veterans provisions in the resolution, which I think are also very important to the middle-class families in our country.

In the past 4 years, American military service personnel and their families have endured conditions that are unprecedented, including repeated deployments. I cannot tell you how many families I speak to where their kids have been asked to serve not once in the National Guard but to be repeatedly called back, and every time they say ''yes.''

One and a half million American service men and women have served in

Iraq and Afghanistan. These wars are creating a new generation of veterans who need their country to stand with them. These are men and women who have served our country on the frontline, and when they come back to the country, they are too often shunted to the end of the line waiting for health care, waiting for education benefits, and now as the shocking revelations from Walter Reed have shown us, some have been left waiting in the most squalid of conditions.

I wish to commend you, Mr. President, and members of the Budget Committee for recognizing that the President's request for fiscal year 2008 severely shortchanged the needs of veterans in this country. Passage of this resolution, with $3.5 billion added to the President's request for a total of $48.1 billion in discretionary veterans spending should be our highest priority.

At a time when we are spending billions on awards of reconstruction projects overseas, we can certainly afford this increase in veterans funding at home.

In addition to providing billions more for veterans health care and other support programs, this resolution rejects the President's apparent belief that now is the time to increase mandatory fees that veterans must pay under TRICARE. The President's budget called for an increase in TRICARE pharmacy copayments from $8 to $15. It calls for an annual enrollment fee based on a veteran's family income. It proposed to require veterans to cover their entire copayment for nonservice-connected disabilities. This budget resolution blocks those outrageous proposals.

This administration has shockingly underestimated the number of veterans who would require medical care. To give you an example, in fiscal year 2005, the Department of Defense estimated it would have to provide care for 23,500 veterans when they came home from Iraq and Afghanistan. In reality, Mr. President, more than four times that number required help.

Last year, the Pentagon underestimated the number of veterans who would require care by 87,000. That this administration underestimated and underfunded veterans programs should not come as a surprise. Ever since the war in Afghanistan and Iraq began, the administration has seemed oblivious to the fact that when you send hundreds of thousands of solders into battle, you must have a plan to provide for the hundreds of thousands of veterans whom you are creating and Active-Duty soldiers who will require substantial support when they return home.

With this additional discretionary spending, we can begin to seriously address the repair of traumatic brain injury and polytraumatic injuries suffered by the soldiers in Iraq and Afghanistan that have so tragically become the signature injuries of this war.

We can enhance and expand the recovery and rehabilitation centers for the 30,000 wounded Iraq and Afghanistan veterans. We can provide increased counseling and create greater awareness of the tens of thousands of veterans suffering from post-traumatic stress disorder and other mental illnesses. According to a Veterans Health Administration report, roughly one-third of Iraq and Afghanistan veterans who sought care through the VA have been diagnosed with potential symptoms of post-traumatic stress, drug abuse or other mental disorders.

On an issue that is particularly important to Minnesotans, we can increase benefits for National Guard members and Reservists who are being asked to play the role of Active-Duty soldiers on the battlefield but then are treated as second-class veterans when they return home.

This past weekend, I traveled to Iraq with three of my colleagues to visit our troops in the field and assess the situation on the ground. I was fortunate to have the opportunity to thank the brave men and women from my State for their sacrifice. The sacrifices our troops are making and the risks they are taking was driven home in a poignant and powerful moment at the Baghdad airport, when I stood with nine Duluth firefighters who are members of Minnesota's National Guard.

They were there to show their respect for fallen soldiers. They stood there and saluted as six caskets were loaded onto an airplane, all of them draped in the American flag. I watched these men stand stoically but sadly, and then I saw them return to their task at hand.

With all the political noise in Washington about the war in Iraq, we often lose touch with what the perspective is of the men and women on the frontline. I went to Iraq to find that perspective. I met marines in Fallujah from Roseville and Rochester. I met a Navy Seabee from Appleton, MN. I met Army soldiers assigned to help train Iraqi troops from Minneapolis and St. Paul. I met Army Reservists based out of Fort Snelling. I met National Guardsmen attached to the fighter wing in Duluth. These soldiers and National Guard members I met in Kuwait, Baghdad, and Fallujah, they did not ask about the resolution the Senate was debating, they did not ask me about what my plan was to bring them home to their families; they did not ask about the shortages in equipment and body armor; they did not ask about repeated tour extensions. They only asked about two things: First, they wanted to know what the results were of the Minnesota High School Hockey Tournament.

But they asked one more thing. They asked that we take care of them when they return home. I pledged to them, and I bring that point to the Senate floor today, that their sacrifice will not be overlooked, that their service will not be forgotten, and their debt will be repaid.

The VA funding in this resolution is the first in a series of payments toward the debt we owe these soldiers on the frontlines who have sacrificed for us. I have always believed when we ask our young men and women to fight and to make the ultimate sacrifice for our Nation, we make a promise we are going to give them the resources they need.

This has always been a country that believed in patriotism, and patriotism means wrapping our arms around those who have served us.

In his second inaugural address, President Lincoln reminded the American people that in war, we must strive to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan.

Today, Americans are again called to bind up our Nation's wounds and to care for those who have borne the battle, as well as their families who have shouldered their own sacrifice.

Let us live up to this solemn obligation to bring our troops home safely and to honor our returning soldiers and their families by giving them the care and the benefits they have earned.

That is why I support the veterans funding included in this budget resolution.

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. I ask unanimous consent that the time from 12:30 to 1:30 today be for debate only, equally divided and controlled between Senators SCHUMER and BROWNBACK—this is the Humphrey-Hawkins report that is part of any consideration of a budget resolution; that at 1:30, Senator GRASSLEY be recognized to call up two amendments, one relating to payment limits and one relating to the Smithsonian institution; that there be a total of 60 minutes for debate with respect to the two Grassley amendments, with the time controlled 30 minutes for Senator GRASSLEY and 30 minutes for the chairman of the Budget Committee; that no amendments be in order to either amendment during this debate time.

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

Mr. CONRAD. I thank my colleagues for their continuing cooperation.

On the Collins amendment, we could accept that amendment at this point.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I can't speak for Senator COLLINS. I don't know if she needs a vote or not.

Mr. CONRAD. I asked her the direct question if she would require a rollcall vote. She said she did not.

Mr. GREGG. Then let's proceed.

Mr. CONRAD. Mr. President, I ask unanimous consent, on the Collins

amendment creating a deficit-neutral reserve fund for a teacher classroom expense deduction, that that amendment be considered on a voice vote.

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

The question is on agreeing to amendment No. 480.

The amendment (No. 480) was agreed to.

Mr. GREGG. I move to reconsider the vote and to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CONRAD. The 12:30 hour having arrived, this is time controlled by Senators SCHUMER and BROWNBACK.

Mr. GREGG. Mr. President, we hope to also, later this afternoon, after Senator GRASSLEY has proceeded with his two amendments, proceed potentially to amendments from the other side of the aisle relative to SCHIP and from our side of the aisle relative to SCHIP and then an amendment in response to the amendment of the Senator from Montana, the chairman of the Finance Committee. That would be the sequence I hope we can get to later today. Those are all important amendments. We would like to get them done. It would be constructive.

Mr. CONRAD. The Senator is correct. That is the intention. After the amendments of Senator GRASSLEY are discussed and debated, we would then be able to turn to a discussion of SCHIP with both sides participating, Senator KYL thereafter to be recognized to offer an alternative to the amendment offered by the Senator from Montana.

We await the Senators whose time has been reserved. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SCHUMER. 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. SCHUMER. Mr. President, I rise to speak as chairman of the Joint Economic Committee in terms of our Humphrey-Hawkins budget debate time.

Today, we are going to begin putting the Nation's fiscal house back in order and to get our economic policy priorities straight. I salute the chairman of the Budget Committee, the indefatigable KENT CONRAD, for the great job he has done over the years in trying to get our country back on the right fiscal track.

For the last 6 years, we have been governed by a shallow economic strategy, guided by deep and indiscriminate tax cuts. The strategy has produced burgeoning deficits, mediocre economic performance, and a serious global trade imbalance. My colleagues and I on this side of the aisle have a different policy vision. We believe the middle class is the backbone of the country and that when we pursue policies to help the middle class feel confident about their economic future, we produce a strong economy, capable of meeting just about any challenge.

We have not had those kinds of policies or that kind of economy over the past 6 years. The economy went through the most prolonged jobs slump since the 1930s, as it struggled to recover from the 2001 recession. Then, while the economy was growing, it was not producing enough jobs. In the summer of 2003, job creation began to turn upward again but not as rapidly as we were used to in past economic recoveries. Something was still missing—growth in real wages.

In the past, increased productivity meant real wages increased. In recent years, American workers have continued to be remarkably productive. However, while our output per hour grew 18 percent from 2001 through 2006, after adjusting for inflation, workers' pay and benefits grew only by half as much—8.7 percent. That is serious stuff. When output goes up and workers only retain less than half of it, something is the matter.

Even that modest growth in compensation came much more from benefits than from wages. It is not that employers were becoming more generous in providing benefits. To the contrary, benefit costs have been increasing because health care insurance costs are rising, and employers have had to make contributions to restore the solvency of their pension plans. Those higher benefit costs squeezed take-home pay, but workers have not been getting more generous benefits in return. They are shouldering more of the burden for their health insurance, and their pensions remain in jeopardy.

So where have the benefits from economic growth been going? They have been going to profits and salaries and bonuses of top executives. Profits as a share of national income are at an all-time high, and incomes at the very top of the economic scale have been soaring. At the same time, middle-class families and families striving to get into the middle class have been struggling to get ahead.

I wish I could say businesses have been investing their profits to make the economy grow, but another remarkable feature of the current economic recovery is how slowly business investment is growing relative to profits. Business profits have been flush, yes, but business investment spending has been weak. There hasn't been any real trickle down from the President's huge tax cuts to the rest of the economy. We had a small growth spurt for a couple of years, but the most recent news paints a picture of an economy that is growing at a pace below its long-term sustainable potential.

The main results of the President's tax cuts have been, A, larger budget deficits, and B, reduced national savings. With less of our own savings, we are borrowing more from the rest of the world to support our current standard of living. The record current account deficit last year—the amount we had to borrow from the rest of the world to finance our trade deficit—was equal to a stunning 6.5 percent of the entire GDP; 6.5 percent of the GDP goes to financing our trade deficit. We are borrowing more than ever from the rest of the world. Those debts will be paid back with interest from the income of our children. The Federal Government is increasingly reliant on the rest of the world to buy our public debt, and who knows what kind of financial crisis would ensue if the rest of the world decided they no longer wanted to hold such vast quantities of U.S. debt. Even if they don't, the idea that we are saddling our children to repay this debt is not fair to them and not good for the future of America.

To conclude, it is no wonder that middle-class families do not give President Bush much credit for the economy. They are paying more for gas and utility bills. Their health insurance and prescription drug costs are rising much faster than their pay, and college tuition costs are through the roof. They see good manufacturing jobs disappearing and a wave of new competition from economies such as China and India. They are also less likely to support expanded trade because they sense that the Government is not on their side when it negotiates trade agreements, and they see that some of our largest trading partners regularly flout the rules of free trade. They see a Federal Government that doesn't pay its bills and is building up foreign debt that will be a burden on our children and our grandchildren.

I commend Senator CONRAD for crafting a budget resolution that gets us started on the road to recovery from these misguided policies. There is much work to do, but we are off to a good start with this budget resolution.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. BROWNBACK. Mr. President, I thank my colleagues for having this discussion on the budget.

I am ranking member on the Joint Economic Committee. I wish to discuss some of the things Senator SCHUMER was talking about on economic performance. What I would like to do in making this presentation—I will speak for 10 minutes now and 20 minutes later—is to talk first about what has taken place in the economy recently and then to talk about human capital development that is important for us to develop more and into the future.

I think we have a bit of a different presentation on the factual setting of what has happened as a result of the tax cuts. I believe there would be agreement that if the economy has not substantially performed as well as some may suggest, as the Senator from New York suggested, then the answer is certainly not a big tax increase. That would clearly not be the case if what we want to do is stimulate economic growth. I believe there would be

a broad basis of support and a realization of that from economists and people around the world. If your economy is not performing well, the answer is certainly not to put on a trillion-dollar tax increase to try to stimulate that economy to perform better. That would be clearly the wrong answer. Yet we are finding that in this budget.

I am here to discuss what has taken place in the economy. One of the key questions the Senate will address during this debate is what procedural rules to put in place to help instill budgetary discipline on this institution. Unfortunately, those proposed fiscal discipline measures which appear in this budget amount to a little more than a guaranteed tax increase for the American public on the magnitude of $900 billion to $1 trillion.

As my colleague from New Hampshire has noted, it is the largest tax hike ever on American workers and their families—the largest ever. That certainly would not be the prescription I would hear from most economists as to how to get the economy performing better, to put on a $1 trillion tax hike.

As part of the majority's rhetoric, we will hear much talk about how the fiscal policies—most notably the pro-growth tax policies—of the past 6 years have not benefitted everybody in this society. To substantiate that assertion, one can only rely on bits and pieces of data and not the full view and the big picture of what has happened in the economy, which is what I would like to cover, and cover now, and cover with charts, to let people see what the facts are and draw their own conclusions.

It is undeniable our Nation was heading into recession during the year 2000, the last year of President Clinton's administration. I was in the Senate, and one could certainly see that in the economic data. The dot-com bubble was bursting; economic growth turned negative in the third quarter of 2000. The unemployment rate bottomed out in April of 2000 and began its rise. In the period from January 2001 to August 2001—the first year of the Bush administration—only 1 month registered positive job growth. In that period, 700,000 jobs—nearly three-quarters of a million—were lost.

Then came the horrors of 9/11, and the Nation's economy tumbled further. It was like hitting a brick wall and falling. From September to December more than a million jobs were lost. We all remember the trauma to us as a country, and the trauma to the economy at that time.

I have a number of charts I will present today, and I hope they will put some perspective on our debate. We can argue about the degree to which pro-growth and pro-job tax relief enacted in 2003 caused the economic turnaround. I think that is a legitimate debate. I would note, however, that recent economic conditions display a striking contrast to the conditions that prevailed prior to enactment of pro-growth tax relief under the Jobs and Growth Tax Relief Reconciliation Act of 2003 that was passed in May of 2003.

Consider these charts and the data behind them, and then draw your own conclusion.

Let's look at this chart on economic growth since 2000: inflation-adjusted annualized GDP growth. You can see where we were prior to and then in 2000 and 2001 with negative economic growth rates taking place. You can see anemic growth rates taking place afterwards. You can see what took place: tax relief enacted in May of 2003 and the strong spike, continuous spike in growth that took place.

Since the enactment of tax relief in 2003, annualized growth in the inflation-adjusted GDP, our gross domestic product—that is, the size of the pie, the size of the economy in the country—has averaged a robust 3.5 percent growth rate. That compares with the relatively tepid average of 1.3 percent from the first quarter of 2001 to the second quarter of 2003.

So you look at this period before tax relief: 1.3 percent; you look at the period since the tax cut enactment: a 3.5-percent average growth rate. I would much rather have a 3.5-percent growth rate than a 1.3-percent growth rate.

What about investment? That is a key part of our growth, to make productivity grow, to make wages grow. Business investment is a key component of economic growth.

Since the enactment of tax relief in 2003, growth in real business fixed investment has averaged 5.7 percent. With tax relief enacted. You can see where we were beforehand, negative investment; afterwards, positive investment at a nice rate, 5.7 percent.

Prior to the enactment of tax relief, from the first quarter of 2001 through the second quarter of 2003, business investment declined at an average rate of 5.6 percent; but it increased 5.7 percent on average afterwards—a direct mirror opposite with the investment and tax cuts that took place.

Let's talk about unemployment rates. That is certainly a key. We want to have people employed in this economy, and employed at an aggressive growth rate. The unemployment rate has declined from a peak of 6.3 percent in June of 2003, when tax relief was implemented, to 4.5 percent in February of 2007.

So you can see again, with tax relief enacted, a decline in the unemployment rate takes place. At 4.5 percent, the unemployment rate stands below the average rate of the 1960s, the 1970s, the 1980s, and the 1990s. Where we sit today stands below those average unemployment rates.

Again, tax relief was enacted. We can argue about, did that cause it or not, but I think you have to clearly say we have had a nice improvement that has taken place in the time period following enactment of tax relief.

What about payroll employment changes since 2000? There have been 42 months of consecutive gains in payroll employment. Close to 7.6 million new payroll jobs have been created during the period since September 2003—again, that period when we did the tax relief.

From June of 2003 through February 2007, payroll employment gains have averaged a healthy 169,000 per month. In contrast, 91,000 jobs were lost on average in the period between January of 2001 and May of 2003.

Again, you get this mirror situation where you were losing jobs prior to this time period, and you are growing them at a nice, strong, clip and engagement rate which is taking place after the enactment of tax relief. Good, positive rates have taken place.

With that, Mr. President, I believe in our time agreement I had until 12:50, and then I have 20 minutes at a later point. I will go through a series of additional charts later, but my colleague from Pennsylvania, I believe, was going to speak. I do not know if the manager would like to take the time of Senator CASEY at this point in time.

Mr. President, I ask the manager of the bill if her side desires to have the floor at this point in time.

Ms. KLOBUCHAR. Yes, we would like to do that. We are awaiting the arrival of Senator CASEY. I thank the Senator.

Mr. BROWNBACK. Mr. President, if I could, I will yield to Senator CASEY as soon as he arrives on the Senate floor, if that would be acceptable to the manager?

Ms. KLOBUCHAR. That would be acceptable. He is on his way.

Mr. BROWNBACK. I thank the Senator.

Mr. President, let's look at these numbers, the Institute for Supply Management activity indexes. This indicates whether expansion or contraction is taking place. The Institute for Supply Management indexes of manufacturing and non-manufacturing activities signals expansion or contraction taking place in the economy. When it is above 50, there is expansion. When it is below 50, there is contraction. This, again, displays robust expansion following tax relief. In contrast, it displays contraction or tepid growth prior to tax relief.

So you can see, again, the tax relief point that took place, as shown on this chart. You had some growth. You had some decline taking place at this 50-percent point. Where it is below that 50-percent point, you have contraction. Where it is above that 50-percent point, you have expansion. After tax relief, you have a strong expansion rate, which is taking place in these numbers.

While correlations do not imply causality, there has been a clear and striking turnaround in a wide array of economic indicators from signals of contraction or tepid growth prior to enactment of the pro-growth tax relief in 2003 to signals of strong expansion and robust growth following tax relief taking place.

One final point. A key to increases in incomes, wages, and living standards is

growth in productivity, as this chart clearly shows.

Again, we have a period where there is productivity growth and real hourly compensation going up. Pro-growth tax relief, such as that enacted in 2003, lays a solid foundation for continued strong growth in the productivity of American workers. That growth is ultimately what boosts the wages, salaries, benefits, and living standards of American workers and their families—built on a solid economic basis. Raising taxes—raising taxes—as some on the other side are suggesting—is not a productive way to proceed in us increasing real wages, real incomes for individuals to stimulate the economy. In fact, the other route is the way to go: get the economy growing built on fundamentals and built on cutting taxes.

With that, Mr. President, I know my colleague from Pennsylvania is in the Chamber.

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

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. CASEY. Mr. President, I thank the Senator for yielding.

Mr. President, I would like to speak today about the budget we are going to be debating and about our economic prospects as we go forward. I also want to thank those who have been working so diligently to put this budget package together. Senator SCHUMER has worked, especially as the chairman of the Joint Economic Committee, to focus our attention on some of the economic realities we face in the weeks ahead.

The fact is, when we look at the economic data, Wall Street has done pretty well over the last 6 years, but the average American, however, has not shared in that prosperity.

Since 2001, median household income is down after inflation. More than 5 million more people—a total of 37 million Americans—live in poverty today, including 1.3 million more children. So now we have some 12.9 million children in poverty.

Long-term unemployment is up 80 percent. Three million manufacturing jobs have been lost in that time period, many from my home State of Pennsylvania, like in manufacturing States across the country.

We also have to look beyond the data from where we are now and have been in the past. We have to look to the future. We all know we face a tremendous challenge when the retirement of the baby boom generation begins in earnest. The coming retirement of those Americans means the Social Security and Medicare obligations we owe them, because of their decades of work, are coming due. At the same time, this administration has been issuing debt, in my judgment, at an irresponsible and reckless pace—most of it being purchased by governments across the world and by individual countries we are competing against.

We hear a lot in the context of our energy policy about reducing our dependence on foreign oil. There is tremendous agreement about that goal. I think in the economic context we can use the same language. It is about time the U.S. Government, especially this administration, began to get on the road of reducing our dependence on foreign debt. We need to have policies that will do that.

For the last 10 years, prior to coming to Washington as a Senator, I was a public official in Pennsylvania—8 as auditor general and 2 as treasurer. One of the jobs I had, especially as auditor general, was to be one of the so-called issuing officials. We issued debt in State government. As part of that, one of my responsibilities, one of my basic requirements, by statute, was to certify that Pennsylvania was not only staying within its constitutional debt limit but was assuring it was not straining its borrowing capacity from an economic or fiscal standpoint because doing so would undermine Pennsylvania's debt rating and drive up the cost of future borrowing.

I do not think there is anyone in this administration, or in this Congress for that matter, who could certify or would certify the Federal Government is not straining its borrowing capacity today, and certainly for the last several years. The fact is, our debt is not just a piece of paper filed away in some cabinet. It is real. It represents a lot of things. It represents, first of all, a dependence upon other governments in terms of our foreign debt. It often represents a taking away from investments in very important programs for people.

I say to the Presiding Officer, you understood that in your work in the Congress and now in the Senate. You understand those critical investments. If you drive up the cost of borrowing, you make it more difficult for us to not only borrow money but to invest. All of our families will be the losers in that scenario.

So I think in addition to gaining control of our fiscal house and putting our fiscal house in order and beginning to reduce our dependence on foreign debt, we must also, at the same time—and I think it is obviously related—increase our investment in American families. We need to start to do that by keeping our promises to those of our families who rely upon good investments by the Federal Government.

We all know in a global economy—and certainly the newer global economy—it is very clear that goods can be moved all over the world. We are happy about that. It is amazing what technology and transportation have done to bring that about. Money can move in a matter of minutes now. We know that. But people, by and large, tend to be much more stationary in the sense that they do not move nearly as fast as money or goods.

America, in particular, has been able, over a long period of time, to develop our own talent—the talents of our people—and to attract talent from all over the world. But the only way we are going to maintain that, to maintain our competitive edge, to be able to invest in strategies that will work, is to actually focus our attention on the skills and the education and the advancement of the American people. In order to do that, we have to give the American people the tools they need to compete in a global economy.

We all know if we do that and we meet our obligations and keep our promises, we will ensure the global marketplace and trade are conducted on a fair basis and that we don't put our workers at an unfair disadvantage. But in order to do that, we have to invest. That is why, as the Presiding Officer knows from listening to our colleagues in the Democratic caucus, and certainly by analyzing the budget that was put together by the Budget Committee, especially under the leadership of Chairman Kent Conrad from North Dakota, what that budget has done, what the proposal does is puts together a budget that makes sense, that makes fiscal sense, that begins to reduce our deficit and brings us into balance by 2012. In fact, it brings us beyond balance. It gives us a $132 billion surplus.

Also, it realizes that right now we are in a hole because of how we have been conducting fiscal business in this town for the last several years. It realizes that when you are in a hole, as the old expression goes, you should stop digging. It realizes people are our most valuable resource. This budget invests in them in so many ways. One good example of that, or two actually, is the State Children's Health Insurance Program, the so-called SCHIP program, and the Presiding Officer knows in the State of New Jersey the benefit that program has had in his State and in the State of Pennsylvania and in so many others. We have to make sure we get that right, not only to maintain the coverage for the millions of children already enrolled and their families and their communities and the economy as a whole benefit when they are enrolled, so we have to keep them covered, but we also have to meet the larger challenge of insuring the 9 million other children who have no health insurance at all and won't even begin to be covered under the President's budget. That is an important investment this budget proposal makes.

It also increases education funding at the same time by funding No Child Left Behind, making sure our families get help with higher education and all the rest. This budget makes sure we are making the right decisions on Medicare and Medicaid. The Presiding Officer knows Medicaid increasingly and overwhelmingly is about making sure that older citizens have the opportunity to get quality care in nursing homes, and it is also ensuring we are covering poor children and poor families.

This budget does all of this while also being fiscally responsible by reducing the size of the deficit and by beginning

to lower our debt to foreign governments, and making sure we are doing this in the context of both reducing debt and deficit, but also making important investments. This budget focuses on the right priorities in an economic sense, but it also bears in mind that we have obligations. We have promises to keep. This budget goes a long way toward making sure we are being fiscally responsible and keeping our promises.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Mr. President, I appreciate the chance to talk about some of these economic issues, and I join my colleagues from Minnesota and Pennsylvania in a discussion of these items.

I note from the discussion of my colleague from Pennsylvania that he focuses on human capital, which I absolutely agree with. I have a few charts I will cover in a few minutes about an investment in human capital I hope we can all agree on, and that is trying to encourage and rebuild the family structure in the country. This is something I have worked on across the aisle with my colleagues, particularly in the District of Columbia when last year I was chairman of the DC Appropriations Subcommittee. We were deeply concerned about the lack of family formation in the District of Columbia, so it became the key area and the initial place to begin to develop human capital being within the family structure.

We are finding in the District of Columbia and in many urban areas in particular, and all across the country, but in the District of Columbia in total we had 63 percent of our children born out of wedlock. This puts a child in a situation where it is more difficult to develop human capital. You can develop a child and a child can be raised well in that setting, but it becomes much more difficult. I worked with the Mayor at that time, Mayor Williams, and I worked with Delegate ELEANOR HOLMES NORTON, and we put together a program called the Marriage Development Account. If you were at 85 percent of poverty or below and got married, we would put in a Federal dollar, raise two private sector dollars, and you as a couple would put in a dollar. We would match this 3 to 1 to encourage the formation of married units—a family—around which to build a family.

This has broad bipartisan support, left and right support this, and I am hopeful we can look at ways in reforming welfare programs in particular to encourage the formation of families as one of the key and vital steps for human capital development and growth. This is something we ought to be able to agree on across the aisle. We have agreed previously, and I hope we can do that now, because we have to develop human capital. We particularly have to do it now, and the best place to start is the family and developing the human capital there. Clearly, one of the best ways we can break the poverty cycle is forming more family units. That shows up in all of the data. It is broadly supported in a bipartisan fashion and it is something where we need to change the welfare policies.

I wish to also look at this idea that tax policies since 2003 have been more beneficial to upper income households and less beneficial to lower income households in the United States. Here again, I have a series of charts. I will first start with conditions under the Clinton administration and look at impacts of Federal policies as far as a share of the overall economy. This is an instructive chart when you look at income, after-tax income, distribution data during the Clinton years. Let's consider the distribution. The data for all of these charts comes from CBO's December 2006 historical effective Federal tax rates. The data are from 1979 to 2004. First, it is interesting to look at what happened to after-tax income between 1992 and 2000. These would be the Clinton administration years. The only group of households that saw a share of the Nation's after-tax income increase was the top 20 percent. Their share during the 1992 to the 2000 time period—you see these arrows all going down: the lowest 20 percent, the second lowest 20 percent, middle, second highest, everyone is down, down, down; up is the top 20 percent. Their share of after-tax income went up during the Clinton administration years and their tax policy.

Now let's postulate the same question—because the charge is often made that the tax cuts have only benefitted—the wealthy in this country. I have seen the charts repeatedly, and it is important to discuss what the data have shown. What happened for 2000 through 2004 is the opposite of what happened during the Clinton years as far as who grew what share of after-tax income that happened during 1992 to 2004. It went the opposite. The only group that didn't see a share of after-tax income increase was the top 20 percent. Everybody else saw their share of the after-tax income grow: the lowest 20 percent, the second lowest 20 percent, middle, the second highest. The only people who went down were the top 20 percent.

It is important to point out, when we have talked about these things in generic numbers and phrases—about only the upper income households having benefitted—but we ought to look at the actual data we have available to us.

Again, I will go back to what happened in 1992 and remind people these are the Clinton years. The lower income all saw their share of after-tax income decrease; the upper income group saw theirs go up. In 2000 to 2004, we saw a reversal of those arrows under these tax policies that are being so castigated as being against lower income. The share of after-tax income received by the top 1 percent of households grew 42 percent, from 10.9 percent in 1992 to a peak of 15.5 percent at the end of the Clinton years. Again, we are talking about the Clinton years, the share of after-tax income, the top 1 percent of all households, up 42 percent during the Clinton era and the Clinton years. That is what took place.

What happened from 2000 to 2004 is after-tax income received in the top 1 percent of households actually declined. This declined at the end of the first Bush term. They do not support the assertion that there has been a massive shift of income to the highest income households since 2000. The data don't support it. The critics of the pro-growth tax policies enacted after 2000 assert that the highest income households have disproportionately benefitted. That simply is not supported by the data.

Let's look at the top 10 percent of households paying their share of income taxes. Since 1984, the top 10 percent of households have paid an increasing majority of all Federal income taxes. In 2004, the final year of data available in CBO's report, the share of Federal income taxes paid by the top 10 percent of households reached a high of 70.8 percent—70.8 percent. So you can see it was continuing to grow.

It is worth noting that in 2004, the bottom 40 percent of households paid a negative share of Federal income taxes. I want to show that chart. That is, they received resources from the income tax system. In other words, they were paid by the income tax system—not paid into. They received from the income tax system. Since 2000, the ''relative Federal income tax burden,'' or the share of all Federal income taxes paid compared to the group's share of all income, has declined for all income groups except the top 20 percent—except the top 20 percent. So again we have these tax lines going in a different direction.

Striking is the fact that the relative Federal income tax burden of the top 1 percent of households declined for 1992 to 2000 during the Clinton administration. So again we have this comparison of Clinton policies to Bush policies. This is the relative Federal income tax burden of the top 1 percent of family households income. That declined, the percentage, their share that they paid of the overall tax burden, and it went up in 2000 and 2004 in the Bush years. In 2004 it not only increased but it was higher than in 1992 when President Clinton took office.

The CBO's report also reveals that for the time period from 2000 to 2004, the effective total Federal tax rate reduction has been the highest on a percentage basis for the lowest income groups. In other words, you have the most decline as far as the Federal tax rates for the lowest income groups. I think that is as it should be. We shouldn't be critical of the tax policy saying it is harming low income and benefitting disproportionately high income when the data don't support that.

The same is true if you look at the income tax rate reductions. Again, the lowest 40 percent of households have a negative effective income tax rate and a negative income tax share. In other words, they were paid back by the Federal income tax system.

Clearly the tax policies enacted since 2000 have benefitted all income groups and have not resulted in a shift in income shares in favor of high-income households or in tax burdens toward lower income households. Indeed, the data say the opposite. The top 10 percent of households are paying a bigger share of total Federal taxes and total Federal income taxes than in any prior time covered by the report.

I appreciate my colleagues' indulgence, but the falsehoods about tax cuts and a bigger share of the pie for the wealthy need to be addressed. I think it is important that we do address these.

I also note in yesterday morning's Wall Street Journal in discussing this budget, it says the Senate Budget Committee chairman is pulling off a neat magic trick—and here I am quoting the Wall Street Journal:

> . . . of claiming his budget includes ''no tax increase,'' even as it anticipates repeal of the Bush tax cuts after 2010.

These are the same tax cuts I have been discussing, the tax cuts that have helped stimulate growth, that have helped stimulate employment, that have helped reduce the tax burden on the lower income people in the United States.

The Wall Street Journal goes on to say:

> How does he pull that rabbit out of his hat? By positing what amounts to a giant asterisk where the tax increase is supposed to go and hoping no one will notice.

In other words, the taxes go up after 2010, since the tax reductions put into place in the Bush tax cuts are not continued.

The article continues that the chairman has:

> . . . no intention of extending the Bush tax cuts, which he voted against and whose repeal would slap the economy in 2011 with the largest tax increase in U.S. history. But Senate Democrats don't want anyone to know this, at least not before the 2008 election. . . . All of this is really sleight-of-hand to disguise that Democrats are intent on repealing the Bush tax cuts.

What would the impact of that be? People talk about it in generic terms, but let's unpack it a little bit. The Wall Street Journal reports that:

> This would raise the tax on capital gains to 20 percent from 15 percent, more than double the tax rate on dividends to 39.6 percent from 15 percent, and sharply increase marginal tax rates at all levels of income.

This will hurt growth, this will hurt investment, this will hurt job creation, and this will hurt wages. This backdoor tax increase sends a bad signal to the economy. That bad news, if allowed to stand, will be bad news for the economy throughout for the working men and women of this country. This isn't fiscal responsibility; it is bad tax policy that hurts people.

This budget will only increase the burden on families. We need to step back and be willing to get control of entitlement spending and across-the-board spending. We need policies that encourage the formation of families, and support the preservation of traditional families, as a way of developing human capital.

We need to help those who need a hand, but we are quickly reaching a point where we are asking too few people to carry too much of a burden on the tax rates. We are on the verge of killing incentive and initiative.

We need to get serious about reforming a tax system that even the most educated Americans cannot comprehend. We need to put in place an alternative flat tax and let people choose a tax system. This current tax system is unintelligible, burdensome, manipulative, and it needs to be changed. We are in desperate need of a tax system that is simple, efficient, and globally competitive. We need to just have a fair system. Our tax system needs to treat everyone the same, not heap dizzying layers of regulation on top of regulation or carve out loopholes for the privileged who have the ability to hire lobbyists.

Despite the chairman's call for simplifying the Tax Code, there is nothing in his budget that promotes greater simplicity. Despite the chairman and his colleagues in the majority being fully aware of the need for entitlement reform, they choose to totally ignore our looming fiscal problem. They choose, in this budget, to completely ignore the urgent need to address entitlement reform, especially as the first baby boomers begin retiring next year. This budget does not contain any proposals that, on net, would reduce mandatory spending or the debt. The majority, evidently, wishes to simply wait for a fiscal train wreck to happen.

If we sit on our hands and let this budget and its ''magic act'' budget enforcement provisions take effect, all we will do is impose the largest tax increase in American history at the worst possible time—when the fiscal train wreck begins as the baby boomers enter their golden years of retirement. That is not a budget; that is recipe for disaster.

I look forward to further debate on this budget, and I really hope we can start working together on it in a bipartisan fashion to address the clear problems we have. We can do that, and we need to do it. Now is the time. The sooner we act, the more options we have.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Ms. KLOBUCHAR. Mr. President, I am here to speak on behalf of the budget resolution and to share some statistics about what has been going on in this country for middle-class families. I have to tell you this before I show the statistics. Having met with people all over our State and having sat in living rooms and had meetings with people, they could not really understand why their kids who just graduated from college could not buy a house, and they could not understand why they were struggling to send their kids to college and why they were struggling to go on vacations because of the high gas prices.

While having meetings with these people, lightbulbs would go on in their heads about these things. That is what is going on with a lot of people in this country. That is what the statistics show. That is why it is so important to have a budget that gets these families and kids on a strong fiscal track. At least this budget brings us back to the pay-as-you-go rule. At a time when the wealthiest have been getting wealthier and wealthier, at least this budget says how can we help the middle class going forward.

Let's look at the statistics.

First, look at the productivity. Typically, real compensation for workers—the wages and benefits—tends to track productivity growth. That is what it did in the late 1990s. This hasn't really happened since the 2001 recession. Our productivity growth, as you can see, has been strong, as the blue line on this chart represents, but compensation growth has been relatively weak. That is the red line there.

Recent gains in real compensation have not significantly narrowed the gap that has been opened. Workers have a long way to go to catch up with the gaps they have missed out on so far in this recovery. So it is because of their work that we are seeing this productivity gain, but they are not getting their piece of the pie. That is what we see in the increasing gap every year.

We have to look at the next chart reflecting real earnings growth. This looks complicated at first, but it makes sense when you look at what the lines represent. The bluish-purplish bars are for the kinds of real earnings growth we saw in the late 1990s. If we focus on usual weekly earnings of full-time workers, we see only modest gains—and that is the red here—in the distribution from 2000 to 2006. This contrasts sharply with the gains you see in the late 1990s, which is the blue part of the graph, when productivity first accelerated.

I note this marked difference between what you saw from 1996 to 2000 and from 2000 to 2006. This doesn't even include bonuses of highly paid executives or capital gains and other nonwage income earned at the very top of the income distribution. This chart shows how real earnings growth has been weaker and more unequal than in the late 1990s. For me, when I think about those people in the living rooms in Brooklyn Park, MN, as they talk about how they could not afford health care, this is what it is about, because their real earnings growth has been much weaker and it has been harder for them to afford these important parts of

their expenditures, such as health care, gas, and those things. Those prices have gone up.

Now, at the same time we have this going on, we have this: CEO compensation, right now, is 350 times average work pay. I think the average person has to work an entire year to make up for what so many of our top CEOs make in the first day of the year. In 1980, the average CEO made about 50 times as much as the average worker. In 2004, that ratio was nearly 350. The average CEO made 350 times the pay of the average worker.

So you can see what has been going on with the share of wealth in this country and why we have these people all over the country who are working hard and who are the engine of the economy—the middle class—and it is harder and harder for them to keep up and to get by. That is what we are trying to do in this budget resolution—start the process of getting the country back on track so that we respect the people doing the work, the middle class, the hard-working men and women of this country.

The last thing I wish to share with you is about the distribution of wealth in this country. This is a similar way of looking at the CEO distribution issue. In 2004, the wealthiest 1 percent of households had more net worth than the bottom 90 percent of households. So here you have the top 1 percent. This is their portion of the pie, 33 percent. Here is the bottom 90 percent, the middle class people; 9 out of 10 people are here, and their wealth is actually less than this top 1 percent of the people in this country. Even when you go to the next 9 percent, which is about 36 percent of the wealth, when you include them until you have the top 10 percent, the wealthiest 10 percent of people in this country, they have more than two-thirds of the total wealth.

So statistics are important, but what really matters is the people in this country. When you look at the statistics, you understand why, for a student from the University of Minnesota, Jay Boler, it was hard to get by day after day and to afford college tuition when it had gone up 110 percent at 4-year colleges in the last 2 years. He is not in that top 1 percent. That is not where he is. You can understand why Jeanne O'Hearn, who owns a drycleaner in Robbinsdale, MN, is trying to get by with few employees. It is hard to afford health care for her employees. You can understand because she is not in that top 1 percent. You can understand why a mom in Mahnomen, MN, whose child had been called back to Iraq for the third time, cannot sleep at night and why she is upset because he is probably not going to get the benefits he needs when he gets back. She is not in that top 1 percent.

What this budget resolution does is at least acknowledge the fiscal issues of this country by putting back pay-as-you-go, because this interest doesn't hurt the top 1 percent, but it hurts everybody else in this country. It also says we are going to start helping the people who have helped us; that is, the middle class.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. 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. GRASSLEY. Mr. President, I rise to offer an amendment on the agricultural portion of the bill to provide payment limitations on payment to farmers. The American people recognize the importance of family farmers in our Nation and the need to provide an adequate safety net for family farmers. That is what a farm program is all about.

In recent years, however, assistance to farmers has come under increased scrutiny, and it should. Take a look at some of the headlines that ran last year on the front page of the Washington Post. The first headline reads:

> Farm program pays $1.3 billion to people who don't farm.

That is going to make any taxpayer, rural or urban, mad because the general assumption is that farm programs support family farmers and do not go to people who don't farm.

A second headline reads:

> Federal subsidies turn farms into big business.

In other words, the Federal taxpayers are paying to help big farmers get yet bigger.

The article goes on to say:

> The shift in subsidies to wealthier farmers is helping to fuel this consolidation of farmland. The largest farm's share of agriculture production has climbed from 32 percent to 45 percent, while the number of small- and medium-size farms has tumbled from 42 percent to 27 percent.

These were just a couple of headlines from a series of articles from the Washington Post on waste and abuse in farm program spending.

Critics of farm payments have argued that the largest corporate farms reap most of the benefits of these payments. What is more, farm payments that were originally designed to benefit small- and medium-size family farms have contributed to their own demise. Unlimited farm payments have placed upward pressure on land prices and have contributed to overproduction and lower commodity prices driving many family farmers off the farm.

The law creates a system that is out of balance. This is pointed out in the chart I have, which shows that we have a system where 10 percent of the farmers—10 percent of the farmers—maybe I should say just 10 percent of the farmers get 72 percent of the benefits, and the top 1 percent of the biggest farmers get almost 30 percent of the benefits. I believe we need to correct our course and modify the farm programs before those programs cause further concentration and consolidation in agriculture and lose the support of urban taxpayers because without their support, we could not have a farm safety net.

Today, most commodities are valued off demand. Markets dictate profitability. When farmers overproduce by planning for, according to the farm program, whether its a loan or the LDP Program or whatever it might be, then markets are not functioning.

I mentioned earlier that the Federal farm programs are influencing land prices across the country. Iowa land is now selling for between $4,000 and $6,000 an acre in counties near my home of New Hartford, IA.

When I was chairman of the Senate Finance Committee, before the last election, I was also a member of the Budget Committee and the Agriculture Committee. I have used those committee positions as opportunities to file amendments that I believe will help revitalize the farm economy for young people across this country.

My amendment today will put a hard cap on farm payments at $250,000. The average taxpayer listening to me might say: What planet did you come from—$250,000 is an awful lot of support. But I am saying in comparison to limits that are now in the bill of $360,000 and legal subterfuge to get around the law to allow some farmers to get millions of dollars. So this is a $250,000 hard cap—still too high for some family farmers but a compromise that has gotten through this body in the past and I am counting on getting through this time.

No less important, this will close those legal subterfuges or loopholes—whatever you want to call them—that have allowed large operations to evade even the $360,000 limit and, as a result, receive benefits many times larger.

To remind everybody, I voted against the conference report of the present farm bill in the year 2002, and this was one of my many reasons, because it did not have this hard cap in there, even though it passed the Senate. I have been fighting to reduce large-scale subsidies for over 30 years. If one looks at the CONGRESSIONAL RECORD in the 1970s, it will show I was leading in that area. More recently, I worked with the good Senator from North Dakota, Mr. DORGAN, on a similar measure in the 2002 farm bill, and it passed with bipartisan support of 66 to 31. That amendment, as I said, was taken out in conference. So I urge my colleagues to check their past votes on this issue during the last farm bill debate.

One section that was added in the farm bill was section 1605, which set up a Commission on the Application of Payment Limitations for Agriculture. The purpose of the Commission, after the failure of our legislation in 2002 in the farm bill because it didn't come out

of conference, was to set up this Commission. The purpose of the Commission was to study this issue. The Commission also said that the 2007 farm bill is the time for these reforms to be made as part of the change to permanent law. So that is why it is legitimate to have it as part of this budget debate.

Congress enacted the Agricultural Reconciliation Act of 1987, called the Farm Program Integrity Act, to establish eligibility conditions for recipients and to ensure that only entities engaged actively in agriculture receive farm payments. To be considered actively engaged in farming, that act required an individual or entity to provide a significant contribution of inputs—capital, land, equipment—as well as significant contributions of services of personal labor or active management to the farming operation. But people have been able to find loopholes around this act, facilitating huge payments that our hard cap is meant to overcome.

I held a hearing through the Finance Committee on a Government Accountability Office report that was released about 3 years ago, April 24, 2004. The GAO report recommended that measurable standards and clarified regulations would better assure that people who receive payments are, in fact, engaged in farming.

Of the $17 billion in payments the USDA distributed to recipients in 2001, $5.9 billion went to just 149,000 entities. Corporations and general partnerships represented 39 and 26 percent of these entities respectively.

Here is an example from the March 2005 Washington Post article of someone who qualified for payments. I quote from the newspaper:

> If the purpose of farm subsidies is to make family farms viable, it's hard to see why payments of more than $400,000 a piece should have gone to 54 deceased farmers between 1995 and 2003, or why residents in Chicago should have collected $24 million in farm support over that period.

This type of arrangement, and others such as that, raises questions about the interpretation and enforcement of the 1987 act's requirements that each partner be actively engaged in farming. This is why I wrote the Government Accountability Office to conduct that study I referred to on which we held a hearing in the Finance Committee. I encourage Members of this body to take a look at that report as well.

During past markups of the Senate Budget Committee, I was able, with the help of the current chairman, Mr. CONRAD, to include a sense-of-the-Senate amendment expressing support for stronger farm payment limits. The proposed amendment would cap Farm Commodity Program payments at $250,000 a year per person during any one year. This would encompass direct payments, countercyclical payments, loan deficiency payments, and marketing loan gains. Gains from commodity certificates will be counted toward limitations, closing another very abusive loophole, particularly those farming in cotton and rice.

By adopting this amendment, it could save the taxpayers over $500 million in savings over a 5-year period of time and more than $1 billion over 10 years. With these savings, the amendment that is being presented by Senator GRASSLEY and Senator DORGAN would put money toward conservation, nutrition, research, value-added agriculture, and renewable energy programs.

The budget resolution before us provides a very much needed reserve fund for the farm bill of $15 billion. Every penny of this fund will be needed if we are to adequately respond to the major needs and opportunities to increase energy independence, restore cuts in conservation, improve farm income through value-added grants, reduce hunger, and invest in the future of food and agriculture through cutting-edge research.

However, the reserve fund is conditioned on offsets. The amendment I am offering is part of the solution to this reserve fund dilemma. A vote for this amendment, then, will help us get a better farm bill done, not just to help farmers but to help the entire society as it includes so much that benefits people just beyond agriculture.

Not only has the Senate previously agreed to payment limit reform, but the President, in his past budgets—I think at least the last 3 years—has supported a broad set of savings proposals recommending reduction in subsidies for larger, more financially secure farmers and promoting more efficient production decisions, although this year the administration proposed that no one should get farm payments if they have an adjusted gross income of over $200,000 a year. That is just another way, and not a bad way, but another way of getting what I am trying to get through this hard cap. So I don't find fault in what the administration is proposing in that area. I think the administration is proposing a very good bite and another bite at the apple.

I have been hearing directly from producers for years exactly what the Secretary of Agriculture heard at his farm bill forums. We are hearing that young producers are unable to carry on the tradition of farming because they are financially unable to do so because of high land values and cash rents.

Neil Harl, a distinguished agricultural economist at Iowa State University and one of the contributors to the Payment Limitation Commission, wrote this:

> The evidence is convincing that a significant portion of the subsidies is being bid into cash rents—

Making the cash rents higher—

> and capitalized into land values.

All making it very difficult for new, young farmers to get started in farming. If investors were to expect less Federal funding or none at all, land values would likely decline, perhaps by 25 percent.

On March 20, 2005, the Atlanta Journal-Constitution printed this:

> As time has gone by, smaller farmers most in need have received less and less of the government's support and corporate-like farms more and more.

By voting in favor of this amendment, we can restore the cuts that were made to conservation, rural and renewable energy programs during the markup of the Ag section of reconciliation. We can allow young people to get into farming and lessen the dependence on Federal subsidies. This will help restore public respectability for Federal farm assistance by targeting this assistance to those who need it, where it has traditionally been over the 70 years of the farm program.

Before I close, I wish to remind everyone who voted against a similar amendment during the 2005 reconciliation vote, the argument that we need to wait until the farm bill debate is not going to work anymore—that was the argument some people who changed their vote used at that particular time—because this is the year of farm bill debate. This is the budget that contains the baseline for the farm bill that we are going to pass this year.

Let's stop kicking the can down the road and say we have to wait until the farm bill debate. The here and now is the here and now. How can you say you are for conservation or you are for renewable energy or you are for child nutrition—that you are for all those things and then come to the floor and vote the opposite way? This is an opportunity to show to the people of this country we are not going to subsidize the biggest farmers getting bigger, wasting taxpayers' money, keeping young people off the farms and out of the farming profession and bringing ill-repute to a farm program that it takes city folk, represented in the Congress, to vote for in order to sustain the safety net for farmers.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, my understanding is the Senator from Iowa has this half hour. I ask the Senator from Iowa if he will yield me 10 minutes?

Mr. GRASSLEY. I will yield 10 minutes, yes.

Mr. DORGAN. I am pleased to be a cosponsor, as I have been in the past. The Senator from Iowa is offering a budget amendment. It is a good amendment. The Senator from Iowa will join me in introducing some legislation on this subject following this discussion. Some will say: Let's have this during the farm bill. We will have this debate then, too, I assume.

Let me say, I don't think there is a bigger supporter or stronger supporter in this Chamber for family farmers than I am. I know my colleague from Iowa is a family farmer. It goes without saying he has been supportive. But I am not interested in supporting the corporate agrifactories that have grown up this country. That is not the purpose of a farm program.

I come from a rural State. I am proud to stand here and support farmers who have names, in my State: Olsen, Larson, Christianson, Johnson, Schmidt, Schmaltz, Cooper. I am proud to support them. They are out there living under a yard light, struggling, trying to make a living. They plant a seed and hope it will grow. If it grows, they hope it doesn't hail. They hope it rains enough and it doesn't rain too much. Finally, when they get in and get the seed off and the crop off and after that seed has grown into a plant, they put it through a combine, take it to the elevator, and then they hope and pray there is a decent price, so in the end, if everything went right, maybe they made a living for themselves and their families. It is a big struggle for them.

What is the value of having these families living out there? A friend of mine from North Dakota wrote a piece about that. He said: What is it worth? What is it worth for a kid to know how to fix a tractor, to plow a field, to hang a door, to butcher a hog, to pour cement, to weld a seam? What is it worth for a kid to know all those things? That university is on a family farm; that is where kids learn it. What is that worth to our country?

We have on the floor of the Senate this issue of a farm program. A farm program is a safety net, a bridge over troubled times when prices collapse, when the crops are destroyed. This is a bridge over price valleys, a bridge over difficult times. Regrettably, it has grown to become a set of golden arches for some of the biggest enterprises in the country, and we propose that we put some payment limits on here that are reasonable payment limits. I am pleased to be a cosponsor along with my colleague, Senator GRASSLEY. I think this is common sense.

Let me give some examples of what persuades us to come to the floor of the Senate. Ten years ago, the top 10 percent of recipients of farm program payments received just over half of all farm payments. Now, 10 to 11 years later, the top 10 percent get 72 percent. It has grown from about half to about three-quarters for the top 10 percent. The top 1 percent receive nearly a quarter of all farm payments.

Mr. President, a 61,000-acre operation in a southern State got $38 million in farm payment programs over 5 years. I didn't come to fight for that. I don't support that. The farm was organized into 66 separate corporations so its 39 owners could avoid payment limits. That is not farming the land. That is farming the farm program. I don't support that.

A 12,000-acre cotton farm took in $2.1 million, a cotton factory in California, $16 million over 8 years. This is not the farm program we ought to be supporting.

The U.S. Department of Agriculture pointed out that they paid $400,000 each to 55 farmers who were dead; 27 of the dead farmers received payments every year for 9 years—$400,000 each for dead people. That is unbelievable.

I support a farm program, one I can be proud of, one that says to families living out there: We want to help you. We know you take unbelievable risks, and when you run into trouble, into tough times, we want to reach out our hand to say we are with you, we want to help you. That is what the farm program is supposed to be about. But it is becoming a perverse program when millions of dollars are taken from taxpayers in the form of taxes and then transferred to big corporate agrifactories who get millions of dollars.

From the Government Accountability Office: Eleven partners ran an 11,900-acre farm and collected a million dollars, and every single one of the farmers lived outside the State where the farm was located. The only engagement they had in the farm was a telephone conversation.

Six partners received $700,000 in farm payments for a 6,400-acre farm. They said they provided daily management, living several hundred miles away.

I don't think we need to say more. It does not take much more to illustrate the absurdity of what is happening. My colleague and I are offering—get this—a proposal that limits program payments to $250,000. Let me say again, I come from farm country. No one here cares more about family farmers than I do. I believe in the farm program. I fought for a good farm program. But I have not fought for a program that hands over millions of dollars to people who reorganize into farm factories in order to farm the farm program and suck money out of what we put aside to help people during tough times.

It is beyond me why we would not take this step quickly and easily, to say payment limitations that would be effective are the right thing for us to do. This should not be controversial at all. This ought to be accepted by unanimous consent. That is what ought to happen. We ought to have a unanimous consent request.

I will say this. If there are those who argue that multimillion dollar operations need millions of dollars from the American taxpayer to continue their operations, then there is something horribly wrong with the farm program that accedes to that request. That is not why we created a farm program in this country. We said we want America's landscape to be dotted by yard lights that represent a farm. I understand that big corporate agrifactories could farm from California to Maine. I understand we have operations that milk 3,000 to 4,000 cows a day, three times a day. That has nothing to do with family farming. I understand you could farm from the west coast to the east coast and you would not have to have people living out there.

But I also understand that there is value to this country, cultural value to this country, where the seedbed of family values began, on the farm and in small towns, and rose to our big cities as a set of family values that this country has always appreciated.

That is the cultural value of having family farms. It is the economic value of having family farms. The way we will keep family farms is to have a decent farm program that says, when you are in trouble, when you have prices collapse, you have a safety net. That is what we are trying to do. We will try to save it. What will happen is we will lose the farm program one day with stories that say this program gives millions of dollars to people with millions of acres who do not need this help.

I am pleased be a cosponsor with my colleague, and I look forward to working with him on these issues.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I thank the Senator from North Dakota for his support, not only this year but over the long period of time we have been fighting this battle.

I send this amendment to the desk, and I would then like to make a unanimous consent request and also a request of some abeyance by my colleagues—if I could have permission in the 5 minutes I have left—to, first of all, set the amendment I sent up to the side and then to call up another.

AMENDMENT NO. 464

The PRESIDING OFFICER. The Senator will suspend for a moment. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for himself and Mr. DORGAN, proposes an amendment numbered 464.

The amendment is as follows:

(Purpose: To limit farm payments to $250,000 per person per year and apply the savings to renewable energy/rural development, conservation, and nutrition)

On page 13, line 9, decrease the amount by $22,000,000.

On page 13, line 10, decrease the amount by $22,000,000.

On page 13, line 13, decrease the amount by $117,000,000.

On page 13, line 12, decrease the amount by $117,000,000.

On page 13, line 17, decrease the amount by $116,000,000.

On page 13, line 18, decrease the amount by $116,000,000.

On page 13, line 21, decrease the amount by $115,000,000.

On page 13, line 22, decrease the amount by $115,000,000.

On page 13, line 25, decrease the amount by $116,000,000.

On page 14, line 1, decrease the amount by $116,000,000.

On page 12, line 9, increase the amount by $8,000,000.

On page 12, line 10, increase the amount by $8,000,000.

On page 12, line 13, increase the amount by $39,000,000.

On page 12, line 14, increase the amount by $39,000,000.

On page 12, line 17, increase the amount by $39,000,000.

On page 12, line 18, increase the amount by $39,000,000.

On page 12, line 21, increase the amount by $39,000,000.

On page 12, line 22, increase the amount by $39,000,000.

On page 12, line 25, increase the amount by $39,000,000.

On page 13, line 1, increase the amount by $39,000,000.

On page 16, line 10, increase the amount by $7,000,000.

On page 16, line 11, increase the amount by $7,000,000.

On page 16, line 14, increase the amount by $39,000,000.

On page 16, line 15, increase the amount by $39,000,000.

On page 16, line 18, increase the amount by $39,000,000.

On page 16, line 19, increase the amount by $39,000,000.

On page 16, line 22, increase the amount by $38,000,000.

On page 16, line 23, increase the amount by $38,000,000.

On page 17, line 2, increase the amount by $39,000,000.

On page 17, line 3, increase the amount by $39,000,000.

On page 20, line 12, increase the amount by $7,000,000.

On page 20, line 13, increase the amount by $7,000,000.

On page 20, line 16, increase the amount by $39,000,000.

On page 20, line 17, increase the amount by $39,000,000.

On page 20, line 20, increase the amount by $38,000,000.

On page 20, line 21, increase the amount by $38,000,000.

On page 20, line 24, increase the amount by $38,000,000.

On page 20, line 25, increase the amount by $38,000,000.

On page 21, line 3, increase the amount by $38,000,000.

On page 21, line 4, increase the amount by $38,000,000.

AMENDMENT NO. 502

Mr. GRASSLEY. I ask unanimous consent to set that amendment aside for the consideration of an amendment dealing with the Smithsonian.

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

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 502.

The amendment is as follows:

(Purpose: To ensure the appropriate use of funds provided for the Smithsonian Institution, and for other purposes)

On page 41, line 9, decrease the amount by $17,000,000.

On page 41, line 10, decrease the amount by $15,000,000.

At the appropriate place insert the following:

SEC. ___. ADJUSTMENT FOR SMITHSONIAN INSTITUTION SALARIES AND EXPENSES.

(a) IN GENERAL.—The Chairman of the Senate Committee on the Budget may revise the allocations, aggregates, and discretionary spending limits for one or more bills, joint resolutions, motions, amendments, or conference reports that make discretionary appropriations for fiscal year 2008 for an amount appropriated, but not to exceed $17,000,000 in budgetary authority and outlays flowing therefrom, once the Comptroller General of the United States has submitted a certification to Congress that since April 1, 2007—

(1) the Smithsonian Institution does not provide total annual compensation for any officer or employee of the Smithsonian Institution greater than the total annual compensation of the President of the United States;

(2) the Smithsonian Institution does not provide deferred compensation for any such officer or employee greater than the deferred compensation of the President of the United States;

(3) all Smithsonian Institution travel expenditures conform with Federal Government guidelines and limitations applicable to the Smithsonian Institution; and,

(4) all Smithsonian Institution officers and employees are subject to ethics rules similar to the ethics rules widely applicable to Federal Government employees.

(b) CRITERIA FOR CERTIFICATION.—In making the certification described in subsection (a), the Comptroller General of the United States should take into account the following:

(1) The Smithsonian Institution is a premier educational, historical, artistic, research, and cultural organization for the American people.

(2) The Inspector General for the Smithsonian Institution recently issued a report regarding an investigation of unauthorized and excessive authorized compensation, benefits, and expenditures by the Secretary of the Smithsonian Institution.

(3) The Inspector General's findings indicate that the actions of the Secretary of the Smithsonian Institution are not in keeping with the public trust of the office of the Secretary of the Smithsonian Institution.

(4) Priority should be given to funding for necessary repairs to maintain and repair Smithsonian Institution buildings and infrastructure and protect America's treasures.

(5) Priority should be given to full funding for the Office of the Inspector General for the Smithsonian Institution so that the American people and Congress have renewed confidence that tax-preferred donations and Federal funds are being spent appropriately and in keeping with the best practices of the charitable sector.

Mr. GRASSLEY. Mr. President, this amendment, as I said, focuses on the Federal Government's support for the Smithsonian Institution. The American people, I believe, have been shocked and outraged to read in newspapers and see on their TVs a story about the out-of-control spending at the Smithsonian by the Secretary of the Institution: First-class air travel for the Secretary and his wife, a palace for an office, and hundreds of thousands of dollars spent on the Secretary's own home for things such as chandelier cleaning and pool heaters are impossible to justify. As my colleagues know, the Federal Government provides over 70 percent of the Smithsonian's approximately $1 billion budget. Most of the rest of the budget comes from tax-preferred charitable donations. Directly or indirectly, the Federal taxpayers pay for almost everything in the Smithsonian.

My amendment is very straightforward. The budget resolution provides for a $17 million increase for the Smithsonian. I commend the chairman of the Budget Committee for increasing the spending for the Institution, and I support that action. As a report issued today from the Smithsonian Arts External Review Committee made clear, there are very significant problems at the Smithsonian in terms of maintaining and protecting the Smithsonian infrastructure and exhibits. The Smithsonian is the keeper of America's treasures, and we want a museum we can all be proud of. So I support the additional $17 million.

But similar to many Americans, my reaction to the Secretary's spending is I want to make sure we are not having new money used to order another round of champagne. My amendment basically fences the $17 million increase but allows the chairman of the Senate Budget Committee to revise the allocations—effectively to release the $17 million in new spending—once and only after the General Accounting Office has certified the following:

No. 1, that no one at the Smithsonian is getting paid more than the President of the United States, as was proposed by the House Appropriations Committee last year; no more paying for French doors at the Secretary's home, in other words. There are many fine museums and charities that receive the same amount of charitable donations as the Smithsonian that are able to hire very able directors for what we pay the President of the United States.

No. 2, the Smithsonian must follow the travel expenditure guidelines of the Federal Government. No more first-class flights with wife and Secretary to Hawaii to enjoy Thanksgiving.

No. 3, the Smithsonian must have ethics rules similar to the ethics rules of Federal Government employees. No more sitting on corporate boards, making big, big money—corporations that have contractual relations with the Smithsonian and possible conflicts of interest.

The amendment also makes clear that the actions of the Secretary are not in keeping with the public trust of the office.

Finally, the amendment states that a priority should be given to funding for repairing and maintaining the Smithsonian and to fully fund the Office of Inspector General at the Smithsonian so the American people and the Congress can have renewed confidence that the $700 million-plus in Federal funds the Smithsonian has is used properly and appropriately.

I am still working with the chairman and with Senator GREGG to make certain this amendment is drafted in a manner that meets their concerns. I am confident we can do that.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, very briefly—because I know Senator LINCOLN is waiting and we will be giving her 15 minutes and giving Senator CHAMBLISS 10 minutes to respond to this—on the most recent amendment, I would say to Senator GRASSLEY, do you need a rollcall vote or is this something we can take on a voice vote?

Mr. GRASSLEY. We do not need a rollcall vote.

Mr. GRASSLEY. We do not need a rollcall vote.

Mr. CONRAD. That would be enormously helpful. If we could spend a little time working together so we make sure we get this drafted so this works with the larger resolution, I think it is something we can take on a voice vote. But let's make sure we have it drafted in a way all of us intend.

Mr. GRASSLEY. I am sure we will be able to work that out.

Mr. CONRAD. I thank the Senator from Iowa very much.

Now we are back to the question of payment limits. I yield 15 minutes to the Senator from Arkansas.

The PRESIDING OFFICER (Mr. CARDIN). The Senator from Arkansas.

Mrs. LINCOLN. I thank the chairman for his tireless work. He and his staff are remarkable in the way they go at this budget. They do a tremendous job of trying to balance so many different items of interest to this diverse body, and certainly to the priorities of the American people. I compliment him on the hard work he has put into this effort.

I know the Senator from Iowa knows the great respect I have for him. He and I have worked together on the Finance Committee on multiple things. Unfortunately we come today with a large disagreement. I rise today in strong opposition to the amendment offered by the Senator from Iowa regarding further payment restrictions, because we did deal with this issue in the 2002 farm bill.

We came to a compromise, and a compromise is just that: It is where two sides come together and figure out something that is reasonable for everybody. But this amendment goes farther on payment restrictions on the farm safety net offered by Senator GRASSLEY and Senator DORGAN. This issue of payment limitations is not a new topic of debate. Yet, unfortunately, it will no doubt be a topic of much debate as we work to craft a new farm bill this year. I have been here in the Congress during two debates, two farm bills. We have produced two farm bills, and I have been a part of that.

I realize that is an important avenue and the place where this debate should be taken. In my view, it is within the context of our farm bill, not the context of this budget debate, that this issue should be debated. We do not need to be here talking within the context of the budget about policy decisions that should be debated and decided in the farm bill through the Agriculture Committee.

This issue remains largely misunderstood for many both inside and outside the beltway. While I wish this were not the case, I gladly take this opportunity to provide some clarity to this issue, hopefully some passion as well, because as a farmer's daughter I take a tremendous amount of pride in telling others about the farmers whom I represent and what American farmers provide this Nation and this world.

Just as Senator DORGAN talked about the solidness of the names of his farmers, guess what. The names of my farmers are not any less American or any less solid. I have got to say, I am as proud of those farmers in my State who plant seed in the ground and help to provide food and fiber for this world and for our country as he is. It does not necessarily mean how wholesome your name might be whether you are a good American farmer.

They talk about 10 percent of our farmers get roughly 72 percent in terms of these payments. Well, I will also let you know the other side of that coin, and that is 10 percent of our producers out there represent 90 percent of what is produced in this country.

Yes, we have some large farmers. We have farmers who are hardcore and diligent and as red-blooded and as American as some of the smaller farmers are. Yes, they do produce a tremendous amount, 90 percent of the food and fiber we have in this country. It is critically important to remember that. It is not size that is important. The dollars, these dollars we talk about, do not go into their pockets, these dollars go to the banker, the local seed dealers and the implement dealers to pay off the notes it takes to farm, particularly in southern parts of this country because of the capital-intensive crops we grow.

Senator DORGAN brings up dead individuals who get payments. I would propose that that is illegal. That is not a problem this issue takes care of. That is a problem for USDA, and it is one that should be taken care of. But it misrepresents what the debate here today is all about. That is what I want to bring people back to.

Above all else, our farm policy seeks to do one thing for all of our farmers, whether you are in one region of the country or another. It seeks to provide for those producers of commodities a strong level of support, a safety net, not a hammock but a safety net, to protect these producers against low prices brought on by factors that are completely beyond their control, including but not limited to foreign tariffs and subsidies some five or six times greater than the help that is provided to farmers across this globe and what we provide our growers. Yet they still provide us with the safest, most abundant, and affordable food supply in the world.

One of the fatal flaws of the 1996 bill, which was called Freedom to Farm, was its lack of an adequate safety net in the face of foreign subsidies and tariffs that dwarf our support of U.S. producers.

I know Senator GRASSLEY and Senator DORGAN and many of my colleagues on both sides of the aisle recognize the challenges our U.S. producers and industries face in an uncertain and often, quite frankly, unfair global marketplace. I am proud to say the 2002 farm bill corrected that mistake. It was a hard-fought compromise, as I mentioned. We came to the table and we agreed each other had points to be made, and we came up with something that was in the middle of the road, and would at least be acceptable by both.

The amendment now before us would seek to further limit that very support at a time the producers need help the most, creating a gaping hole in the safety net for farmers. Furthermore, during hearings and listening sessions on the proposals for a new farm bill, most farm organizations support the compromises agreed to in the 2002 bill, and they recognize that future arbitrary limits on farm payments only serve to diminish our producers' ability to compete globally.

Proponents of tighter limits continue to sensationalize this issue by citing misleading articles about large farm operations receiving very large payments as a reason to target support to smaller farmers. Because my farmers are larger does not mean they are not family farmers or they are not young farmers; it means they are doing what they have to do to compete.

Unfortunately, sensationalized stories only serve to cloud this misunderstood issue further. Senators need to understand this amendment has very serious implications. Let me attempt to provide a bit of clarity on this issue of farm size.

First, payment limitations have disproportionate effects on different regions of this country; there is no doubt about it. Simply put, the size of farm operations is relative to your region. Put even more simply, a small farm in Arkansas may be a huge farm in another area of the country, which leads me to my next point. This amendment continues to unfairly discriminate on a regional basis because it does not differentiate between crops that are extremely cost intensive and those that are not cost intensive. In Arkansas, we raise rice and cotton, two of our largest commodities, and we do so because that is what we are suited to grow; that is what any farmer would grow. These crops happen to be the most expensive crops to produce in the entire country.

This amendment would lump cotton and rice into the same category with crops that require half as much of an input in terms of cost.

Finally, on the issue of size, farmers of commodities are not getting larger to receive more payments. They do not want to have to become larger farmers; it creates more of a challenge and certainly more obstacles for them. They get larger in an attempt to create an economy of scale, to remain competitive internationally. You can see it in business. How do they offer lower prices to their consumers? They create an economy of scale that allows them to be able to do that. That is exactly what our farmers are doing in the southern growing areas of the country. At a time when we were telling our

farmers to compete on the global market, we now hear of in this budget debate an amendment that would discourage farmers from acquiring the very economies of scale they will need to compete in that global marketplace.

If you limit the amount of support farmers may receive, you are placing on them a substantial domestic disadvantage before sending them out to compete in an international marketplace that is already unfair for our producers. This is not the case in Europe and other foreign markets where agricultural subsidies and tariffs are at a level far higher than we see in the United States.

Finally, I say to those who feel farmers are getting rich at the expense of the taxpayer, there is a reason why our sons and daughters are not rushing back to the farm and their family's heritage. It is because farming is a very tough business with a lot of challenges. Senator DORGAN mentioned the challenges his farmers face. My farmers face similar challenges, if not greater challenges, in terms of demographics and climate, in terms of pests and all of the many problems they face, as well as the international marketplace, trade barriers, and a multitude of other things.

Farms that have been in families for generations are being sold because farm income is insufficient to meet the rising input cost associated with raising a crop, particularly in our area. I have to tell you, I have a wonderful farm family farming 5,000 to 6,000 acres, which in some places would seem to be a very large farm. It is a farmer with two sons who farm the land of three widow women who live down the lane from him, and several, yes, inheritants of farm land who want to keep their farm in their family, perhaps for their children who do not live there any longer.

Do they not have the right to maintain their farms to ensure that if there is a farmer there who can increase his amount of land enough through rental property and others, to be able to keep that land in production, to keep his family farm alive and theirs as well? He reaches to that economy of scale because it is the only way he can survive, he and his two children.

I urge my colleagues to take this opportunity to send a strong message to all of our farmers, not one region of the country or another, one that tells them their Government will stand behind them and their rural communities they support.

I have to say, we are coming dangerously close to a trade deficit in agriculture. Do we want to see that happen? You know, it is unfortunate the American people have become very accustomed to almost taking for granted the fact we not only produce an abundant food supply but that we produce a safe and affordable one, the lowest per capita of any other developed nation in what we pay for food for our families, not to mention our growers grow our crops in regard to all of the regulations, whether it is the regulation of their chemical application and the tests they have to take, whether it is making sure they are meeting the guidelines of keeping wetlands conservation areas, making sure they are not stripping the land or not using the land properly, but they are doing it in the best sense of what it means to everybody involved to be good conservationists.

We do that, and we do that at a small cost, a small cost, which is a safety net program that is less than one-half of 1 percent of the overall budget, the agriculture budget. What an investment for our children to know they will be able to maintain not a trade deficit in agriculture but maintain domestic production of crops, food, and fiber that they know are going to be healthy and that are going to be grown with the kind of regulations that produce a crop that is safe, not an imported crop that is being grown with chemical applications that we banned 10 years ago, or practices that are less than phytosanitary conditions. We want to make sure—and this is the way we do it—to provide the safety net for all farmers in a way that they can maintain the economy of scale. They have to in order to be able to be competitive.

I have to say, if we do not stand behind the farmers of this country, the producers—all of them—and assure them their Government will support the production of food and fiber in this country, recognizing the regional differences and the challenges our producers face in the global marketplace, making sure that for them we will appreciate the safe and abundant food and fiber supply they provide, we will have made a sorry mistake.

We have to make sure that we assure them that we are not going to outsource our food production but, rather, that we are committed to ensuring that production stays here where it belongs. I urge my colleagues to think sensibly about this amendment, to vote against this amendment, and not to unfairly disadvantage farmers in one region of the country, in my State and elsewhere. Furthermore, the budget resolution is not the appropriate venue for this debate.

I ask my colleagues to oppose the Grassley-Dorgan amendment. Let's deal with this in the farm bill, the appropriate place. Let's come together. If there needs to be a compromise, we will come to a compromise as we did last time. We worked hard. We got a good one. I do not think this amendment is necessary.

I thank my colleagues for their time and attention. I hope they will thoughtfully review what we have presented today and not support the Grassley-Dorgan amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Georgia.

Mr. CHAMBLISS. I think I have 10 minutes.

The PRESIDING OFFICER. The Senator from Georgia is recognized for 10 minutes.

Mr. CHAMBLISS. Mr. President, I commend my colleague from Arkansas for a forceful, correct, and direct argument on this issue. Here we go again. This is the annual debate we have over whether the farm bill should be rewritten during budget resolution, which is what was tried last time, when the appropriate place to write the farm bill is during debate on the farm bill. That is going to take place later this year. Once this budget is completed, we will have the numbers to move ahead in deciding what the new 5-year farm bill will be like. We are in the sixth year of the current farm bill that was written in 2002. Yet here we are, in the last year of the farm bill, debating a major provision of that legislation.

Frankly, if one goes to farmers all across America—and I say this because I have done it. Senator GRASSLEY, who is my dear friend, has not. I held eight field hearings all across America last summer as chairman of the Senate Ag Committee in which we asked farmers: What do you think about the 2002 farm bill? We even got specific and talked about payment limits: What do you think about the payment limit provision?

There is a general, overwhelming consensus all across America that the 2002 farm bill is working exactly the way farmers and ranchers wanted it to work; that is, it has been a very market-oriented farm bill. In years when prices have been low, there have been Government payments to farmers. In years when prices have been high, there have been a minimal number of payments going to farmers.

As a result of that farm bill being very market oriented, we have saved $17 billion over the projected amount of the expenditure in the farm bill from 2002. Nobody is talking about that. Nobody is talking about the fact that our farmers have been very efficient. They have done whatever is necessary to go back and rework their operations to make sure they maximize efficiency. As a result, they have saved that $17 billion.

What Senator GRASSLEY has done today is to stand up and say: If you make this change, and we limit these big payments to farmers, we are going to save $486 million. The fact is, he is not going to save one dime because what he does is, he takes that $486 million and spends it elsewhere. So we are saving not one dime with the passage of this amendment.

What does this amendment do? It takes the 2002 farm bill and interrupts it during the last year of the farm bill so that farmers and ranchers across America, and the bankers who have financed those farmers and ranchers, now are going to be in a state of flux as to whether what we decided in 2002 was going to be proposed for our farmers and ranchers for a 6-year period of time will, in fact, be lived up to by the U.S.

Congress. The appropriate time and place to debate any payment limit proposal is during reauthorization. That is going to be coming up shortly.

The Farm Security and Rural Investment Act of 2002 authorized a commission on payment limitations for agriculture. That commission has already been referred to by Senator GRASSLEY. The purpose of this commission was to conduct a study on the potential impact of further payment limitations on direct payments, countercyclical payments, as well as the marketing assistance loan benefits on farm income, land values, rural communities, agribusiness infrastructure, planting decisions of producers affected, and supply and prices of covered and other agricultural commodities. In other words, this commission was to look at all aspects of farming and decide what would be the effect of changing payment limits on agriculture in general.

The first recommendation of the commission stated:

> Any substantial changes should take place with reauthorization of the next farm bill.

No other aspect of Federal farm policy has been studied as extensively as payment limitations. The top recommendation of those who studied this issue was not to make any change. I admit I come from a State where we would be negatively impacted by tighter payment limits.

I want to take note of the commission members. This was a balanced panel from all across the Nation. The commission consisted of 10 members. They were from Kansas, Texas, Mississippi, Illinois, North Dakota, Iowa, Georgia, Arizona, and USDA. They agreed to recommend that no substantial changes in payment limits should take place outside of the reauthorization of the farm bill.

Another recommendation of the commission stated as follows:

> Changes in payment limits should be sensitive to differences in commodities, regions, and existing agribusiness infrastructure.

We talk about where the major portion of the payment limits issue comes from. It actually comes from all over the country. But farmers in the Southeast will be negatively impacted, probably more so than most others. Guess where the largest number of payments goes to farmers. It doesn't go to my home State of Georgia. It goes to Senator GRASSLEY's State of Iowa. Do I have a problem with that? Absolutely not because I know he has farmers who get dirt under their fingernails. They know how to change oil in their tractors. They know how to farm their farms the way they can most effectively derive an income from them, and they deserve to have support when times are tough. I have no problem with that. They are doing exactly what the farm bill allows them to do and that is absolutely fine.

One common misconception in regard to farm program payments is that 10 percent of farmers—and this has been stated today—receive 80 to 90 percent of farm program payments. That is simply wrong. According to Kansas State University Economics Professor Dr. Barry Flinchbaugh, those numbers are far from the truth. It should be noted that Dr. Flinchbaugh was chairman of the USDA Commission on the Application of Payment Limits. Dr. Flinchbaugh makes the point that small farms, those defined with gross sales of less than $100,000, make up 84 percent of the farms in the United States. They receive 30.5 percent of the payments while producing 21 percent of the food supply. Medium-sized farms, which are defined as farms with sales between $100,000 and $500,000, comprise 12.2 percent of total farms while producing 28 percent of the food supply and receive 42.7 percent of farm program payments. Large farms that have sales in excess of $500,000 and consist of 3.8 percent of the farms, receive 27 percent of farm program payments and provide over 50 percent of the food supply.

In the words of Dr. Flinchbaugh:

> These programs are designed for the medium-sized farmers. They've done what they were supposed to do. So what's the issue? It's a farce.

My point is that Senator GRASSLEY's amendment is not simply a budget-saving measure; it is a complex issue that deserves thorough discussion when all farm policies are reviewed later this year, not during the budget debate. The Grassley amendment substantially alters farm policy rules that farmers and their bankers expect to be in place through the life of this farm bill. His amendment fails to recognize differences in commodities, regions, as well as agribusiness infrastructure. Senator GRASSLEY blatantly ignores the recommendations of the commission that studied this issue extensively, an issue that has been studied more than any other aspect of Federal farm policy.

Let me close by saying the Senator from North Dakota, who is also a great friend of agriculture and a good friend of mine and I have great respect for him, brought up the fact that dead farmers are receiving payments. I agree with my colleague from Arkansas. If that is the case, then that is the individual who ought to be gone after, not the payment limits in the farm bill. But if somebody is getting a payment that ought not to receive a payment, there ought to be a fraud charge filed and pursued against that particular individual. That is easy enough to do. If anybody has the names, if they get them to me, I will get them in the right hands, and they are going to be pursued from a fraud standpoint. That is the issue involved there, not whether payment limits are a problem with those particular individuals.

The other issue, we talk about farm payments in general. I think all of my farmers in the southern part of the United States would just as soon not get farm payments. The fact is, though, the Europeans pay subsidies, true subsidies in the amount of four times greater than the payments that are made under the farm bill.

I urge a ''no'' vote on the Grassley amendment at the appropriate time.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. How much time remains?.

The PRESIDING OFFICER. There is 2 minutes.

Mr. CONRAD. I yield 2 minutes to the Senator from Georgia, Mr. ISAKSON.

Mr. ISAKSON. Mr. President, I rise in full support of Senator CHAMBLISS, the farmers of Georgia, and farmers around the United States of America. This amendment, while I am sure it is well-intended, has the effect of destroying agriculture in the South and in particular in Georgia. The cost of operations in Georgia is tremendous. To have an arbitrary cap such as this will be absolutely destructive to our part of the State and to the No. 1 industry in the State of Georgia.

Why are we trying to hurt farmers who only wish to provide a decent living for their families? This is a diverse and distinguished Senate with Members who have all kinds of experience. But I doubt anyone here has ever bought a cotton picker—not one, not two. Many Georgians have to have two. When they buy them, they buy them at a quarter of a million apiece. That investment in infrastructure alone, added to the trucks, the pickers, the bins, and all the other facilities one needs, shows that this limitation would be absolutely punitive to the farmers of the South.

While I respect greatly the Senator from Iowa and those who bring this amendment forward, I strenuously object to it on behalf of the farmers of Georgia. I concur with the other Senator from Georgia, Mr. CHAMBLISS, that we should join other Members of the Senate in ensuring defeat of the Grassley amendment.

Passage of this amendment would result in many traditional family farms going out of business in many, many States.

The Farm Service Agency is already going to be overwhelmed by many of the new programs included in this bill. This amendment would result in increased costs to the government and to farmers.

Supporters of this amendment say that these payments go to the few and the big. I could not disagree more.

This amendment punishes the farmer whose livelihood depends solely on the

farm. In my part of the country, a farmer must have a substantial operation to make ends meet.

In the name of common sense, why should anyone want to punish family farmers who have made large investments in order to become competitive in an international marketplace?

Why are we trying to hurt farmers who only wish to provide a decent living for their families even though they are facing soaring cost of production?

As I have stated, this is a diverse and distinguished Senate with Members that have all kinds of experience. But I doubt anyone here has ever bought a cotton picker. You know what a cotton picker costs today? The average price for a new one off the John Deere lot in Albany, GA, is about a quarter million dollars.

If you're an average farmer in south Georgia, you're going to need two of them. That's just the beginning of the equipment needs. There's tractors, grain carts, trucks—are all needed to put a crop in.

By the way, you know where those cotton pickers are made? In a great State: Iowa. I wonder if those employees at that manufacturing plant support this amendment?

The cost of producing crops today costs several hundred dollars per acre. Reduced payment limits and increased benefit targeting flies in the face of skyrocketing production costs and record-low commodity prices.

In fact, this amendment would give less support to Southern farmers than the current farm bill does.

My colleagues, I will not stand witness to the demise of farming the South. Therefore, I oppose this amendment and ask my colleagues to do the same.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask unanimous consent that the time until 3:15 be on the subject of SCHIP and controlled by our side; from 3:15 to 4:15 be controlled by Senator KYL, and that is equally divided.

Mr. GREGG. Do we equally divide the time? Why don't we give Senator KYL 40 minutes and your side 20 minutes.

Mr. CONRAD. All right, 40 minutes to Senator KYL, 20 minutes to our side. Then we have Senator CORNYN from 4:15 to 4:45.

Mr. GREGG. On SCHIP.

Mr. CONRAD. We may need 10 minutes in response to him. Then from 4:50, 5 minutes, to respond to Senator CORNYN, 4:50, Senator DORGAN, and then we are going to go to votes.

The PRESIDING OFFICER. Let's make sure we have that correct. Would the Senator repeat the unanimous consent request.

Mr. CONRAD. Mr. President, I would be happy to: that the time until 3:15 be controlled by our side on the subject of SCHIP; from 3:15 to 4:15 on the subject of the Kyl amendment, with 40 minutes for the minority, 20 minutes for the majority; then from 4:15 to 4:45 the time to be under the control of Senator CORNYN on SCHIP, with 10 minutes after that reserved for a response by our side on the Cornyn amendment; and then——

Mr. GREGG. The last 5 minutes.

Mr. CONRAD. The last 5 minutes under the control of Senator DORGAN.

The PRESIDING OFFICER. Is there objection?

Mr. CONRAD. Mr. President, we should also make clear we have not done second degrees. We are not doing second degrees. That is an understanding we have on both sides.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Without objection, it is so ordered.

The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I ask unanimous consent that all the pending amendments be temporarily laid aside.

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

AMENDMENT NO. 504

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS], for himself, and Mr. ROCKEFELLER, proposes an amendment numbered 504.

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

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

The amendment is as follows:

(Purpose: To affirm the Senate's commitment to the reauthorization of the State Children's Health Insurance Program)

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

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

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

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

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

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

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

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

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

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

(b) RESERVE FUND.—

Mr. BAUCUS. Mr. President, I am offering an amendment that I hope will garner unanimous support. The amendment simply puts children first in America's budget.

The amendment I am offering today, along with Senator ROCKEFELLER, says reauthorization of the State Children's Health Insurance Plan, otherwise known as SCHIP, is the top health priority of this Congress.

I applaud the work of Chairman CONRAD and other members of the Budget Committee for reporting out a budget that provides up to $50 billion over 5 years for reauthorization of CHIP.

I am hopeful that the Senate will adopt the other amendment that I offered earlier today. That amendment will move $15 billion of that CHIP funding from the reserve fund into the numbers of the resolution. It would make the funding even more likely to happen.

The $50 billion level of funding in the budget will ensure that CHIP can meet the demand for services. This funding will ensure that CHIP fulfills its promise of providing health coverage for children who are eligible for CHIP and Medicaid but not enrolled.

Congress has a historic opportunity to help millions of children and families this year. We must get this right.

As we look at CHIP's track record, we can be very proud of its accomplishments over the past decade.

Since 1997, the share of children without health insurance has dropped by one-fifth. Among the poorest children—those with family incomes less than twice the poverty level—one-third fewer children are uninsured today than in 1997. Just as Congress intended, the Children's Health Insurance Program is making inroads to help more children get health coverage.

The Children's Health Insurance Program has also helped to decrease racial and ethnic disparities in children's coverage. Today, the poorest African-American children are one-third more likely to have health coverage, and Hispanic children are one-quarter more likely to have health coverage than they were in 1997.

The Children's Health Insurance Program has also helped to improve the quality of care children receive by increasing the likelihood children have a ''medical home''—that is, a doctor, clinic, or HMO they routinely visit for care. Research demonstrates that 97 percent of children enrolled in CHIP and Medicaid have a ''medial home.'' That is much better than the 72 percent of uninsured children.

We can all agree—CHIP is a great program that has had tremendous benefit for millions of children. But we also know that we can do much better.

Today, three-fourths of the 9 million uninsured children in our Nation are eligible for—either Medicaid or CHIP; but they are not enrolled. CHIP reauthorization holds the promise of helping us make a difference in these children's lives.

CHIP provides a funding stream to help States provide health coverage to children in need. But that funding stream is often unpredictable and does not always track the demands for coverage in the State. We can do better.

But we will not be able to address these problems unless we move forward with reauthorization this year. And we must do so quickly.

If Congress does not enact a reauthorization bill before CHIP funding expires on September 30, we will lose the $25 billion in CHIP funds that are now in the Congressional Budget Office baseline.

We simply cannot afford to miss this deadline. We cannot tell States that we just could not get it done. We cannot tell millions of children that they will have to lose coverage. Failure is not an option.

CHIP is certainly not the only solution to the health care problems facing our Nation. I share the concerns voiced by so many of my colleagues about the need for broader health reforms. But CHIP can be a first step toward this broader goal of health reform.

This amendment commits the Senate to move forward to reauthorize CHIP before the deadline, this year. It is a simple statement about the program's importance and of our will to put children first in our work this year.

Let me be clear. CHIP is not a Democratic priority or a Republican priority. This program was created in a bipartisan spirit fostered by the late Senator John Chafee and Senator HATCH, working together with Senators KENNEDY and ROCKEFELLER.

Reauthorization must also be a bipartisan priority. I intend to continue in this spirit and work with my colleague, Senator GRASSLY, and other members of the Finance Committee to get this done the way it should be this year.

I urge my colleagues to join me in supporting this amendment to reinforce our bipartisan commitment to reauthorize CHIP this year. Our children are depending on us. We must not let them down.

I strongly urge adoption of this amendment at the appropriate time.

In conclusion, we can all agree this is a great program with tremendous benefit for millions of children. We also know we can do much better.

Mr. President, we have a list of cosponsors on this amendment which I do not have with me at the moment. We will get that later for the RECORD. But I strongly urge the adoption, at the appropriate time, of this amendment because we then would be putting children first.

Mr. President, I ask unanimous consent that my colleague from Montana be given 3 minutes at this time. He has been waiting very patiently.

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

The Senator from Montana is recognized.

Mr. TESTER. Mr. President, I thank Senator BAUCUS for allowing me to speak. I also thank the good Senator from North Dakota.

AMENDMENT NO. 464

Mr. President, I rise to speak on amendment No. 464, the Grassley-Dorgan amendment on farm payment limitations, making those limitations max out at $250,000. That is a quarter of a million dollars. That is how much money that is going to be maxed out for individual family farmers to get. That is a reasonable request. I think it makes the farm bill more defendable to the American people.

I am a family farmer. I understand family farmers are the backbone of this country. They keep our food security there so we do not have people going hungry. What the farm program has meant to do, and has always been meant to be, is a safety net for farmers so when market prices drop they have that safety net to depend upon. There is not one farmer I know of who does not want to get their income from the marketplace. So we need to keep it that way.

We need to encourage fair trade deals. We need to encourage more competition in the marketplace. We need to make sure our freight rates are, what I would call, not abusive, if we are going to keep family farmers on the land.

Some 30 years ago, the student body in the high school I went to in a farming community had 160 kids in it. Today, that same student body is less than half that size because we have not had a farm bill that has worked for the farmers.

This amendment makes sense because it puts a cap of $250,000 on the benefits from farm program subsidies and eliminates those big agribusinesses that have been taking money they do not need, quite frankly. They do not need that safety net that the farm program subsidies provide in our farm program.

So with that, Mr. President, I ask that all the Members of the Senate support amendment No. 464, the Grassley-Dorgan amendment, because it is the right thing to do.

The PRESIDING OFFICER. The Senator from West Virginia.

AMENDMENT NO. 504

Mr. ROCKEFELLER. Mr. President, I speak today in support of the budget resolution. I have many highly complimentary things I could say about Senator CONRAD, who has probably the toughest job in the Senate. He has proceeded brilliantly, fairly, calmly, and within the public interest. The public interest is, to me, the most important. He has shown that commitment by including $50 billion for the reauthorization of the Children's Health Insurance Program.

I reserve a note of personal privilege. I first became aware of what happens to children—in this case, in rural America—when I was a Vista volunteer in West Virginia in 1964 and 1965. I saw children and their families who had no concept of health care. Never in their lives did they have health care or most anything else that really counted in terms of giving them hope. So that has been kind of my moral compass ever since. It is the way I vote, it is the way I feel, and it is who I am.

I know this budget was not easy for the chairman of the Budget Committee. But I am so proud the chairman and the Democrats are standing up for children and making CHIP reauthorization the top health priority of this year. This is not a Democratic program. This is not a Republican program. If there is anything at all that was ever an American program—Governors, everybody—nobody can disagree on the power of this program, with the exception that it is now in deep stress. It has been cut by two-thirds from its present inadequate funding.

This amendment would not only restore the full 6 million children who are not covered—and, again, I want you to contemplate a child not covered, a child who develops a toothache, a child who develops a stomachache, a child who is miles from a hospital and whose family may not have a car to get that child there.

Children's health insurance means everything. Immunization, preventive care—CHIP is the only program that has ever done this. We did this with Medicare in 1965. We did it 30 years later with the Children's Health Insurance Program. I think it is the single most accepted Federal program in my State of West Virginia, with the exception, obviously, of Medicare, Social Security, and Medicaid.

The problem is the budget was cut. So of the 6 million who originally were covered, many are now not covered. We have many problems facing us. The budget chairman, Senator CONRAD, has corrected these problems. He has included not only the 6 million who were on it but many of whom were cut or would be cut, and then he has included the 6 million more who are eligible because they qualify in every way except there is not the money to cover them. There would now be the money to cover them.

I have never faced the problem, to be honest, could I make it in life in some way or another, where was my next meal coming from, what would happen if I had some kind of an illness. That is not the typical experience in lots of rural America and urban America. That is where my heart lies, with those people. I think we have a sacred responsibility as a Senate, on the most bipartisan issue I can possibly think of, to remedy this problem and to take care of it quickly by adopting this piece of legislation.

We remember, in 1977, there were 10 million uninsured children. The failure of health care reform in the early 1990s took away our will, took the wind out of our sails. It turned us into incrementalists. So we did not start thinking about the big picture, how to cover Americans broadly.

I can remember standing on the floor of the Senate with the senior Senator from Massachusetts. People were saying: Well, this is nationalized health insurance. We were waving our Blue Cross-Blue Shield cards. It did not make any difference, once it was labeled that was it: dead on arrival. That was a tragedy and now is a particular tragedy with respect to children.

So today we have almost 9 million children under the age of 18, and they still have absolutely no health insurance. How does one walk into this body, with the health insurance we have, with the people we represent, and allow a situation like that to continue? It is a profound moral issue. It takes the form of legislation, it takes the form of goodwill and determination, but it is a profound moral obligation of the richest country in the world.

So I am strongly for this Baucus legislation. I think we have an obligation to adopt it. I hope we have the courage and the skill to do so.

I thank the Presiding Officer and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, I ask the Senator from Massachusetts, how much time does he desire?

Mr. KENNEDY. Mr. President, 7, 8 minutes.

Mr. CONRAD. Mr. President, I yield 7½ minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, will the Chair let me know when there is a minute and a half remaining?

Mr. President, first of all, I think all of America ought to understand a basic and fundamental principle: this budget debate is really about national priorities. It is about a national priority. That is why we rise here.

Senator BAUCUS, Senator ROCKEFELLER, myself—it is not just the Democrats on this issue of the Children's Health Insurance Program, but Republicans as well—but we have been around here for many years, and what a difference a year makes because in this particular budget we are putting children first. We are putting children first. We are putting children's health care first, and we are putting children's education first. What a difference it is from the recent years where all we had is tax breaks, after tax breaks, after tax breaks. This budget is different. This budget is very different. It says children are going to be first.

Secondly, it says that we know there are probably 9 million children who do not have any kind of health insurance, but about 6 million of them are eligible for Medicaid and CHIP. We find that working Americans are having more and more difficulty affording health insurance. One of their great concerns is not just for themselves but for their children.

Help is on the way with this budget because with this budget makes a commitment of $50 billion, to help those working families get health insurance for their children. So if their child has an earache, if that child is suffering from asthma, if that child has intestinal flu, the parent will not have to stay awake all night and wonder whether that child is $225 sick, because that is what it is going to cost that working family to take that child down to the emergency room. They won't have to worry about sending that child to school sick while they go out to work. That day, the child will be able to get good, quality health care. That is what we stand for on this side.

We see the success of this program. We have seen over the period of these last years the growth of millions of enrolled children, up to 6 million children, and we know this program can work for an additional 6 million children.

But we are faced with a budget on the opposite side by the Republicans, and what would that do? It would effectively drop almost half of the children who are currently covered.

Here is a map which says 14 States will run out of SCHIP funds in fiscal year 2007 under what the administration has proposed. Big alternative. You asked about alternatives. Our budget would provide the full coverage. This is what happened in the red States on the chart. If you live in those red States and have children, you are in big trouble. Here it is in 2008, an increasing number of States that are going to be excluded.

Finally, by 2012, under the Republican budget—look at this—virtually 80 percent of the States will see a drop in the coverage for their children. With the program that has been put forward by Senator CONRAD and others, it will mean all of this will be white because we will make sure all of those children are covered.

Now, what is the impact in terms of health disparities? Let's talk now about the impact on children. We talked about the numbers. We talked about the budget. Let's talk about what the health impact is on the children.

The SCHIP program reduces health disparities. This chart shows the disparities between the various groups before the enrollment—between White, African American, and Hispanic—and after enrollment. Look at this dramatic reduction in terms of the disparities.

Health disparities are one of the principal problems we are facing in our health care system today. This is one of the best ways to resolve the health disparities, with the Baucus amendment, to try to make sure that there is coverage for every child in America, because of all of the long-range implications of reducing the costs of health care, but most of all because we care about the children.

This shows one particular disease: asthma. We have seen the rate of asthma virtually double over the period of the last 5 years. The principal reason for that is because this administration has relaxed environmental protections and increased numbers of toxins that are in the air. We have double the number of children who are dying from asthma now, this year, than we had 9 years ago.

But look at what this does for those children who have asthma, before enrollment and after enrollment—the dramatic reduction. Here are the number of asthma attacks, the number of medical visits, and we see the dramatic reduction of attacks in terms of the children of this country.

So it really comes down to this: This chart demonstrates the alternatives, what is included in the Baucus-Rockefeller amendment and what we have with the Republican proposal. Their proposal is less than half than what is needed to maintain the current services—the current services; not increasing and providing the health care coverage for children but just for current services—and the Senate budget resolution is the $50 billion to cover all eligible children. That is the issue. This budget puts the children first, and the most dramatic example of that is the strong commitment to ensure that all the 6 million children who are eligible for CHIP and Medicaid are covered. Those who are basically the sons and daughters of working families in this country will know that under this budget, help is on the way. This will be true in every State across this country.

This has been a success, and it has been bipartisan. I take my hat off to my colleagues and friends, Senator HATCH, Senator SNOWE, and Senator SMITH—all Republicans. Republicans and Democrats have worked together. But on this issue in terms of priorities, which is a key element in this budget debate and a key difference between the two views about the budget, this amendment is an essential aspect of the budget proposal, and I commend Senator CONRAD and those on the Budget Committee for supporting it.

I yield back the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, let me thank the Senator from Massachusetts and thank those who have spoken on SCHIP.

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.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

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

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

Who yields time?

Mr. CONRAD. Mr. President, could we do 5 minutes?

Mr. KENNEDY. Five minutes, yes.

Mr. CONRAD. I thank the Chair.

The PRESIDING OFFICER. The Senator from North Dakota yields 5 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, if you would let me know when there is 1 minute left.

I would like to take a few minutes to respond to the points the senior Senator from New Hampshire made yesterday regarding the track record of the administration and the Republican Congress on education funding.

Senator GREGG points to the historic increases in the No Child Left Behind Act funding under President Bush, but what he doesn't point out is that most of the increase happened after the first year of enactment of the No Child Left Behind Act when Democrats controlled the Senate and demanded a substantial increase. Since then, new funding for elementary and secondary education has plummeted.

These are the figures. The President's budget for fiscal year 2002 contained virtually no increase in funding for No Child Left Behind. In the two years following that, he actually proposed cuts in funding for No Child Left Behind. The year after that saw a minimal increase and then No Child Left Behind was actually cut. In fact, since President Bush has been in office, most increases in funding for education have come about due to pressure from Congressional Democrats.

No Child Left Behind is only half the story. Under Republican control of the Senate, increases in funding for education programs overall have gotten smaller year after year.

Two years ago, funding for education was actually cut by over half a billion dollars. Last year, the President proposed the largest cut to overall education funding in the history of the Department of Education—$2.2 billion—and again this year, the President's proposal is an overall cut of $1.3 billion.

So my colleague from New Hampshire is right. President Bush claims to include an increase of $1 billion in No Child Left Behind funding in his budget for this year, but that is not a real increase. First, it does nothing more than fill the cut that was enacted in 2006, and worse, as he has time and again, the President robs other education programs to pay for it.

As I mentioned, he proposes a $1.3 billion cut to education programs overall. That is not providing new resources for our schools; that is a shell game. But even more important than these points is the fact that the funding which has been secured is simply insufficient to fulfill the bipartisan promise to leave no child behind. That was a promise, not a political slogan. But year after year of broken promises by the White House and the Republican Congress have left 3.7 million children behind. Their budgets have meant larger, not smaller, class sizes. They've meant fewer teachers trained. This irresponsible neglect comes at a time when schools are being asked to do more.

We had the debate and the discussion yesterday, and my colleagues listened to my friend and colleague from New Hampshire talk about all the increases in education. Go ask any school board in this country, go ask any superintendent in the country, go ask any teacher in this country what has happened in their school and what has happened in their district and what has happened in their community on education. You will hear the answer: It has been cut, cut, cut, cut. That has been the answer. You can make all the charts in the world. But go out and ask the schoolteachers, go out and ask the superintendents of schools, and they know what has been happening. It has been as we have described here.

That has certainly been true as well in the Republican reconciliation bill last year, which my colleague from New Hampshire claimed provided $9 billion in student benefits and did not cut $12 billion from the student loan programs. The facts are that $22 billion was cut from the student loan programs. About $9 billion was spent by that bill more than half of it on sweetners for the banks, such as increased loan limits on federally subsidized loans and reduced origination fees which translate to increased profits for banks.

A small grant program was included, but as my friend from New Hampshire acknowledged yesterday, 90 percent of students are not eligible for that program. 4.7 million Pell eligible students were left out in the cold.

The Senate bill included $6 billion in grant aid for all Pell eligible students, but the Republicans jettisoned that proposal in a partisan conference. This program also wrongly limits eligibility to students enrolled in school full time. So forget it if you're trying to support a family and have to work while you're trying to get your degree. This limitation and others related to curriculum also exclude virtually all community college students.

But the most important fact is one conceded by the Senator from New Hampshire. The vast majority of the cuts to student loan programs were not dedicated to student aid. Instead, $12 billion was used to offset tax giveaways for the wealthy.

Our schools, children and families deserve more than accounting gimmicks. Our schools need new resources to make progress on reform, and families need real help to afford a college education for their children. Republican budgets have provided neither.

How much greed do those lending companies want? Has anybody read the New York Times recently about what is happening with the investigations of the student loan program, those billions of dollars going to the student loan program? Sallie Mae—the value of its stock was $3.17 in January 1995; it has traded above $50 per share for most of this year. That is coming from students and from low- and middle-income families.

But when you talk about investing in children, don't listen to the Senator from New Hampshire and don't listen to me; listen to your superintendent of schools, listen to the schoolteachers, listen to parents, and you will find out what has been happening and where the cuts have been over the past years. If there is a question about what has been happening in student loans, ask any middle-income or low-income family. Ask any students who are going to our fine public and private colleges. You will find out the tuitions have been going up through the roof, and a substantial part of that is by the fact that we have a student loan program that works for the banks and not for the students.

The PRESIDING OFFICER (Mrs. MCCASKILL). Who yields time?

Mr. CONRAD. Madam President, unfortunately, we have two Senators and we have about 12 minutes remaining. Senator REED, how much time do you need? Mr. REED. Five minutes.

Mr. CONRAD. Madam President, I yield 5 minutes to Senator REED and then the remaining time to Senator MURRAY.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Madam President, I thank the Senator for his gracious yielding of time and for his exceptional work on this budget.

I wish to speak particularly to the issue of SCHIP. Shortly, Senator CORNYN will offer an amendment that was offered in the Budget Committee and defeated there, and it should be defeated on the floor of the Senate. His amendment seeks to tie the hands of the Finance Committee and make policy determinations on a program that has direct impact on millions of American families and children.

Millions of low-income Americans receive their health care under the State Children's Health Insurance Program, SCHIP. This program is a safety net for low-income families. Rhode Island has provided extraordinary support to families working and struggling to provide health care for their children. By most estimates, the number of uninsured is going up in this country—most recently estimated at about 46 million. If we undermine the SCHIP program, those numbers will increase and particularly, obviously, in the ranks of uninsured children.

SCHIP provides approximately 20,000 Rhode Islanders with health insurance coverage. My State worked hard on a bipartisan basis—Republican Governors, Democratic Governors, and the Democratic assembly—to build a health care system for children that works. A few years ago, we had one of the lowest rates of uninsured children in the Nation because of SCHIP and local efforts. In the last several years, the rate of uninsured children, even in Rhode Island, has gone up.

We have to have the resources to keep this program going forward.

These dollars mean the difference between children getting access to health care and being denied health care. It affects their ability to learn in school and their long-term ability to be productive and contributing citizens. This is a vital program.

We see these shortfalls perennially in some States that aggressively support the SCHIP program. We have been able to make fixes in the past, redistributing funds. This time, we need a budget—and Senator CONRAD has provided it—that will give us the resources and flexibility to reauthorize SCHIP so it will work in the future.

Senators BOXER, CONRAD, and ROCKEFELLER have put forth responsible amendments to deal with the SCHIP policy issue. Unlike the proposed amendment of Senator CORNYN, the Baucus-Rockefeller amendment puts the needs and interests of children first in the context of reauthorization.

I believe this budget, including up to $50 billion to expand SCHIP, is exactly the right direction. When you go to Rhode Island, or any State, and you talk to particularly the working people who are struggling to make ends meet, the No. 1 issue on their minds is: How can I afford health care insurance?

I had a neighbor rush across the street last Friday morning, while I was clearing the snow off my car, who said: I don't know what I can do; my health insurance just went up 66 percent. That is the crisis real Americans face every day. This is a response—a very important response—but not a final answer to health care in the United States. Goodness gracious, if we cannot take care of children and give them health care, then what else should we do? What is more important than that?

I think we have to recognize that some States, such as mine, have been able to expand this program to include the parents of some of these children. That is a positive step because it provides better health care for the whole family. In fact, the statistics and analyses show if you can have a family treated as a whole, you have a better health outcome. Also, it provides, again, another way to stop the ever increasing number of uninsured Americans, be they children or adults.

I congratulate Chairman CONRAD for his work and commitment. I hope when we leave this budget debate, we can proclaim loudly and proudly we have expanded coverage health care coverage for children in this country. That is something I think we can all take great pride and claim satisfaction in doing. I urge us to reject the Cornyn amendment and support this budget. I commend Senator CONRAD for what he has done.

I will make several quick points about the budget. It restores fiscal discipline. I commend the chairman for that. It adds important assets and commitments to affordable housing funds. The language allows us to go forward on that. Education and veterans are important priorities. This budget is one of which the people can be proud. I know the people of Rhode Island will be.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mrs. MURRAY. Madam President, I rise to support the Baucus amendment as opposed to the Cornyn amendment. I am thrilled this budget before us addresses health care in a responsible way in the amendment from this side. We provide up to $50 billion for this critical Children's Health Insurance Program over the next 15 years that will allow eligible children, who are not today enrolled, to be able to get the coverage they so necessarily need, and it is a critical step.

I commend the authors on this side and Senator CONRAD for his tremendous work on that amendment. I rise also to thank Senator CONRAD for his tremendous leadership in finally bringing us a budget that redirects the priorities of America's working families. Our families across the country want us to focus on strengthening our country from within. That starts by investing at home in our schools, as Senator KENNEDY talked about, and in our infrastructure, and in our communities. That is exactly what this budget does. It still provides every dollar the President asked for for Defense spending over the next 5 years.

Americans want us to make investments in our future in a responsible way. Every family knows the importance of fiscal discipline and the importance of keeping a balanced budget. They expect the Federal Government to share that responsibility. With this budget, we are restoring an important pay-as-you-go rule that means we are being responsible today, and we are not burdening our grandchildren with new debt tomorrow.

American families, we know, also need relief from taxes that are too much today squeezing the middle class, and the budget Senator CONRAD has put forward provides relief from the alternative minimum tax for 2 years and avoids any tax increases. I commend him for his responsible approach.

With this budget, we are proving we can invest in our people and our communities and our security without sacrificing the future. It is important to note, as we debate the budget today, that it reflects a new direction for our country. I recall last November when the American people demanded a change, and this budget reflects that call. It says across this country that we will no longer see our veterans shortchanged on their medical care; we will no longer see our communities facing very painful cuts in housing; we will no longer have our ports having gaping security holes they have faced for too long; no longer will our schools be so underfunded; no longer will community health care be undermined continuously at the Federal level; and importantly, no longer will we keep forcing more debt onto our children and grandchildren, without a plan to bring this budget back into balance.

On this side, we have said for a number of years there is a better way, and this budget proves that. I recognize, as we all do, we cannot fund everything everybody wants. No budget can. But this budget, I believe, moves us in the right direction in a responsible way, and that is a dramatic new start for this Senate. Last year, we were struggling to protect critical needs. This year, we are investing in them.

I wish to highlight some of the national priorities in this budget. We know the Bush administration has not adequately funded veterans health care. Now, as we begin the fifth year of this war this week, that becomes more and more evident across the country—whether it is our veterans, who have been struggling to get mental health care, or are waiting in long lines for benefit claims, or a lack of focus on the signature issue of this war, traumatic brain injury, that we have seen highlighted in the press over the last several weeks, or seeing that veterans are shortchanged at medical facilities, as we saw with Walter Reed.

This budget we are presenting to America increases our support for veterans by $3.5 billion over the President's proposal. In fact, the total $43.1 billion we are now investing in veterans' care represents a full 98 percent of the independent budget. That is the budget that has been devised by our veterans service organizations that, as we all know, clearly have proven to be fairly accurate in what they have told us they needed over the last years.

Our budget also, importantly, rejects the President's proposal that would have imposed new fees and higher drug copayments on some of our veterans. Those fees would force more than 100,000 of our veterans to leave the VA health care system, and that was wrongheaded.

I have seen personally the detrimental effects of underfunding veterans health care. As everybody knows, I have fought very hard on this floor to fix the administration's funding blunders and had to work hard here to increase veterans funding by $3 billion in 2005 and 2006. By increasing funding for veterans, this budget finally does what the administration has failed to do, and that is recognize the service and sacrifice of those men and women who have paid the price of this war.

We heard Senator KENNEDY a few minutes ago make a strong statement on education. This budget begins to invest here at home in our schools. We have seen years of painful cuts. After that time, we have produced a budget today that addresses the needs of American families who worry so much about finding and affording educational opportunities for their children. This budget provides the largest increase in funding for elementary and secondary education programs in 5 years. That is going to make a real difference for families across this country. We increase funding for the Department of

Education by $6.1 billion above the President's budget and restore all of the painful cuts he proposed—in Perkins grants, Pell grants, Head Start, No Child Left Behind, and the Individuals with Disabilities Act. Those are not just names of programs; those are real children who are impacted by the lack of funding we have seen, and this budget restores that.

I can tell my colleagues that as a former educator and a parent, I know the importance of having the full partnership of the Federal Government in supporting our children and our students. I am so glad this budget strengthens the partnership and eliminates harmful cuts.

I also wish to mention the important investment in this budget in securing our ports. Last year, I worked with other Senators on both sides of the aisle to pass the Safe Ports Act. Unfortunately, even with the passage of that authorization, the President didn't adequately fund this vital program for the security of our country. We, in this budget, increased funding for the Safe Ports Act and provided $400 million for the Port Security Grant Program. That funding means more radiation detectors, more partners in safe trade, and more customs officials who are needed in order to facilitate our trade.

I am very proud that this budget takes real steps, concrete steps to improve port security, while also making sure we maintain and improve our trade efficiency.

Finally, I give my personal thanks to Senator CONRAD and his staff for their tireless work in leading the fight on this budget. It has been a privilege to stand at his side on the Budget Committee and to work with him to right this fiscal ship.

This budget, once again, invests in the true priorities of the American people while keeping the needs and aspirations of our future generations in mind. I look forward to passing this budget so we can move forward with the new direction the American people have demanded.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Madam President, it is my understanding that under the prior order, Senator KYL is now recognized for an hour, with Senator KYL having 40 minutes under his control and the Democratic side having 20 minutes under their control.

The PRESIDING OFFICER. That is correct.

Mr. KYL. Madam President, I thank the Senator from New Hampshire, the ranking member of the committee, for all his hard work and support for those of us who have prepared amendments and would like to offer them.

This is actually the Kyl-Graham amendment. The Senator from South Carolina will be offering this amendment and, incidentally, as soon as we have the exact text typed, we will present that for actual formal submission, but I can begin talking about it right now. Let me begin doing that.

The purpose of this amendment is to demonstrate, I believe, that there is sufficient ability in this budget to take care of a couple of problems that are very important and which we believe should be included within this budget before it gets passed: provisions that provide for the education of American children, provide for capital gains and dividend tax relief to continue to exist both for our families and businesses and the competitiveness of our economy, as well as other provisions which were not included in the underlying budget, such as death tax reform, which I think most of us acknowledge needs to occur and which we need to provide for in the budget.

This amendment Senator GRAHAM and I will be offering in a moment is designed to include these very important provisions which I think most of us support in the budget. Not to do so would clearly represent a very big hole, I suggest, in the budget.

There is a suggestion in the amendment that was offered by the Senator from Montana and others that what Republicans have been saying about this budget resolution—namely, that it raises taxes on every American taxpayer—is, in fact, the case because as approved by the Budget Committee on a party-line vote, I might add, this budget raises taxes by $916 billion over the 5 years of the budget, which would be, of course, the biggest tax increase in the history of the country.

The chairman of the Senate Finance Committee, the Senator from Montana, well understood this, and I suggest probably is the reason for his offering of the amendment to reduce the revenue that is projected by the budget resolution and then, in his case, purports to dedicate that revenue to middle-class tax relief. He wouldn't be offering this amendment were it not for the recognition that there is a huge tax increase in the budget that came from the Budget Committee.

So I submit, to begin this conversation, that Senator BAUCUS's amendment is a good start, but it leaves in place the tax hikes on millions and millions of Americans, and that is not something most Republicans want to see.

If the Baucus amendment is adopted, then Democrats will be proposing to raise taxes on hard-working Americans by $736 billion over 5 years, rather than the $916 billion, still the biggest tax increase ever. We don't think this is right.

Incidentally, on a technical note, according to the Republican Budget Committee staff, the Baucus amendment increases the deficit in 2010 and 2011. This is important. When the interest is factored in, the Baucus amendment would take the budget out of balance in 2012 by some $6 billion. In the past, the Budget Committee members have had an informal agreement that interest would not be computed for amendments because it would be too cumbersome.

While this amendment would take the budget further into deficit—preventing tax increases is more important than worrying about a small, manageable size deficit—it may be interesting to note that the Baucus amendment would have this effect.

In addition to raising taxes, we are talking about increasing the amount of deficit.

The Senator from Montana notes that his amendment would extend the 10-percent bracket, the child tax bracket, the marriage penalty relief, the adoption tax credit, the earned-income tax credit for combat pay, and provide modest estate tax relief. I agree with the Senator on all these policies except with the modesty of the death tax relief.

Senator BAUCUS and some of his cosponsors, especially the two Senators NELSON, have always supported repeal of the death tax, as have I. So it is disappointing to many family businesses and farm owners that we now have sponsors who had supported the repeal of the death tax endorsing an amendment that would set the death tax rate at what I believe is a confiscatory 45 percent and set the exemption at only $3.5 million, which most of us believe is too low. This leaves more than 22,000 families subject to the estate tax each and every year, according to the Joint Tax Committee.

Another one of the cosponsors of the amendment of the Senator from Montana, the Senator from Arkansas, says on his Senate Web site that he supports a $5 million exemption and a 35-percent rate. I am disappointed he would then be endorsing a proposal that would have a 45-percent rate. A 45-percent rate allows the Government—think about this for a moment—to take almost half a family farm or business over the $3.5 million exempted amount at the time of death.

There is a reason this particular policy has been supported by life insurance companies. I think everybody can understand that. It keeps the onerous death tax in place and would require these family businesses and farms to continue to pay exorbitant premiums to insurance companies.

One of the reasons we would like to eliminate the death tax is so we don't have to pay the burden of trying to avoid the tax, which a lot of these small businesses have to do.

As I said, the Kyl-Graham amendment we think substantially improves the Baucus amendment by modifying the year-to-year revenue numbers so that certain tax provisions that have been essential in helping families pay education expenses essential to our economic recovery, essential to savings for retirement, senior citizens, and families facing the death tax are provided for in this budget. Let me quickly go through them and then ask my colleague, Senator GRAHAM, to make further comments.

On the matter of education, the Baucus amendment fails to extend the many education tax provisions that are scheduled to expire. Our amendment, on the other hand, makes higher education more affordable for middle-class Americans by extending the tuition deduction, extending the modifications to the Coverdell education savings accounts, extending certain provisions for the student loan interest deduction, and for extending the exclusion for employer-provided educational assistance.

These are important provisions to American families. They need to be recognized in this budget.

Our amendment permanently extends the $250 deduction for expenses of elementary and secondary school teachers who, on many occasions, are required to pay for the very school supplies they feel are necessary and are important for educating the kids for whom they are responsible.

These are the education provisions.

On capital gains and dividends, who can argue that the capital gains and dividend tax rate reductions have been two of the most important reasons for the strong economic recovery that our country has made. Yet the Baucus amendment fails to prevent an increase in these two important tax rates.

An extension of the current rates would allow our economic recovery to continue. Allowing these rates to expire and to go back up to where they were would be devastating for our economy and for the competitiveness of our capital markets and, by the way, for the retirement savings of many Americans.

So the Kyl-Graham amendment permanently extends the reduced tax rate for qualified dividends and capital gains for nearly 18 million families and individuals every year. That, too, is an important component that should be in this budget.

Quickly on two items before I turn to the discussion of the death tax, this goes to competitiveness. What our amendment would do is prevent tax increases that would clearly hurt our competitive position in the world economy. We talk about outsourcing of jobs and competitiveness and the rest of it. If you want to know what will save American jobs and will allow us to continue to grow, it is the tax rates that Senator GRAHAM and I preserve in this budget.

America cannot be the home for worldwide capital markets if it is hostile to American investors. So the amendment makes the existing tax rates for long-term capital gains and for qualified dividends permanent tax policy. We understand that the lower tax rates that were implemented in 2003 and extended again in 2006 have been a tremendous success for our economy and have benefited a broad range of American citizens.

Growth, since the 2003 tax relief, has averaged more than 3.5 percent a year, while it averaged 1.3 percent from the first quarter of 2001 through the second quarter of 2003, before these tax rates were put into effect.

The Dow Jones industrial average has risen by 40 percent since the lower investment tax rates were enacted.

The average 401(k) balance has risen by about 65 percent since 2003, very good news for American families and investors.

Why would we want to destroy this tremendous growth in the economic wealth of Americans? All of this investment activity makes it easier for entrepreneurs and businesses to raise funds to expand and grow their businesses, create more jobs, and improve the standard of living for all Americans.

By the way, to answer the question of who benefits by all this, some of our colleagues are prone to suggest it is only the wealthy who benefit. Not so. It is interesting to note that most Americans who are benefiting from these lower tax rates are middle-income taxpayers. Fully 43 percent of tax filers in 2004 reporting capital gains had adjusted gross income of under $50,000. These are not the wealthy; these are not the rich. Just 9.5 percent of filers reporting capital gains had an adjusted gross income of $200,000 or above.

So the majority of Americans benefiting from these lower tax rates, the rates we preserve in the budget if our amendment is adopted, are average, middle-class Americans.

For lower income Americans, the current 5-percent rate for investments, which drops to zero in 2008, is another important but sometimes forgotten benefit, especially, important, I might add, to our senior citizens.

According to statistics calculated by the Joint Committee on Taxation, more than 75 percent of all elderly taxpayers' returns reporting capital gains income have adjusted gross incomes of less than $100,000; more than 40 percent have incomes of $50,000 or less. Again, wealthy, the rich? No, we are trying to preserve lower tax rates for middle-income Americans and for senior citizens who rely significantly on their investment income in their retirement.

Madam President, 79 percent of all elderly taxpayers' returns reporting dividend income have incomes of $100,000 or less, and 44 percent have incomes of $50,000 or less, adjusted gross income. So clearly, continuing these lower tax rates is important for our senior citizens and for middle-income Americans.

Incidentally, these lower tax rates, far from blowing a hole in the budget, have actually helped increase revenues far beyond the projections of CBO.

I note that since 2003, Treasury has collected $133 billion more in capital gains revenue than was originally projected by CBO and exceeded the official CBO projections by 68 percent.

In the meantime, all the additional tax revenue flowing into the Treasury from our growing economy has caused our budget deficit to shrink below 2 percent of GDP, which is below the historical average.

If we stay on this current path, we can see continued increase in revenues, continued reduction in the deficit, and continued growth of our economy, not to mention support for our families and retirees.

Last point. What happens if the budget is adopted without providing for the continuation of these lower tax increases? Last fall, Goldman Sachs conducted a very interesting analysis. They wanted to see how the economy would react if taxes were increased in 2011, as the Democrats advocate.

Their analysis showed that the tax increase, and I am now quoting, ''would almost surely mark the onset of a recession.'' Their analysis assumed that the Federal Reserve would step in and cut interest rates to boost the economy, and I am quoting here, ''In an effort to resuscitate demand, the Fed immediately cuts the federal funds rate, bringing it 250 basis points below the status quo level over the next year and one-half. Despite this, output growth remains well below trend over that period, putting downward pressure on inflation as slack in the economy increases.''

That is a projection of what would occur if this were to happen. We want to prevent this. We want to keep the economy strong and not allow anything that would cause it to go into recession.

Just a final point having to do with the death tax reform. We can't pass a budget that doesn't include an assumption that we are going to reform the death tax. We ought to be repealing the death tax. But what we have done in this amendment is to provide an amount of money that would accommodate the kind of death tax reform that has been supported by both Republicans and Democrats.

Last year, the senior Senator from Louisiana introduced a death tax reform bill, S. 3626, which would provide for a $5 million exemption per estate, indexed for inflation. It would provide for a family business ''carve out,'' a 35-percent rate to taxable estates, and it would begin in the year 2010. The Senator from Arkansas, Mr. PRYOR, has endorsed death tax reform that meets these specifics in a statement, according to his Web site.

Now, our amendment provides room in the year-by-year revenue numbers in the budget to accommodate death tax reforms such as those which were proposed by Senator LANDRIEU and endorsed by Senator PRYOR. There have been other Members on the Democratic side of the aisle who have supported proposals I have introduced on death tax reform.

What we are very much hoping is that all of the people, both Republicans and Democrats, who have supported these proposals in the past will remain true to their commitments to their constituents to make sure small farms and small business owners aren't going

to have to prepare for or pay the death tax and that we would make room for that in this budget. If we fail to do that, then clearly we are not going to be able to provide the kind of relief our constituents demand and deserve.

Our amendment provides room in the year-by-year revenue numbers to accommodate death tax reform such as that which has been proposed by our Democrat colleagues and, I would add, that I have proposed as well.

Now, of course, budget resolutions don't dictate policy to the Finance Committee, so it would certainly be our intention to work with a lot of different Senators. I worked with Senator LINCOLN in the past, and certainly we would want to work with Senators LANDRIEU and PRYOR and all of the others who have indicated they would be willing to support a kind of death tax reform. As long as we have provided the numbers in the budget as Senator GRAHAM and I propose here, then we can work to make those provisions law.

I would hope we could craft an estate tax proposal that would provide an exemption of at least $5 million, indexed for inflation, that provides workable relief for the smallest estates, and that provides for a top death tax rate which is no higher than 35 percent—no higher than 35 percent. Workable relief could mean a lower rate for the smallest estates; it could also mean a family business carve-out as long as it actually works for small businesses and farms and doesn't drive up their administrative costs and leave them with planning uncertainty.

All of these are goals both Democrats and Republicans have endorsed. We hope our colleagues on both sides of the aisle will therefore agree with us that it is important for us to accommodate in this budget room to extend the important tax provisions for education, capital gains and dividends, and for the estate tax.

AMENDMENT NO. 507

Madam President, I understand the amendment about which I have just been speaking is actually at the desk. I would like to call it up at this time, and I ask unanimous consent that Senator GRAHAM be added as an original cosponsor.

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

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arizona [Mr. KYL], for himself and Mr. GRAHAM, proposes an amendment numbered 507.

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

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

The amendment is as follows:

(Purpose: To protect families, family farms and small businesses by raising the death tax exemption to $5 million and reducing the maximum death tax rate to no more than 35 percent, to extend college tuition deduction, to extend the student loan interest deduction, to extend the teacher classroom deduction, to protect senior citizens from higher taxes on their retirement income, to maintain U.S. financial market competitiveness, and to promote economic growth by extending the lower tax rates on dividends and capital gains)

On page 3, line 11 increase the amount by $390,000,000.

On page 3 line 12, decrease the amount by $184,000,000.

On page 3, line 13, decrease the amount by $3,796,000,000.

On page 3, line 14, decrease the amount by $31,544,000,000.

On page 3, line 15, decrease the amount by $36,398,000,000.

On page 3, line 20 increase the amount by $390,000,000.

On page 3 line 21, decrease the amount by $184,000,000.

On page 3, line 22, decrease the amount by $3,796,000,000.

On page 3, line 23, decrease the amount by $31,544,000,000.

On page 4, line 1, decrease the amount by $36,398,000,000.

On page 4, line 6, decrease the amount by $9,000,000.

On page 4, line 7, decrease the amount by $14,000,000.

On page 4, line 8, increase the amount by $78,000,000.

On page 4, line 9, increase the amount by $912,000,000.

On page 4, line 10, increase the amount by $2,552,000,000.

On page 4, line 15, decrease the amount by $9,000,000.

On page 4, line 16, decrease the amount by $14,000,000.

On page 4, line 17, increase the amount by $78,000,000.

On page 4, line 18, increase the amount by $912,000,000.

On page 4, line 19, increase the amount by $2,552,000,000.

On page 4, line 24, decrease the amount by $399,000,000.

On page 4, line 25, increase the amount by $170,000,000.

On page 5, line 1, increase the amount by $3,874,000,000.

On page 5, line 2, increase the amount by $32,456,000,000.

On page 5, line 3, increase the amount by $38,950,000,000.

On page 5, line 7, decrease the amount by $399,000,000.

On page 5, line 8, decrease the amount by $230,000,000.

On page 5, line 9, increase the amount by $3,645,000,000.

On page 5, line 10, increase the amount by $36,101,000,000.

On page 5, line 11, increase the amount by $75,051,000,000

On page 5, line 15, decrease the amount by $399,000,000.

On page 5, line 16, decrease the amount by $230,000,000.

On page 5, line 17, increase the amount by $3,645,000,000.

On page 5, line 18, increase the amount by $36,101,000,000.

On page 5, line 19, increase the amount by $75,051,000,000

On page 25, line 12, decrease the amount by $9,000,000.

On page 25, line 13, decrease the amount by $9,000,000.

On page 25, line 16, decrease the amount by $14,000,000.

On page 25, line 17, decrease the amount by $14,000,000.

On page 25, line 20, increase the amount by $78,000,000.

On page 25, line 21, increase the amount by $78,000,000.

On page 25, line 24, increase the amount by $912,000,000.

On page 25, line 25, increase the amount by $912,000,000.

On page 26, line 3, increase the amount by $2,552,000,000.

On page 26, line 4, increase the amount by $2,552,000,000.

The PRESIDING OFFICER. Who yields time?

Mr. KYL. I yield to the Senator from South Carolina, Madam President.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. GRAHAM. If that is acceptable with my colleagues, I will speak now, Madam President.

Ms. STABENOW. If I may inquire, Madam President, is the Senator speaking on this amendment?

Mr. GRAHAM. Yes, I am.

Ms. STABENOW. I would ask to be recognized after that.

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

Mr. GRAHAM. Madam President, I really don't have much to add because Senator KYL has done an outstanding job in explaining our amendment and the benefits to the country if we pass this amendment.

To the people in South Carolina who might, by chance, be listening, the reason I am so passionate about trying to extend the tax cuts and making sure this budget does not deal a death blow to tax cuts that have been in place in some form or manner since 2003 is the evidence is overwhelming that they have helped our economy.

Just to kind of build on what Senator KYL has said, my belief is the global economy of the 21st century is going to require America to rethink across the board how we engage our global competitors. Americans have to ask themselves these questions: Is our tax structure going to be globally competitive? Are we going to have a tax structure that will allow capital to be welcome in this country so that people who take risk can be rewarded here or will we drive people somewhere else?

The regulatory side of government, the litigation side of our American experience here needs to be looked at anew out of a sense of a need to fit into a global economy and to be fair to all our citizens. In my opinion, the worst thing we can do is to create a tax structure that drives jobs overseas.

In this economy, where anyone can do business anywhere in the world, people do look at tax rates in making decisions about whether to invest here or somewhere else. From the Government's point of view, the evidence is overwhelming that the tax reductions in dividends and capital gains, particularly capital gains, have generated revenue to the Federal Government. As we have lowered the rate down to 15 percent, in some cases to zero and other

cases 5 and 10 percent, with a maximum capital gains rate of 15 percent, people have generated a lot of capital gains transactions that have been good for the economy and good for the Federal Treasury, and they are due to expire.

This budget, the way it is drafted, is going to deal a death blow to tax reductions that have been beneficial to the economy—and without a good reason, in my opinion. There is no good reason. The question is, Does this budget deal a death blow to tax cuts? The answer has to be yes, simply because Senator BAUCUS is trying to extend tax cuts by an amendment. And I wish to congratulate him. I am not here to play ''gotcha'' politics. What he is trying to do in his amendment is a wonderful thing. He is trying to make sure the 10-percent tax bracket is extended for a couple more years in this budget. He is trying to make sure the $1,000 child tax credit is extended as far as this budget applies and we don't revert back to a $500 per child tax credit. In South Carolina, a $1,000 per child tax credit for the families who have been eligible has made a world of difference to people.

My State, like every other State, has great success stories economically and where you have people living paycheck to paycheck. The marriage penalty relief has been good for families in my State. The dependent care credit has been good for people trying to work and raise kids. Adoption credits have been good, helping to create new families. There is nothing more exciting as a lawyer than to be involved in an adoption where you get a child who has no home and you marry them up with a family that wants a child. It is just a wonderful experience. There is combat pay and the EITC exemption.

None of us disagrees with those. Why not go forward into the other areas where we have cut taxes that have benefited the Treasury and benefited job creation? The only reason I can think of is there is a view that there are some Americans who are entitled to tax relief and some who are not. The ones to whom we don't want to give tax relief in this budget have been labeled ''the rich'' and are somehow unworthy of being included in this budget.

Class warfare is a time-tested political endeavor whose time has passed. We are in this together. There are about 270,000 people in my State who depend on capital gains income and dividend income. Senator KYL has gone through, in very detailed fashion, who benefits from capital gains and dividend tax reductions, and there are a lot of seniors.

At the end of the day, though, we have a choice to make as a Congress. We can do what Senator BAUCUS wants, which I wholeheartedly support, and we can stop believing that people on the other side of the river, when it comes to taxes, just make too much money or they do not need the help. I would argue that if you are in business today, creating a product for sale in the global economy, you need help when it comes to your taxes because some of your competitors have tax rates a lot lower than the United States.

When it comes to lowering dividend tax rates, how does that help America? People will invest in companies that pay dividends, they will buy stock, which helps American corporations capitalize, if the tax rates are lower. It is not just a theory; it is a fact. When you are trying to grow your business, you can get investors from the private sector or you can go to the bank and borrow money. It seems to me we would want to create an environment so that corporate America, whatever the size, could get money from the private sector to grow their businesses without being so debt laden, and the people who are receiving dividends, that would be income to help them in their retired years, which would be a win-win situation.

We can't afford to divide America any longer based on how much one makes or this concept that some of us are more worthy of protection from the Tax Code than others. The Tax Code is not going to allow us as a nation, in its current form, to survive in a global economy. But if we extend the tax cuts in this budget, it would be a good signal to the private sector in America that they are going to be able to count on—for at least a couple more years—some tax cuts that have worked to produce jobs.

The real challenge of this Congress lies ahead; that is, trying to find a way to simplify the Tax Code. That is a debate for another day. Our friends on the other side have been in charge of the Congress now for a couple of months, and this is a test, in my opinion, of how the Democratic Congress views the needs of America across the board in a global economy. Again, the evidence is overwhelming. There is overwhelming evidence that the dividend tax reductions and the capital gains tax reductions have been beneficial to the Treasury.

The amendment of Senator BAUCUS to extend tax cuts for working families, to extend marriage penalty relief, and the $1,000 child tax credit, to make sure it doesn't go to $500, should be applauded. I see the need, as a Senator from South Carolina, for what he is doing. It is frustrating that I cannot convince my friends on the other side that the need exists in abundance in South Carolina and everywhere else in the country to keep our tax rates low when it comes to the entrepreneurial spirit that has made us great, that the capital gains rates need not go up. They need to stay where they are, as long as we can keep them that low, until we find a new Tax Code. The dividend tax rates need not go up or double in a few years. They need to stay low because America needs jobs. The way you create jobs is you leave as much money as reasonably possible in the private sector and you have a tax structure that rewards people who decide to take risk and invest.

What America needs more than anything else is some certainty as to the death tax dilemma we created. There is a great debate going on in this country about the role of the death tax in the 21st century. It is indefensible, apparently, to say that the current rates and the current exemptions are fair. I think we have won the argument that the death tax, without change, is going to put a lot of people at risk who have made something of their lives, the family farm or the small business. As Senator KYL said, there is a lot of buy-in with our Democratic colleagues that we need to increase the exemptions fairly dramatically because people can be land-rich and cash-poor. I know in South Carolina there are a lot of people who have inherited tracts of land, and the death tax appraisal requires the family to break up the property and sell it. About 70 percent of small businesses, they tell me, never make it to the third generation—one of the reasons the business has to be bought back from the Government.

I think we have all bought into that as a body, that the exemptions need to change. I hope we have bought into the idea that the rates need to be lower because they are oppressively high. But here is the dilemma we have created for the country. It is my understanding, given the tax packages we have passed over the last several years, the death tax exemptions go up over time and eventually go to zero in 2010. In January 2011, unless we do something as a body, they go back to the old system.

I have been a lawyer for a long time. There are going to be a lot of mysterious deaths on New Year's Eve 2010 because if you live the next day there is going to be a big hit to the family when it comes to tax rates. It is not right for us to put the American business community and the family in that position. We need to help straighten this mess out. I am very openminded to compromises, but it is not fair for someone, if they live 1 day longer than they should, half of what they have worked for all their life goes to someone they don't know. We can do better than that. That is the place we find ourselves in America. The Congress has created the dilemma that if you die on New Year's Eve 2010—I think that is the correct date—your family has absolutely no estate tax liability. If you die the next day, almost half of what you have worked for in your entire life is gone through taxation. We can do better than that.

One way to start doing better is to pass a budget that would include what Senator KYL has described on the list of Senator BAUCUS.

I do believe the country is dying for us to come up with a rational system of how we tax the American people, including low-income, middle-income, and upper-income Americans. I am trying the best I can to express to a lot of

people in South Carolina, who live paycheck to paycheck, that we are all in this together. If I overtax the business owner, your job is threatened because his business may move offshore. People back home in South Carolina very much get that.

If you are in a manufacturing State, as I am, like Michigan, one of the reasons our jobs are leaving this country is because you can go to places such as China and other places and not have the burdens you have here. I do not want to chase China to the bottom, don't get me wrong. I want to put a floor on what China does. I think we will make a mistake chasing China to the bottom. But I think we would make an even bigger mistake if we do not address, in this budget, tax relief that has worked for Americans across the board.

We have a chance in this amendment to do something about death taxes that is extremely rational and would get America out of the dilemma of dying on the wrong day. We have something in this amendment that would allow the capital gains rate reductions to stay in place a couple of years longer and keep the dividend taxes low because they more than paid for themselves, and we have some education tax relief.

If we add this amendment with what Senator BAUCUS has done, I think we could say this budget does a very good job of trying to extend for the life of this budget tax relief across the board that has worked for all Americans.

Finally, if we buy into the idea that there is a certain group of Americans who are not worthy of tax relief, we are going to, over time, make it very difficult for the American economy to survive globally, and we are going to create a dynamic in the 21st century that I think will come back to haunt us over time.

With that, I urge my colleagues to vote for the Kyl-Graham amendment because when you marry it up with the Baucus amendment, we have done a pretty good job of extending tax relief across the board in a way that will help the American economy from top to bottom.

With that, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Madam President, might I inquire of the Senator from Arizona what the cost of his amendment is?

Mr. KYL. Madam President, may I say to the Senator, the chairman of the committee, our amendment is some four pages long, and it has the amounts increased and decreased stated. I am sorry I have not totaled up the exact amount and then subtracted out the cuts. I will be happy to try to do that for the Senator.

Mr. CONRAD. Does the Senator have some rough idea of what the amendment costs?

Mr. KYL. All of the provisions that we have in this amendment are accommodated by the budget that has been provided to us by the committee. Let me get the exact number.

Mr. CONRAD. Could the Senator tell us how he pays for the amendment?

Mr. KYL. Madam President, the so-called payment for this is the same as other things are paid for in this budget, by the assumption that revenues will be available. As a result, there is no specific cost, if that is what the Senator is asking.

Mr. CONRAD. That is the problem. I am told this amendment costs in the range of $75 billion and has no offset. Here is our problem. Senator BAUCUS has previously offered an amendment that extends the middle-class tax relief and also addresses the problem that the Senator from South Carolina addressed with the estate tax. We have this anomaly in the estate tax where we go to a 3.5-million-dollar-per-person exemption and then we drop down the next year to $1 million, going backwards.

Senator BAUCUS, in the amendment he has offered, does a series of things. The amendment addresses all the middle-class tax cuts—the 10-percent rate, the marriage penalty, the childcare credit. It extends those. It does it within the budget room that we have for 2012, so we still are able to achieve balance in 2012. It also deals with the problem of the estate tax going backwards, going from $3.5 million per person as an exemption back to $1 million. The Baucus amendment deals with that. It actually is a little better than that because the Baucus amendment also contains $4 billion that is not accounted for that would be available to the Finance Committee to improve the estate tax provisions. He also deals with the SCHIP, the need for us to fund SCHIP. He does that within the budget room that is available in 2012 so we do not have a deficit.

As I understand the amendment of the Senator from Arizona, that would take the budget into substantial deficit in 2012. And there is no pay-for; there is no offset. The money that did exist in the budget resolution, the money that was available, has been taken by the Baucus amendment.

Mr. KYL. Madam President, I now have a number. The Senator from North Dakota was very close in the estimate which he gave. I believe the number is $72.3 billion for 5 years, which is very close to the number that the Senator had. Of course, since the budget raises taxes by $916 billion, that more than accommodates what we provide.

Mr. CONRAD. The problem is, all the money is spoken for. So to add the Kyl amendment would drive us back into deficit, substantial deficit. I say to my colleagues, I think that would be a mistake. Unless the Senator provides an offset—there are things that are in his amendment for which I might have some sympathy. I personally believe we ought to have a goal of keeping rates low and having a broad base to our tax system so we can pay our bills and at the same time be a strongly competitive economy. In fact, my own conclusion from all of the debates on both sides is we need fundamental tax reform, and it is that, in part, for which this budget resolution tries to create an incentive.

We have some time because we do not face any of these tax measures expiring for the next 3 years. But during that time, I think we have to engage in a discussion of fundamental tax reform.

The bottom line is, I hope very much that colleagues will support the Baucus amendment. I hope very much they will resist the Kyl amendment at this point because it is not paid for, it is not offset, and it will take us back to the deficit in a substantial way.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 14 minutes.

Mr. CONRAD. How much time remains on the other side?

The PRESIDING OFFICER. They have 6 minutes.

Mr. CONRAD. Does the Senator from Michigan request some time?

Ms. STABENOW. Yes.

Mr. CONRAD. How much time?

Ms. STABENOW. I ask for 5 minutes.

Mr. CONRAD. I yield 5 minutes to the Senator from Michigan.

Ms. STABENOW. Madam President, to add to what the distinguished Senator from North Dakota indicated, we have tax cuts built into this budget. We are in a global economy. We need to be competitive. There are a number of ways in which we need to be competitive.

My friend from South Carolina and I are working together on the question of trade enforcement. That is a critical part of it—investing in education, a skilled workforce, innovation. That is a very big part of it. That is a big part of this budget, making education a top priority.

Changing the way we fund health care, getting it off the back of businesses, addressing health care costs is a big part of being competitive and is addressed in this budget.

We say every child in a family where the folks are working ought to have access to health insurance, and this budget finds a way to do that. We address other issues. Health information technology, that Senator SNOWE and I and others are working on together, is addressed in this budget. So we address a number of items, including tax cuts.

We address one of my biggest concerns, and I know my Democratic colleagues share this concern, of what is happening with the alternative minimum tax and how it is going to be shifted more and more to middle-income taxpayers and is becoming the alternative middle-class tax. We address that.

Through this Baucus amendment we say when we get into surplus, when we get out of the hole that has been dug in the last 6 years and actually begin to have a surplus, we are going to capture

that $132 billion, both to make sure that children's health care is funded and to expand on investments in tax cuts, including what has been talked about in terms of extending the exemptions on the estate tax for a certainty.

We want folks to know that once you get to 2010, you can keep living a healthy life, continue, and, in fact, the same rates, at a minimum, will continue. So the Baucus amendment is about making sure we can do that. We all come together around the education cuts and making sure that we have the child tax credit and the 10-percent tax rate and other areas that are very important to working families, middle-class families. But we do this within the context of another very important value that Americans hold, and that is we pay the bills. We do it within a framework of fiscal responsibility.

In the last 6 years we have seen this tax policy, we have seen a war that has not been paid for, we have seen other spending that has been rolled over onto the national debt creating the largest deficit in the history of the country. We are now trying—and with this budget we will succeed—to dig our way out of that. But this amendment adds over $72 billion back into the hole. It keeps on digging. That is what this budget resolution is committed to stop: fiscal responsibility, and to invest in the priorities of American families and American businesses and invest in middle-class tax cuts.

I have heard on the other side of the aisle over and over that we should not pick who receives tax cuts. That is exactly what the current policy has done. If you earned over $1 million last year, you received at least $118,477 worth of a tax cut. That is more than the average person in Michigan makes in a year, and that was the tax cut.

I suggest, looking at this chart, for someone earning less than $100,000, it was $692. We can go on down. If someone was, in fact, earning less than that, those numbers go all the way down to less than $100.

I would suggest that the priority was set the previous Congress, the administration deciding whom they wanted to get tax cuts—and they have been getting them—adding to the deficit, taking away from our ability to critically invest in those things that will allow us to be competitive; investments in science and education and changing the way we fund health care and doing the other kinds of things we need to do, including balancing the budget, to be able to address the costs of interest, et cetera.

So what we are saying is this picture of who receives tax cuts is not ours. This is not ours. We reject that. This budget focuses on the folks who have not been getting the tax cuts, it focuses on the folks who not only have not been getting the tax cuts, but they have been getting the wage cuts at the same time.

The average, the real median household income has declined by almost $1,300 in the last 5 years. Folks are working harder, the gas prices are going up, the cost of college is going up, health care costs are going up, maybe they lose their pension and hope and pray that they have a job, their income is going down, and to add insult to injury, they have not received the tax cuts that have been offered.

What we are about is changing that picture. This budget resolution is about a new direction, a new set of priorities, focusing on middle-class families who are working hard every day, businesses who are investing in America and want to keep the jobs here. That is what this is about. I hope we will reject the Kyl amendment.

Mr. CONRAD. Can the chair inform us how much time remains on each side?

The PRESIDING OFFICER. There is 6 minutes for the Senator from New Hampshire, 7 minutes for the chairman of the Budget Committee.

The Senator from New Hampshire.

Mr. GREGG. Madam President, I think it is important to note what this amendment does. First off, the chairman has said it is not paid for. Well, actually, the Baucus amendment hasn't passed, so you can argue it is paid for. If the Baucus amendment does not pass, this amendment would have the same funds available to it.

But that is a specious argument. It is straw dogs because the issue is the extension of the tax rates, which we have heard from the other side of the aisle are not going to be affected, that they are in favor of extending the tax rates.

Well, if that is the case, then they cannot make the case that the tax rate can't be extended, which is the case they are making. I mean it is a little inconsistent, to say the least. So I think that is inside-the-park baseball but not even good baseball, by the way—bad baseball.

But what is important to remember about these proposals which we have in this group is that first it addresses educational funding, tax breaks which benefit especially teachers who help out in their classrooms—very important.

It puts the death tax in a better position than what was proposed by the Senator from Montana, and it basically takes the language which I believe was developed by the Senator from Louisiana, Ms. LANDRIEU, and uses that as the basis for the death tax. It does not go to full repeal, as occurs under the present law, in 2011, but sets the ceiling much higher and makes it much more reasonable and I believe gives a stepped-up basis and capital gains treatment, essentially, to death taxes, so that people do not get wiped out when somebody who owns a farm dies; if the primary owner dies, the family does not get wiped out and have to sell the farm, or a small business does not get wiped out. This mostly involves that issue, quite honestly, because high estates are not affected by this. We are not talking about the founder of some technology company who is worth hundreds of millions or potentially billions of dollars avoiding estate taxes—just the opposite. That person will still be subject to the estate tax.

We are talking about setting the threshold high enough so that the family farm, the small business is not put out of business by the untimely death of an individual. You know, why should somebody be taxed for getting hit by a car? It makes no sense at all, but we try to straighten that out.

The most important element of this proposal, in my opinion—although I am sure others focus on education more than the death tax issue—is the fact that it continues the very positive proposals which were put in place relative to the formation of capital in this country and, as a result, the creation of economic activity and the creation of jobs. The dividend rate and the capital gains rate, as opposed to those which are in place today, have had a massive impact on creating economic activity in our society and as a result have created a huge number of jobs and as a result has caused the revenues of the Federal Government to jump dramatically.

The capital gains rate, for example, we have seen come in, and this chart shows it, at exceptionally high levels compared to what the estimates were going to be, dramatically high levels. We should have expected this because this is human nature. What happens is someone has an asset they have had significant appreciation in. Boom. What happens if they have got to pay a high tax on that asset if they sell it? They are not going to sell it, they are going to hold onto the asset. But if the tax rate is a fair tax rate, which is what we have in place today, then the person sells that asset. That has two very good effects. First, it frees up the cash from that event, and the person ends up paying taxes, which we would not have otherwise had because the person would have held onto the asset. Second, they will take that money and they reinvest it in a much more productive way. That is human nature.

Also, as a result those dollars are being more productively used, creating more entrepreneurial activity, so it works well.

The capital gains rate has produced dramatic increases in revenues. So we should keep it in place because it is doing what it is supposed to do. It got the economy going, creating jobs. But something which people do not focus on is that the cap disproportionately benefits senior citizens. If you raise the capital gains rate, you are basically raising the taxes on seniors in America because it is seniors who take advantage of the capital gains rate, because that, again, is human nature and logical.

Seniors basically are not earning money in the sense they are out working daily. Most seniors or many seniors, the majority probably, a vast majority are retired, but they have assets. As they take those assets and they convert them, they pay capital gains.

Those assets are usually at a pretty low basis since they were acquired when they were young or during their working years. So when you raise the capital gains rate, you are focusing a tax rate right on top of the seniors of this country. You have launched a torpedo at them. You are going to basically say to those seniors: You are going to have less money to use in order to make sure that your retired years work the way you expected them. Not only does that work for captal gains rate, it also works for dividends. The dividend rate is also disproportionately used by senior citizens. Well, that is again human nature; it tells you that seniors do not have earned income, what they have is dividend income because they have invested or their 401(k) has been cashed out or their IRA has been cashed out or their defined benefit plan is suddenly getting them some revenue. They get dividend income.

When you raise the dividend income tax rate, you are taxing, again, seniors. So it is totally reasonable, from a standpoint of continuing strong economic activity and from a standpoint of maintaining a reasonable tax burden on Americans, and especially seniors, that we continue these tax rates as they are. That is why this is a good proposal.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I understand I have 7 minutes remaining?

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. Madam President, let me say briefly on this, you can extend all the tax breaks that have been described in this amendment if you pay for them.

The problem with the Kyl amendment is he does not pay for it. Over $70 billion is not paid for, goes on the deficit, which will drive this budget, which now balances in 2012, right out of balance. We will be going right back into the deficit ditch. Please, colleagues, let us resist this amendment. People could support it if it was paid for, but it is not.

I yield 3 minutes to Senator SCHUMER.

WHITE HOUSE PROPOSAL ON U.S. ATTORNEYS

Mr. SCHUMER. Thank you for yielding. I am going to talk a lit bit about the U.S. attorneys in response to the comments that have been made today from the White House.

The bottom line is very simple, to paraphrase ''The Godfather'': The White House has made us an offer that we cannot accept. We cannot accept it very simply because it is no way to get to the truth.

Mr. Snow said today that the White House wants to get to the truth. Well, if they want to get to the truth, what is wrong with testimony under oath? Do we not have oaths to ensure that truth is given?

Karl Rove was mentioned by Mr. Snow himself at one point, who stated incorrectly Karl Rove's involvement and then corrected himself. No one is saying there was any prevarication there. But with so many misstatements that have been out there, so many corrections, doesn't it make sense to interview witnesses with a transcript, under oath?

Because if we do not, we will never get to the bottom of this. We Democrats want to resolve this issue quickly. We want to get the facts. We want to find out what went wrong—it is clearer and clearer that many things did—and correct them and move on.

But when the President gives an offer that does not allow the truth to be gotten—no oaths, no transcript, no public testimony—it does not serve the purpose of finding out what happened, resolving it quickly, in a fair and nonpartisan way, and then moving on.

I hope the White House would reconsider its offer, would be willing to negotiate—they have stated they have not—and then we can finally get to the bottom of the matter.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I wish to thank the Senator from New York. I wish to go back, if I can, to the two amendments we will be considering soon, the Baucus amendment and the Kyl amendment. Let me, if I can, reframe this issue for my colleagues.

The Baucus amendment looked to the $132 billion surplus we had in 2012, I use that term ''surplus'' advisedly, but that is what our budget resolution shows, $132 billion in 2012. Senator BAUCUS fashioned on amendment to extend the middle-class tax cuts, addressed the problem of the estate tax going from an exemption of $3.5 million per person down to $1 million a person; in other words, going backward, and prevents that from occurring, as well as having some additional moneys, some $34 billion to be able to improve that package and perhaps provide for other measures, education tax credits or others, that the Finance Committee might decide.

It also provides funding for SCHIP, the proposal that will allow every child in America to receive health insurance. That amendment deserves our support.

Senator KYL then comes with an amendment to extend all of the other tax cuts, but unfortunately he does not pay for it. He does not have any offset. That would drive our budget back into deficit. Please, colleagues, let's not do that. Let's not take the country—after all this work of getting out of the deficit ditch, which this budget resolution does—right back into deficit. To me, it makes no sense. That is going in the wrong direction. We could extend all the tax cuts mentioned by Senator KYL if we pay for them, if we provide offsets for them.

I yield the floor.

THE PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Madam President, I understand at this time we go to Senator CORNYN; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. GREGG. I would ask Senator CORNYN to yield me 1 minute.

Mr. CORNYN. I yield 1 minute.

Mr. GREGG. What the Senator from North Dakota did was make a very good case for the Kyl amendment or a very bad case against the Baucus amendment.

The Baucus amendment was $195 billion, not $132 billion amendment—$60 billion-plus is deficit spending. The allegation that the Kyl amendment, under this present structure, is $70 billion of deficit spending matches apples to apples. The two amendments are essentially the same in the area of deficit spending, so you cannot argue that one is not deficit and one is deficit. It is the opposite. They both have the same practical effect on the deficit.

What the Kyl amendment does, however, is at least extend the tax cuts or tax rates that actually create significant economic activity, which we have shown through the capital gains rate have generated significant revenues to the Treasury. Whereas, although I agree with the Baucus tax rates, most of those taxes rates, in fact all of those tax rates, are socially driven. They are good social policy, but they do not generate economic activity.

AMENDMENT NO. 511

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. Madam President, I have an amendment and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. CORNYN] proposes an amendment numbered 511.

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

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

The amendment is as follows:

(Purpose: To provide a deficit-neutral reserve fund for the reauthorization of the State Children's Health Insurance Program (SCHIP) that will cover kids first)

At the appropriate place insert the following:

SEC. ____. DEFICIT-NEUTRAL RESERVE FUND FOR THE REAUTHORIZATION OF THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM (SCHIP) THAT WILL COVER KIDS FIRST.

In the Senate, if the Committee on Finance reports a bill or joint resolution, if an amendment is offered thereto, or if a conference report is submitted thereon, that—

(1) reauthorizes and improves the State Children's Health Insurance Program (SCHIP);

(2) emphasizes providing health insurance to low-income children below 200 percent of the Federal poverty level;

(3) limits the use of SCHIP funds for coverage of non-pregnant adults unless States are covering their low-income children;

(4) allows parents to cover their children on their own health insurance plan with SCHIP funds;

(5) increases State flexibility so that States can use innovative strategies to cover kids; and

(6) improves and strengthens oversight of Medicaid and SCHIP to prevent waste, fraud and abuse,

then, provided that the Committee is within its allocation as provided under section 302(a) of the Congressional Budget Act of 1974, the Chairman of the Committee on the Budget may revise allocations of new budget authority and outlays, the revenue aggregates, and other appropriate aggregates to reflect such legislation, to the extent that such legislation would not increase the deficit for fiscal year 2007 and for the period of fiscal years 2007 through 2012.

Mr. CORNYN. Madam President, this amendment establishes a deficit-neutral reserve fund for the Finance Committee if it reports a bill that reauthorizes the State Children's Health Insurance Program, better known as SCHIP, but the important distinction is that this bill must cover children.

One might ask: Why in the world would a program known as the State Children's Health Insurance Program, why would it be necessary to offer an amendment directing the Finance Committee to cover children? That is because the current proposal does not limit Federal funding to pay for health insurance for children. In fact, it creates a patchwork system which allows States to spend money that should go to cover children to cover adults and other individuals. While I certainly understand that, it leaves many children uncovered.

The chairman's mark, the base bill that is on the floor, states the SCHIP program of the budget is to expand coverage of the estimated 6 million children eligible but not enrolled in either SCHIP or Medicaid. This is a more limited goal than covering every uninsured child, as has been stated on the floor as the goal. It assumes $15 billion in new SCHIP funding and includes an additional $35 billion in an allegedly budget-neutral reserve fund for SCHIP authorization, for a total of $50 billion for SCHIP reauthorization. This triples the size of the current program. There are no offsets outlined in the Democratic budget, and they can either be from spending cuts or tax increases.

The Democratic reserve fund is for passage of legislation that meets three conditions. Let me point out the problem. The original purpose of the SCHIP program was to provide health insurance coverage for children below 200 percent of the Federal poverty level. However, today some States have expanded their programs using Federal taxpayer dollars to include children up to 350 percent of poverty, not 200 percent and lower, but up to 350 percent, which is currently about $70,000 for a family of four. States have used this money without covering all their children to cover adults, parents, and even childless adults. Nine States cover children at 300 percent and above of poverty level. Here again, it is not an effort any of us could necessarily criticize in the abstract, but to take money that is designed for children at 200 percent of the poverty level and below and to cover children from families with much greater income and to cover adults and other individuals who are not part of the SCHIP purpose is off track.

Twelve States will spend almost $807 million of their SCHIP money on more than 671,000 adults this year. The State Children's Health Insurance Program will cover 671,000 adults this year. Three States have more adults as enrollees than children. This is a matter of false advertising by the Federal Government. We have passed legislation, which I support, designed to cover low-income children, and the Federal Government has authorized a situation where now 671,000 adults are being covered, and people not from low-income families but middle-income families are being covered.

Here again, I don't begrudge them the coverage, but to take a program designed for low-income children and use it for a purpose other than advertised is simply not honest, and it is not what Congress intended.

Several States spend half of their SCHIP allotment on adults, so it is no surprise that more than one-third of the 14 States experiencing shortfalls have expanded coverage to adults. The other problem with the underlying SCHIP provision is, with more than 6 million SCHIP and Medicaid-eligible children still uninsured, shouldn't States cover the intended population before they expand their program? Why in the world wouldn't Congress support an effort to cover low-income children before we approve the use of that money to cover unintended and nontargeted populations? The SCHIP match rate is more generous than Medicaid's match rate. The children eligible for Medicaid and SCHIP should be covered by their respective programs.

The other feature in the underlying bill this amendment would correct is this underlying provision supports States in their efforts to move forward in covering more children, but it has no income level cutoff.

In other words, the stated objective of Chairman DINGELL and Senator CLINTON to cover children up to 400 percent of poverty level, which would translate to an income of $80,000 for a family of three, simply represents an unprecedented wealth transfer from the pockets of the American taxpayers to these families who should be expected to pay a portion of their own health coverage.

The SCHIP amendment which I offer would instead focus the reauthorization of the SCHIP program on its original intent—low-income kids—by creating a budget-neutral reserve fund for the passage of this legislation. It would reauthorize and improve the State Children's Health Insurance Program. It would emphasize providing health insurance to low-income children below 200 percent of the Federal poverty level. It would limit the use of SCHIP funds for coverage of nonpregnant adults unless States are covering their low-income children first. It would allow parents to cover their children on their own health insurance plan with SCHIP funds. That is an important feature. Some parents have no alternative but to basically drop their own health insurance for their children in order to get them to be eligible under their State SCHIP funds. This would allow parents to cover their children on their own health insurance if, in fact, they have health insurance, by allowing the additional cost to cover their children to be paid from SCHIP funds. It is important flexibility that I would think all Members would support.

It increases State flexibility so States can use innovative strategies to cover kids, and it improves and strengthens oversight of the Medicaid and SCHIP programs to prevent waste, fraud, and abuse.

I offered this same amendment in the Budget Committee last week, and it was opposed unanimously by my colleagues on the other side of the aisle. I think we need to make a clear statement that SCHIP is a program for low-income children. Otherwise we ought to call it something else. Let's be honest with the American people. Let's not take something called the State Children's Health Insurance Program and make it a program for adults. That is simply dishonest. I don't think it is appropriate. I am concerned that using SCHIP dollars to provide coverage for childless adults diverts limited resources from covering children first, which is the original purpose of this program, a laudable purpose which I support.

The fact is, more than 10 percent of those enrolled in SCHIP are now adults, approximately 639,000, according to the Government Accountability Office. These 639,000 adults are from nine States. The GAO agrees covering adults is not the point of SCHIP, certainly not what Congress said it intended to do. These State coverage expansions mean funds are being diverted from the needs of low-income children who go uncovered because those States choose to use it for other purposes. Adults accounted for an average of 55 percent of enrollees in the shortfall States compared to 24 percent in the nonshortfall States.

Congress needs to make a firm statement that SCHIP is for children. If States focused on covering kids, it would have been much easier for them to stay within their allotments. This amendment makes clear that in the SCHIP program, our priority must be for low-income children.

In addition, as I noted a moment ago, my amendment would allow States to continue to use innovative strategies to cover kids and will improve and strengthen the oversight of the SCHIP program to weed out waste, fraud, and abuse.

I hope my colleagues will vote in favor of this amendment. I know the ranking member of the Senate Finance Committee, Senator GRASSLEY, wants

to use a portion of the time we have remaining on the amendment. I certainly reserve the remainder of the allotted time for him.

I thank the Chair and the managers of the bill.

Mr. GREGG. Will the Senator yield?

Mr. CORNYN. I am happy to yield to the ranking member of the Budget Committee.

AMENDMENT NO. 466, AS MODIFIED

Mr. GREGG. Madam President, I send a modification of the Sessions amendment to the desk.

The PRESIDING OFFICER. Is there objection to the modification?

Mr. GREGG. I ask unanimous consent that the amendment be so modified.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

At the end of title II, insert the following:

SEC. ___. EXCLUSION OF TAX RELIEF FROM POINTS OF ORDER.

Sections 201, 202, 203, and 209 of this resolution and sections 302 and 311(a)(2)(B) of the Congressional Budget Act of 1974 shall not apply to a bill, joint resolution, amendment, motion, or conference report that would provide for the extension of the tax relief provided in the Economic Growth and Tax Relief Reconciliation Act of 2001, the Jobs and Growth Tax Relief Reconciliation Act of 2003, and sections 101 and 102 of the Tax Increase Prevention and Reconciliation Act of 2005.

AMENDMENT NO. 511

Mr. GREGG. Madam President, I support the amendment of the Senator from Texas. He is basically getting at the essence of the SCHIP issue. SCHIP has become nomenclature. It has become a motherhood term. It is being used as a smokescreen to dramatically expand the amount of money we spend as a Federal Government on health care and basically take a big bite out of what I would call the nationalization effort in health care because it has been expanded well beyond its purpose. Its purpose should to be take care of children in need and make sure they have proper health insurance. We all agree on that. What the Senator from Texas is proposing is to do exactly that, make sure this program is directed at children. However, we have seen State after State and some of our biggest States use this program for adults and for families up to $68,000 of income. That is not about low-income kids being taken care of. That is about trying to nationalize the health care system. If we are going to spend all this new money on SCHIP—and I think we need to spend some additional money on SCHIP—let's make sure it goes where it is supposed to go, to needy kids. That is why the amendment of the Senator from Texas is such a good amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, the Senator from Texas is retaining his time. Perhaps we could modify our previous unanimous consent request so we stay on this question until the votes. The Senator has approximately 15 minutes remaining and we would have 15 minutes on our side to discuss it.

Mr. GREGG. I have no objection.

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

Mr. CONRAD. Madam President, I ask unanimous consent that the votes in relation to the following amendments occur beginning at 5 p.m., with the votes occurring in the order listed and that there be 2 minutes of debate equally divided before each vote; and that after the first vote, each succeeding vote be limited to 10 minutes; that no amendments be in order to any of the amendments covered under this agreement: The first amendment being the Baucus amendment No. 492; the second amendment being the Kyl amendment No. 507; the third amendment being the Cornyn amendment No. 477; the fourth amendment being the Sessions amendment No. 466, as modified; the fifth amendment being the Ensign amendment No. 476; the sixth amendment being the Bunning amendment No. 483; and the final amendment being the Bingaman amendment No. 486.

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

Mr. CONRAD. I thank the Chair.

AMENDMENT NO. 511

Back to the issue of the most recent Cornyn amendment which is on the question of SCHIP. Frankly, I have some sympathy for the argument advanced by the Senator from Texas. There may be some policy reason to have very low-income adults covered with some SCHIP money, but this is supposed to be a program directed at children. Whatever the merits of the Cornyn amendment, there is a very serious problem with the Cornyn amendment that leads me to oppose it, and I ask colleagues to oppose it. That is, this isn't the place for the Cornyn amendment.

The simple fact is, the budget resolution does not determine the policy on SCHIP. It has nothing to do with the policy on SCHIP—nothing, zero. This is a policy question that will be before the Finance Committee.

Let us review what a budget resolution does and does not do. A budget resolution gives an instruction to the Finance Committee of how much money they need to raise to meet the budget. It tells them how much money they have to spend in the various categories under their jurisdiction. It does not tell them one word of what the policy is related to those fundings. That is not the role of the budget resolution. So as well meaning as this amendment is, it has nothing whatever to do with the policy determination that is to be made by the authorizing committee.

The Budget Committee is not the committee of jurisdiction. We are not the committee that makes these policy judgments. We are not the committee that makes these determinations. So this amendment is eyewash. As well intended as it is, it simply will have no force and effect on the deliberations of the Finance Committee with respect to this policy. That is the fact. Sometimes I wish the Budget Committee did have that kind of authority and that kind of power, but we simply do not.

So let's be honest with our colleagues. Let's be honest with the people who are watching. This amendment will do absolutely nothing about the question of who gets covered under SCHIP—nothing, zero. That is a determination that will be made by the Finance Committee.

At this point, Madam President, I recognize the Senator from Michigan and ask her, how much time would she like on this amendment?

Ms. STABENOW. Madam President, 5 minutes.

Mr. CONRAD. Madam President, I am happy to yield 5 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. I thank the chairman.

Madam President, as a member of both the Budget Committee and Finance Committee, I concur with our leader's comments in terms of the jurisdiction of the Budget Committee. I look forward, frankly, to this debate and working through all the specifics on children's health care in the Finance Committee because there are very important issues we need to address.

The spirit of the Cornyn amendment is what we have addressed in this budget resolution, which is making sure we have the resources to be able to cover every child. Right now, about 6 million children are covered. There are another 6 to 7 million children who actually qualify for the SCHIP program, for children's health care, but the funds are not there. So this budget proposal will allow that to happen.

Now, in some States—such as my own State of Michigan, where Michigan decided on its own to meet its moral obligation to cover children and began to reach out creatively using other funds to cover children—when they have received the children's health care funds, they have found that being creative, using what they were already using, they could stretch it a little farther to maybe cover moms and dads or very poor adults.

In the law we passed regarding children's health care, there was a waiver provision put in that the administration could use—used by this administration and the former administration—to waive the rules to allow a little more flexibility, if the States were able to work hard and be creative and be able to stretch their dollars.

That is what has happened in Michigan. I am very proud of the hard work that has gone on in Michigan and by our current Governor who is very committed to extending health care coverage not only for every child but for

every person in our State. I hope that is our goal, together, for our country. We should not be talking about how we limit health care but how we make sure it is available for every individual. I believe health care should be a right and not a privilege in the greatest country in the world.

But in our case, we cover an individual making $4,500 a year—$4,500 a year—certain individuals. So when we get to the Finance Committee debate, I hope we are going to keep in there the ability and flexibility for States to receive, if approved, waivers that allow them to stretch their precious health care dollars a little bit farther.

This amendment would, in its policy—even though it has no effect ultimately, it states we should not allow that flexibility for States, we should not allow the ability for States to be creative. It also sets a limit of 200 percent above poverty, which may sound—well, it may sound as though it is OK, but you are talking about basically two individuals in a family each earning the minimum wage. That is about hitting that number of 200 percent of poverty. So if you get a minimum wage increase or maybe you get a little bit more money, and you still do not have health care coverage in your employment.

Again, we would be saying, through this kind of amendment, they should not be able to cover their children with health care, not be able to have access, even though they are working hard. The whole point of SCHIP is to say to those who are working: If you are working hard and in a low-income job, you should be able to know you can receive health insurance for your children. If you are working hard, you don't have to go to bed at night saying: Please God, don't let the kids get sick—which is what happens every single night in America. So I hope we reject this amendment. It is not appropriate for the Budget Committee.

I also look forward to the debate on the policy once we get to the Finance Committee. We want to cover every child. The money in this budget will allow us to cover those children who are currently eligible but not covered. We will cover every child. That is our commitment. That is part of the moral document we have put forward in this budget resolution. But we also, I believe, need to figure out a way to make sure in the process we are not taking away health care coverage from anyone in the country.

Thank you.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Madam President, in a brief response, because I see the ranking member of the Finance Committee is here, the chairman of the committee has made the case we should not vote for the Cornyn amendment because it has policy in it. Well, actually the budget resolution has policy in it. In its reserve fund, the budget resolution has three specific policy directives relative to SCHIP which is just as specific, just as policy driven as the proposals of Senator CORNYN. So either you are pure or you are not pure. In this case, both sides are directing policy. So I do not think that argument has a whole lot of credibility. But the issue here is this: The Cornyn amendment tries to focus SCHIP on kids. That is what it should be focused on. The problem we have today is that SCHIP is being used as a stalking-horse to basically ensure all sorts of people who do not qualify in the concept of kids at 200 percent of poverty. You have three States where they actually spend more SCHIP money on adults than they do on children. You have 12 States that are spending almost $1 billion annually of SCHIP money on adults. You have nine States where they are covering up to 300 percent of poverty. You have other States where you are going up to $68,000 of personal income and still qualifying people for SCHIP.

That is not the way SCHIP is supposed to be structured. SCHIP is supposed to be structured for kids. The Cornyn amendment gets us back to the original purpose of SCHIP, thus giving probably more coverage to more kids than the present program or even the expanded program which has been put forward by the other side of the aisle.

Madam President, what is the time situation relative to the Members?

The PRESIDING OFFICER. The Senator from New Hampshire has 13½ minutes. The Senator from North Dakota has 7½ minutes.

Mr. GREGG. Madam President, I yield such time as he may desire to the ranking member of the Finance Committee.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, I appreciate very much that the Senator from Texas has offered his amendment. I support it. I supported it during the Budget Committee's markup of the legislation that is before us right now, and I am happy to support it on the floor.

This amendment adds a new reserve fund which identifies some very important priorities that complement the reserve fund in the legislation that has come out of the Budget Committee.

The reserve fund in the budget stipulates the legislation reported out of the Finance Committee must ''maintain coverage for those currently enrolled in [the State Children's Health Insurance Program].''

As my colleagues in the Senate know, this current population includes children, pregnant women, parents, and childless adults. The cost of extending coverage to these populations has been roughly estimated by the Congressional Budget Office to require a net increase of budget authority of approximately $8 billion.

The Cornyn amendment would put kids first—after all, wouldn't you think that is what the State Children's Health Insurance Program ought to do, put children first—prioritizing lower income children and limiting the use of State Children's Health Insurance Program funds for nonpregnant adults unless States are covering those children.

We will have to make some very difficult choices when it comes to the limited funds available for the SCHIP. The cost of covering children who are uninsured but eligible for SCHIP continues to rise.

According to the Center on Budget and Policy Priorities and their analysis—and this was in a recent memo from the Congressional Budget Office—it will take $47.5 billion to cover the estimated 6 million children who are uninsured but eligible for either SCHIP or the Medicaid Program. To quote the center, even this figure is ''too low''—those are their words: ''too low''—because it does not include the cost of the policies necessary to increase enrollment in Medicaid and SCHIP.

Given the priorities placed on pay-as-you-go and the limited offsets available to pay for increased SCHIP spending, it appears some priorities have to be set. We are faced with that every day—setting priorities, that everybody cannot have everything they want.

Republicans have taken the position—and I emphasize that position—we want to prioritize putting kids first. So I support Senator CORNYN's emphasis upon this key principle.

I also agree with the language in the budget that would support States in their efforts to move forward in covering more children. However, this language can be improved by emphasizing that reauthorization should make State flexibility a priority. With State flexibility, we can get more bang with the State's money, we can get more bang for the Federal dollars going into the program. We found that in Medicaid last year when a bipartisan group of Governors came to me, when I was chairman of the Finance Committee, and sat down and said: If you can give us more flexibility in Medicaid, we can save State tax dollars, we can save Federal tax dollars, and we can serve more kids who have need—because States know what their local situation is, they know better than we do in Washington to get the most bang for the taxpayers' dollars. So we can do the same thing for the SCHIP program by giving the States greater flexibility.

Much of the success we have seen relative to the SCHIP program is because the Congress gave States the authority to manage the SCHIP caseloads, to control costs, and to experiment with innovative strategies to increase access to health care.

This country is so geographically vast, our population is so heterogeneous that if you try to make all policy by pouring policy in the same mold in Washington, DC, it is not going to fit New York City the same way it might fit Des Moines, IA. But we ought to give those States in the case of New York, Albany, and in the case of Iowa,

Des Moines, give those leaders, Governors and State legislatures, some leeway so we get more bang for our buck.

Reauthorization then should build on the State flexibility that was already there and should be a key feature of the priorities set in the budget.

Finally, given my zeal for oversight, meaning congressional oversight of what our bureaucracy does and how the taxpayers' money is spent, I must also commend the Senator from Texas for including, as a priority for the SCHIP reauthorization, improving and strengthening the oversight of Medicaid and SCHIP to prevent waste, fraud, and abuse. We have made improvements to preventing waste, fraud, and abuse, but we can certainly do more. We can always do more.

I commend the Senator for his amendment. It builds on the language already in the bill, and I urge my colleagues to vote in favor of it.

I reserve the balance of the time on our side.

Mr. CONRAD. Madam President, I am going to be yielding to the Senator from New Jersey in a moment on this amendment, but we wish to enter into a unanimous consent request for what happens after the votes tonight. We have already entered into a unanimous consent request with respect to the votes that will occur tonight. After those votes, there will be a time for discussion and debate. I ask unanimous consent that during that period, Senator HUTCHISON be allowed to offer an amendment on sales and use tax, that Senator SESSIONS be able to offer an amendment relating to the alternative minimum tax, that Senator DURBIN be permitted to speak, that Senator SANDERS be permitted to speak, that Senator LIEBERMAN be permitted to introduce and withdraw an amendment on war costs, and that Senator WYDEN be permitted to speak.

Perhaps we should go a step further and give an amount of time for each. Would the Senator have a thought with respect to wanting to give them 10 minutes each?

Mr. GREGG. Why don't we give them 15 minutes.

Mr. CONRAD. Continuing, that each of the aforementioned Senators have up to 15 minutes, and that they be in the order indicated: Senator HUTCHISON, Senator SESSIONS, Senator DURBIN, Senator SANDERS, Senator LIEBERMAN, Senator WYDEN.

Mr. GREGG. And, Madam President, that the majority has the right to reserve an amendment in response to the Sessions amendment and in response to the Hutchison amendment, and that the order of voting on any amendments offered this evening as part of this unanimous consent would be at the discretion of the chairman and the ranking member of the Budget Committee.

Mr. CONRAD. That is correct.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CONRAD. And, when the business of the Senate is concluded today, that there be 25 hours left on the budget resolution.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CONRAD. We thank all colleagues. To revisit, so everybody understands what we will then face, after the votes tonight, Senator HUTCHISON will be able to offer an amendment relating to sales and use tax, Senator SESSIONS on the alternative minimum tax; that both of those can have a side-by-side Democratic amendment offered tomorrow if it is deemed necessary; that Senators DURBIN, SANDERS, LIEBERMAN, and WYDEN all be recognized in that order, or if they seek to change the order among themselves they are able to do that; that each of them be limited to 15 minutes; that there be no further votes after the votes that have already been approved; and that at the conclusion of the Senate business tonight, there will be 25 hours remaining on the budget resolution.

We thank the excellent staff who have helped us keep track of all this through the day, and we thank very much the occupant of the Chair as well for her attention and for her effort.

With that, I recognize the Senator from New Jersey.

How much time do I have remaining?

The PRESIDING OFFICER. There is 3 minutes 42 seconds.

Mr. CONRAD. I yield that time to the Senator from New Jersey.

Mr. MENENDEZ. Madam President, I thank the distinguished chairman of the Budget Committee for yielding, and let me get right to it. Only in Washington, with those who have some of the best health care coverage in the Nation, would there be a proposal to cut coverage to America's neediest children.

An example of what would happen if this were to be passed: In New Jersey alone, more than a half million children depend upon our State's successful SCHIP program. Providing less than what is required to keep these children safe and healthy isn't only reckless, it is a dereliction of our duty here in Congress.

The President is spending a lot of time this week talking about Congress's role and responsibilities. The President had a responsibility to send us a budget that took care of children in this country, and we have had members of his administration cite the successes of what we have done in New Jersey and, therefore, in other places in the country.

Tom Scully, who is the CMS administrator, said:

> Even in tight economic times New Jersey is setting an example of how Federal waivers can help them cut into the numbers of citizens with no health coverage.

That is what he said on January 31 of 2003.

If the Cornyn amendment is passed, as many as 30,000 children in New Jersey could lose coverage for needed medical service. Worse still, it would prevent another 75,000 children in New Jersey from even being eligible for the critical health coverage they need. That is not only bad policy, it is downright reckless and it is flatout wrong.

We live in the greatest country in the world, and there is no reason our neediest children should go without the medical services they need. No child in America should go to sleep at night in pain because they don't have the health care coverage they need or, as we saw recently, a young boy in Maryland who had a toothache, and it abscessed and it ended up getting infected and he died. No child in America should face that reality.

We know the success of covering parents, because when we cover parents, we end up covering children. That is not because I say it, but look at what the CMS administrator Mark McClellan said last year before the Senate Finance Committee. He said:

> Extending coverage to parents and caretaker relatives not only serves to cover additional insured individuals, but it may also increase the likelihood that they will take the steps necessary to enroll their children. Extending coverage to parents and caretakers may also increase the likelihood that their children remain enrolled in SCHIP, and that is our experience.

That is New Jersey's experience.

Who are we talking about, not only in New Jersey but across the country? We are talking about some of the children in our Nation who come from communities that already have great health disparities. Yet when we see what SCHIP has done, we have seen those disparities narrow. Here is a chart that shows before enrollment in SCHIP what many children faced—White, African American, and Latino children—and after the enrollment, the percentage of children lacking a regular source of care dramatically reduces; dramatically reduces. Now, Latino and African-American children in this country will represent over 40 to 45 percent of all of the Nation's schoolchildren. Would we leave 45 percent of any capital, human capital in this case, unhealthy, uneducated? That is what this amendment seeks to do.

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

Mr. MENENDEZ. Madam President, we need to defeat the Cornyn amendment. We need to keep the reality of where SCHIP is today: insuring our children and their families and making sure we are preserving that human capital.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. What is the time situation?

The PRESIDING OFFICER. The Senator has 6 minutes left.

Mr. GREGG. I yield to the Senator 6 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. PRYOR. Madam President, I thank the Senator. That is very gracious and I appreciate it very much. I

wanted to come to the floor and say a few words. I will try to keep my remarks to 90 seconds or 2 minutes, because I know some other Senators wish to say a word.

First, let me thank my colleagues for working on a package of legislation that includes the TRAC Act, making the TRAC Act permanent, the tax relief for our soldiers in combat. We know we spotted this 3 years ago where for some soldiers in combat, when they take their combat pay, they lose the ability to get the earned income tax credit, the child tax credit. I have had soldiers all around my State and other places tell me they appreciate the tax relief, and the last thing they need to be worried about is their taxes and getting gypped out of some tax relief. So this makes it permanent. Thank you very much.

Secondly, I have included in this package one of these amendments we are going to vote on which is the daycare tax credit. In 2004, there were 6.3 million taxpayers who used the child independent tax care credit to cover daycare, afterschool care, summer day camp, elder care facilities, and this is a tax that helps working families, middle-class families, folks who are the bread and butter of our Nation and our economy.

Also, I thank Senator CONRAD and Senator GREGG for their great leadership on this budget. I know it has been very hard. I know we are getting to the time to vote. I want to thank them publicly for their leadership.

I yield the floor.

Mr. GREGG. Madam President, if I still have time, I yield it back.

Mr. CONRAD. Madam President, we have a series of votes starting at 5 o'clock. We have the rest of the evening lined up. I apologize to the desk crew who will be here late into the evening once again. I also want to thank our staffs—my goodness, they have worked tirelessly—Mary Naylor of my staff, Scott Gudes, and the staff director for Senator GREGG, and all of their assistants who have done a spectacular job of helping us to manage this difficult budget resolution.

Votes are to start at 5 o'clock. Why don't we start now. I think we could begin the vote early. Is there a problem with that? I don't think that hurts anything, because what that would allow us to do is we have agreed there would be 10-minute votes after that. I don't think there is any problem with that.

Does Senator GREGG have any other observations? Maybe one thing we need to do is remind our colleagues—this may be a very good time to remind colleagues of what it is we are going to face tomorrow. Tomorrow we are going to come in and we are going to have 25 hours left on this resolution. Then we go to vote-arama. We need to finish this by 4 o'clock on Friday. We have a number of our colleagues on both sides who have other obligations, so we need to finish this. So we are calling on colleagues—and I will speak for myself. I am calling on colleagues on our side to please be disciplined about the amendments you insist on getting votes on. We have had perhaps the most difficult year I can ever remember, because we have some of our colleagues on Presidential campaigns, and there have been so many other events we have had to break for. It has made it very difficult to give colleagues the chance to get the votes they desire. We are going to have to ask for continued cooperation to get this done.

Senator GREGG, do you wish to say anything further?

Mr. GREGG. I appreciate the Senator's comments. First, I join him in thanking the staff. We are about halfway through the timeframe here and they are getting tired, but they are doing a great job and we very much appreciate all they do; not only our staffs on the committee but obviously the staff that operates the Senate itself, who end up being here late into the night, and we very much appreciate their help.

As to amendments, we are going to have a lot of votes on Friday, and it is going to be a very extensive day of voting and people need to sort of get ready for that.

At this point I think we ought to start the votes.

Mr. CONRAD. Madam President, the hour of 5 o'clock having arrived, I think it is the appropriate time to start the votes.

Mr. GREGG. I am not sure the yeas and nays have been ordered on all of these amendments.

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

The PRESIDING OFFICER. The yeas and nays have been requested en bloc.

Is there a sufficient second?

There is a sufficient second.

Mr. GREGG. Madam President, I ask unanimous consent that there be 2 minutes evenly divided between each amendment.

The PRESIDING OFFICER. Under the previous order, there is 2 minutes equally divided between the votes prior to the vote on the Baucus amendment.

Mr. CONRAD. Madam President, nobody has used time on either side on the first amendment; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. CONRAD. Maybe I will take the time because I am advised Senator BAUCUS will not be here until the vote has begun.

Let me recall for our colleagues that the Baucus amendment is to provide for the middle-class tax cuts to also address this anomaly in the estate tax, where it goes from $3.5 million per person of exemption back down to $1 million. It also contains additional funding for the Children's Health Care Program.

There are other elements to the Baucus amendment, as well, that were enumerated by the Senator. I hope very much that our colleagues can support the Baucus amendment. It still leaves us with a slight balance in 2012 so that we are not back into deficit.

I thank the Chair.

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

Mr. GREGG. Madam President, claiming the minute on the Republican side, the Baucus amendment makes sense, but it does so in the context of also justifying the Kyl amendment. Both amendments basically make the point that we should extend these tax rates, which have done so much to help people and create an economic boom in this country. Both amendments are essentially the same, as far as the impact on the economy, but the Baucus amendment is about 2½ times the Kyl amendment. Both of them create issues of deficit financing.

As a practical matter, the Kyl amendment specifically will generate economic activity. It creates jobs and, therefore, more revenue to the Federal Treasury. If you vote for one, you should vote for the other, if you happen to believe we have a tax policy that is making sense in this country today and is generating a lot of revenue, which it is.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 492 by the Senator from Montana.

The yeas and nays have been ordered and the clerk will call the roll.

The assistant journal clerk called the roll.

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

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

The result was announced—yeas 97, nays 1, as follows:

[Rollcall Vote No. 82 Leg.]

YEAS—97

Akaka	Dorgan	Mikulski
Alexander	Durbin	Murkowski
Allard	Ensign	Murray
Baucus	Enzi	Nelson (FL)
Bayh	Feinstein	Nelson (NE)
Bennett	Graham	Obama
Biden	Grassley	Pryor
Bingaman	Gregg	Reed
Bond	Hagel	Reid
Boxer	Harkin	Roberts
Brown	Hatch	Rockefeller
Brownback	Hutchison	Salazar
Bunning	Inhofe	Sanders
Burr	Inouye	Schumer
Byrd	Isakson	Sessions
Cantwell	Kennedy	Shelby
Cardin	Kerry	Smith
Carper	Klobuchar	Snowe
Casey	Kohl	Specter
Chambliss	Kyl	Stabenow
Clinton	Landrieu	Stevens
Coburn	Lautenberg	Sununu
Cochran	Leahy	Tester
Coleman	Levin	Thomas
Collins	Lieberman	Thune
Conrad	Lincoln	Vitter
Corker	Lott	Voinovich
Cornyn	Lugar	Warner
Craig	Martinez	Webb
Crapo	McCain	Whitehouse
DeMint	McCaskill	Wyden
Dole	McConnell	
Domenici	Menendez	

NAYS—1

Feingold

NOT VOTING—2

Dodd Johnson

The amendment (No. 492) was agreed to.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, we have six votes that are going to be called immediately; 10 minutes plus 5 minutes the roll will be called. Everybody should understand that and not run back to their offices. Ten minutes, fifteen minutes goes by very quickly. There will be six votes, and we have 15 minutes on each one of them.

AMENDMENT NO. 507

The PRESIDING OFFICER. There is 2 minutes equally divided prior to the next vote. Who yields time?

Mr. GREGG. Mr. President, could we have a little bit of order? A touch, not too much. I don't want to get carried away.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from New Hampshire.

Mr. GREGG. Mr. President, if my colleagues voted for the last amendment, they should vote for this amendment. Procedurally, they are essentially the same. They are treated the same, they have the same impact, for all intents and purposes.

The last amendment, arguably, would increase the deficit by $60 billion. This one would increase it by $70 billion. Both amendments are focused on continuing the tax policy that we have in place, which is doing such a good job of generating jobs. In fact, this amendment increases the death tax to 35 percent—it reduces it, doesn't allow it to go over 35 percent. It allows the exemption to be applied to estates of $5 million; it permanently extends the tuition tax credit; it permanently extends the $250 deduction for teachers; it extends the tuition tax credit; it extends the capital gains and dividend tax rates which are so important to this economy and have had such a positive impact on revenues to the Federal Treasury.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, however well intended the Kyl amendment is, it spends $72.5 billion with no offset. The surplus is gone under the amendment we just adopted. The surplus is gone. So the effect of this amendment is to take us right back into deficit.

This amendment blows the budget. This amendment takes us from a balance in 2012 right back into deficit.

My colleagues can extend those tax cuts if they pay for them, if they offset them. The Kyl amendment does not pay for them; it does not offset them; it takes us back into deficit. It ought to be defeated.

The PRESIDING OFFICER. Is all time yielded back?

Mr. GREGG. Do I still have time?

The PRESIDING OFFICER. The Senator has 6 seconds remaining.

Mr. GREGG. Six seconds.

The PRESIDING OFFICER. Go ahead, quick.

Mr. GREGG. The Senator from North Dakota is wrong. Vote for the Kyl amendment.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 507. On this question, the yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

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

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

The result was announced—yeas 47, nays 51, as follows:

[Rollcall Vote No. 83 Leg.]

YEAS—47

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

NAYS—51

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

NOT VOTING—2

Dodd Johnson

The amendment (No. 507) was rejected.

Mrs. MURRAY. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 477

The PRESIDING OFFICER. There are now 2 minutes equally divided on the Cornyn amendment.

The Senator from Texas.

Mr. CORNYN. Mr. President, my amendment creates a 60-vote point of order against legislation that would increase the income tax rates on taxpayers.

Yesterday, the chairman of the Senate Budget Committee graciously indicated his support for this amendment. I hope nothing has changed overnight, and so I would hope my colleagues would support this taxpayer-friendly amendment.

Mr. President, I yield back the remainder of my time.

Mr. CONRAD. Mr. President, I find myself conflicted on this amendment in the following way: On the one hand, I don't think it is particularly good tax policy to establish points of order on this matter. So as a matter of tax policy, I don't think it is a particularly good idea. On the other hand, I don't want to leave the impression that this resolution contemplates an increase in tax rates because it doesn't.

So I would say to those on my side, vote your conscience on this amendment. It certainly will not do any damage to this resolution if this were to pass.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant journal clerk called the roll.

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

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

The result was announced—yeas 63, nays 35, as follows:

[Rollcall Vote No. 84 Leg.]

YEAS—63

Alexander	Dole	McCaskill
Allard	Domenici	McConnell
Baucus	Ensign	Murkowski
Bayh	Enzi	Murray
Bennett	Graham	Nelson (FL)
Bond	Grassley	Nelson (NE)
Brownback	Gregg	Pryor
Bunning	Hagel	Roberts
Burr	Hatch	Salazar
Cantwell	Hutchison	Sessions
Casey	Inhofe	Shelby
Chambliss	Isakson	Smith
Coburn	Kohl	Snowe
Cochran	Kyl	Specter
Coleman	Landrieu	Stevens
Collins	Leahy	Sununu
Corker	Lincoln	Tester
Cornyn	Lott	Thomas
Craig	Lugar	Thune
Crapo	Martinez	Vitter
DeMint	McCain	Warner

NAYS—35

Akaka	Feingold	Obama
Biden	Feinstein	Reed
Bingaman	Harkin	Reid
Boxer	Inouye	Rockefeller
Brown	Kennedy	Sanders
Byrd	Kerry	Schumer
Cardin	Klobuchar	Stabenow
Carper	Lautenberg	Voinovich
Clinton	Levin	Webb
Conrad	Lieberman	Whitehouse
Dorgan	Menendez	Wyden
Durbin	Mikulski	

NOT VOTING—2

Dodd Johnson

The amendment (No. 477) was agreed to.

AMENDMENT NO. 466, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, there will now be 2 minutes evenly divided on the Sessions amendment.

Mr. SESSIONS. Mr. President, just briefly on this next amendment, I

think it is a defining vote on the question of whether we intend to extend the current lower tax rates. The budget resolution that is before us has four points of order against tax cuts, but the way it is written, it even includes continuing our current income tax rates beyond 2010 because that would be defined under this budget as a reduction in taxes. This means that this proposed budget resolution would require 60 votes to extend the currently existing lower rates beyond 2010. I believe that is a mistake. These reduced rates include the $1,000 per child tax credit, the 10 percent bracket, the marriage penalty, the adoption tax credit, capital gains and estate tax repeal.

I urge my colleagues, let's not put a burden on our economy and on our constituents by allowing these current tax rates that are low now to surge upward when they expire at the end of 2010. Do not put a 60-vote requirement to extend current rates.

The PRESIDING OFFICER (Ms. CANTWELL). The Senator from North Dakota.

Mr. CONRAD. Madam President, if you want to gut pay-go this is your opportunity. This amendment would completely overturn the pay-go discipline. The pay-go discipline, as all Members know, says: If you are going to have new mandatory spending, you have got to pay for it. If you want more tax cuts, you are going to have to offset them.

This amendment would completely strip all of the points of order that exist under the pay-go discipline. This would be a return to deficits and debt as far as the eye can see at the worst possible time, just before the baby boomers retire.

This is a critical and defining amendment. I urge my colleagues to vote no.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 466, as modified, offered by the Senator from Alabama. The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

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

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

The result was announced—yeas 46, nays 52, as follows:

[Rollcall Vote No. 85 Leg.]

YEAS—46

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

NAYS—52

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

NOT VOTING—2

Dodd Johnson

The amendment (No. 466), as modified, was rejected.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 476

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes of debate, equally divided, on the Ensign amendment No. 476.

The Senator from Nevada.

Mr. ENSIGN. Madam President, this amendment is very simply a Defense firewall amendment. We have had these in the past. The chairman of the Budget Committee will argue that they did not work very effectively in the past. I would disagree. It made it more difficult to take money out of Defense and to spend it on other programs.

Our amendment is a little different. It says if you are going to take money out of Defense for social spending programs, then you must do it during the budget process. It brings transparency into the budget process. In the last several years, folks have taken money out of the Defense Department during the appropriations process, put it in other social spending, and then during the emergency supplemental process they backfill the Defense Department. This has cost our country an extra $84 billion over the last 5 years. The problem is the money gets built into the baseline, which costs more money and more money and more money every year; last year alone it was $40 billion.

If you want to be fiscally responsible, you should vote for this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President and colleagues, I think this amendment is well intended.

I believe it will actually make the situation worse with these defense firewalls. What it means is that supposedly we are walling off nondefense money and defense money. But here is what is happening. We have had these firewalls in the past. Before we had them, we had three medical research earmarks in the defense budget. This is what happened after defense firewalls. Here are the number of earmarks in the defense budget for medical research. Does anybody believe we are better off doing medical research at the Department of the Army rather than at the National Institutes of Health? That is what this amendment is about. It will be a mistake to adopt this amendment. I urge a ''no'' vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment No. 476. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

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

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

The result was announced—yeas 47, nays 51, as follows:

[Rollcall Vote No. 86 Leg.]

YEAS—47

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

NAYS—51

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

NOT VOTING—2

Dodd Johnson

The amendment (No. 476) was rejected.

Mrs. MURRAY. I move to reconsider the vote.

Mr. NELSON of Florida. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 483

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes evenly divided on the Bunning amendment No. 483.

Who yields time?

The Senator from Kentucky.

Mr. BUNNING. Madam President, this amendment is almost identical to the language that was included in the fiscal year 2003 budget resolution Chairman CONRAD authored. There are many reasons for this amendment, but basically the amendment says that just

because we have been spending the Social Security surplus for decades does not mean we should continue to do so. That is why we have made a budget point of order against continued spending of it.

We have dug ourselves into a big ditch. The budget before us just keeps on digging. My amendment says: Stop digging. It forces Congress to make a plan to protect the Social Security surplus.

I urge my colleagues to think about the future Social Security retirees and support this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, this is a happy moment. We can all vote for this amendment. This is an amendment I offered a number of years ago. I wish it would have passed then and been in effect because we could have avoided some of the unpleasantness that has followed in taking Social Security funds and using them for other purposes.

There is no reason not to support this amendment tonight to try to once again impose the discipline that has been lacking, to prevent Social Security funds from being used to pay other bills.

So I welcome colleagues voting for this amendment.

The PRESIDING OFFICER. The question is on agreeing to Bunning amendment No. 483. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

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

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

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 87 Leg.]

YEAS—98

Akaka
Alexander
Allard
Baucus
Bayh
Bennett
Biden
Bingaman
Bond
Boxer
Brown
Brownback
Bunning
Burr
Byrd
Cantwell
Cardin
Carper
Casey
Chambliss
Clinton
Coburn
Cochran
Coleman
Collins
Conrad
Corker
Cornyn
Craig
Crapo
DeMint
Dole
Domenici
Dorgan
Durbin
Ensign
Enzi
Feingold
Feinstein
Graham
Grassley
Gregg
Hagel
Harkin
Hatch
Hutchison
Inhofe
Inouye
Isakson
Kennedy
Kerry
Klobuchar
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Martinez
McCain
McCaskill
McConnell
Menendez
Mikulski
Murkowski
Murray
Nelson (FL)
Nelson (NE)
Obama
Pryor
Reed
Reid
Roberts
Rockefeller
Salazar
Sanders
Schumer
Sessions
Shelby
Smith
Snowe
Specter
Stabenow
Stevens
Sununu
Tester
Thomas
Thune
Vitter
Voinovich
Warner
Webb
Whitehouse
Wyden

NOT VOTING—2

Dodd
Johnson

The amendment (No. 483) was agreed to.

AMENDMENT NO. 486

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes evenly divided on the Bingaman amendment No. 486.

The Senator from New Mexico.

Mr. BINGAMAN. Madam President, this amendment is bipartisan. Senator ALEXANDER and I and many other Senators are cosponsoring this amendment. It is to make room in this budget so we can fund what the President has requested in the various agencies that are essential to keeping this country competitive.

It is to allow the provisions of the America COMPETES Act, which Senators REID and MCCONNELL earlier introduced, to actually be funded later this year, if we can do that in the appropriations process. I yield the remainder of my 1 minute to Senator ALEXANDER and urge all colleagues to support the amendment.

Mr. ALEXANDER. Madam President, I thank the Senator from New Mexico. He is precisely correct. This is an amendment to help America keep its brain power managed so we can keep our good jobs. It is necessary to make room in the budget for the amount of money President Bush recommended in connection with legislation that Senator REID and Senator MCCONNELL have introduced.

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

Mr. ALEXANDER. I urge a ''yes'' vote.

Mr. CONRAD. Madam President, this is the last vote today. We would urge all of our colleagues to vote yea on this bipartisan amendment. I think this is one of the most thoughtful amendments that has been offered throughout the process. It deserves all of our support.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 486. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

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

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

The result was announced—yeas 97, nays 1, as follows:

[Rollcall Vote No. 88 Leg.]

YEAS—97

Akaka
Alexander
Allard
Baucus
Bayh
Bennett
Biden
Bingaman
Bond
Boxer
Brown
Brownback
Bunning
Burr
Byrd
Cantwell
Cardin
Carper
Casey
Chambliss
Clinton
Coburn
Cochran
Coleman
Collins
Conrad
Corker
Cornyn
Craig
Crapo
DeMint
Dole
Domenici
Dorgan
Durbin
Ensign
Enzi
Feingold
Feinstein
Graham
Grassley
Hagel
Harkin
Hatch
Hutchison
Inhofe
Inouye
Isakson
Kennedy
Kerry
Klobuchar
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Martinez
McCain
McCaskill
McConnell
Menendez
Mikulski
Murkowski
Murray
Nelson (FL)
Nelson (NE)
Obama
Pryor
Reed
Reid
Roberts
Rockefeller
Salazar
Sanders
Schumer
Sessions
Shelby
Smith
Snowe
Specter
Stabenow
Stevens
Sununu
Tester
Thomas
Thune
Vitter
Voinovich
Warner
Webb
Whitehouse
Wyden

NAYS—1

Gregg

NOT VOTING—2

Dodd
Johnson

The amendment (No. 486) was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. CARDIN). Under the previous order, the Senator from Texas is recognized.

AMENDMENT NO. 517

Mrs. HUTCHISON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Texas [Mrs. HUTCHISON], for herself, Mr. CORNYN, Ms. CANTWELL, and Mr. ENZI, proposes an amendment numbered 517.

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

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

The amendment is as follows:

AMENDMENT NO. 517

(Purpose: To provide tax equity for citizens of states which do not have a state income tax by providing for a permanent extension of the state and local sales tax deduction from federal income taxes, now scheduled to expire at the end of 2007)

On page 3, line 11, decrease the amount by $429,000,000.

On page 3, line 12, decrease the amount by $2,923,000,000.

On page 3, line 13, decrease the amount by $3,294,000,000.

On page 3, line 14, decrease the amount by $3,349,000,000.

On page 3, line 15, decrease the amount by $3,579,000,000.

On page 3, line 20, decrease the amount by $429,000,000.

On page 3, line 21, decrease the amount by $2,923,000,000,

On page 3, line 22, decrease the amount by $3,294,000,000.

On page 3, line 23, decrease the amount by $3,349,000,000.

On page 4, line 1, decrease the amount by $3,579,000,000.

On page 4, line 6, decrease the amount by $429,000,000.

On page 4, line 7, decrease the amount by $2,923,000,000.
On page 4, line 8, decrease the amount by $3,294,000,000.
On page 4, line 9, decrease the amount by $3,349,000,000.
On page 4, line 10, decrease the amount by $3,579,000,000.
On page 4, line 15, decrease the amount by $429,000,000.
On page 4, line 16, decrease the amount by $2,923,000,000.
On page 4, line 17, decrease the amount by $3,294,000,000.
On page 4, line 18, decrease the amount by $3,349,000,000.
On page 4, line 19, decrease the amount by $3,579,000,000.
On page 26, line 12, decrease the amount by $429,000,000.
On page 26, line 13, decrease the amount by $429,000,000.
On page 26, line 16, decrease the amount by $2,923,000,000.
On page 26, line 17, decrease the amount by $2,923,000,000.
On page 26, line 20, decrease the amount by $3,294,000,000.
On page 26, line 21, decrease the amount by $3,294,000,000.
On page 26, line 24, decrease the amount by $3,349,000,000.
On page 26, line 25, decrease the amount by $3,349,000,000.
On page 27, line 3, decrease the amount by $3,579,000,000.
On page 27, line 4, decrease the amount by $3,579,000,000.

Mrs. HUTCHISON. Mr. President, my amendment is cosponsored by Senator CORNYN, Senator CANTWELL, and Senator ENZI. This is an amendment that also has sponsors of bills to legislatively produce the same result: Senators ALEXANDER, ENSIGN, CORNYN, ENZI, CORKER, MARTINEZ, STEVENS, THUNE, BILL NELSON, CANTWELL, MURRAY, and REID. This is an amendment that would extend the sales tax deduction in Federal income taxes for the period of this budget. This would perpetuate the law that is today but which expires at the end of this year. It is fully offset with the 920 budget function allowances. It would cost $13 billion over the 5-year period, and this account will absorb that loss.

My amendment provides for the extension of the sales tax deduction for States that do not have an income tax. It is an issue of fairness. We have fought for this since 1986, until 2004, when we corrected the inequity. I hope we will be able to correct this inequity on a permanent basis.

State and local governments have various options for raising revenues. Some levy income taxes, some use sales taxes, and some do both. Citizens of States that levy income taxes have long been able to offset some of what they pay by deducting their State income tax on their Federal tax returns. In essence, we are not making people pay taxes on their taxes, which is fair.

Before 1986, all taxpayers had that capability, whether they were taxed with sales taxes or income taxes. From 1986 until 2004, the residents of States that didn't have a State income tax but had a sales tax were not allowed to deduct their State's revenue mechanism, thereby penalizing them because of their State's choice to collect revenues through sales taxes.

Eight States—Washington, Nevada, Wyoming, South Dakota, Alaska, Florida, Tennessee, and Texas—have been penalized in those years for exercising their independence in choosing their method of collecting taxes. It was unfair.

Congress rectified this unequal treatment when we passed the America Jobs Creation Act of 2004, providing taxpayers with the option of using the sales tax for their deduction or the income tax. If someone lives in an income tax State, they can also choose the sales tax instead of their income tax deduction, so it is a benefit for every taxpayer in America to have this option. But it especially affects these eight States that have no option, without the ability to deduct their sales taxes. Why should they have to pay taxes on their taxes, when people who pay income taxes do not? Of course, they should not.

A family of four in Texas that itemizes will save $310 a year in Federal income taxes, on average. This deduction, which we extended through this year, 2007, will expire if we don't provide for this extension in the budget.

Sales tax deductibility is not only an issue of fundamental tax fairness but is also an economic stimulus. It can create jobs in the States, where lowering taxes does make a difference in the investments businesses make, which does create new jobs. Fifty-five million Americans live in States which do not have income taxes but which have hefty sales taxes. Last Congress, three-fourths of this body voted overwhelmingly to make the sales tax deduction permanent.

My amendment is fully paid for through reductions in waste, fraud, and abuse. I urge my colleagues to support this amendment so we can have equity for all of our citizens and options for all of our citizens to choose which of the State and local taxes they would prefer to deduct.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, if I may inquire of the Senator, for clarification purposes on her amendment, the amendment, as I understand it, on sales tax deductibility—what is the cost of that amendment?

Mrs. HUTCHISON. It is $13 billion over 5 years.

Mr. CONRAD. As I understand it, the Senator funds it out of section 920.

Mrs. HUTCHISON. That is correct.

Mr. CONRAD. Would it be out of the mandatory side of 920 or the discretionary side?

Mrs. HUTCHISON. The discretionary side.

Mr. CONRAD. Let me say to colleagues that while I have great sympathy for the purposes of the Senator's amendment, the funding source gives me substantial heartburn. Let me explain why, if I may. The discretionary side would include things such as law enforcement and veterans. We already have, out of section 920, between $7.5 billion and $8 billion taken from that pot. The problem with taking another $13 billion is it goes into an area where we don't have the resources in terms of this magnitude.

Let me say why that is the case. The President just sent up a message identifying $7.5 billion in this area that could be cut. Congress, in a recent legislative enactment, took out $6 billion. So we can probably do some more out of 920 but, honestly, to take that additional amount out of 920 is going to have a real impact on these discretionary accounts that it affects—veterans, law enforcement, parks, and all the rest.

So I am going to be compelled to resist this amendment, not because I don't favor the basic objective the Senator is trying to accomplish, which is entirely reasonable, but the pay-for presents a problem to this budget. That would take us well over $20 billion out of section 920, and I don't think there are sufficient resources there to accommodate that amount.

I want to give colleagues a heads up, and perhaps overnight we can find some other way. Perhaps we can work together and see if there is another way to fund it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I appreciate what the distinguished chairman of the committee has said. Let me say three things: First, I would be happy to work with the chairman to find another offset that would be acceptable, because I certainly want it to be offset, and I think the basic fairness of treating every taxpayer in America fairly is one we should absolutely adhere to. I cannot imagine that we would go forward next year and put eight States at such a disadvantage. So I want to work with the chairman.

The second point is it doesn't have to be discretionary. The reason I said discretionary—and it is not in the amendment that it would be discretionary, and perhaps we can work in another area of spending that would be acceptable. The reason I chose discretionary is my third point, which is the OMB rating analysis—the PART assessment—working with that PART assessment, Senator ALLARD said there was $88 billion in program spending that was rated as ''ineffective'' over the next 5-year period. So I thought the $88 billion provided plenty of leeway for programs that were not fully operational to use what they have in the budget.

I don't think anyone would take from the veterans account, of course, because we have increased the veterans amount to make sure that veterans' health care is fully covered. I am the ranking member of the Veterans Appropriations Committee and I added $1.5 billion in emergency funding last year to assure that the veterans accounts would be fully funded. In the rating analysis of OMB, there are other funds that cannot fully utilize their line items and, therefore, I think there would be leeway in this discretionary account.

I would be pleased to work with the chairman. I hope we can provide for this in the budget, because I think we have to treat every American taxpayer fairly.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

CAMPAIGN FINANCING

Mr. DURBIN. Mr. President, imagine a President coming before a joint session of Congress and using his bully pulpit to call for a fundamental change in the way we fund political campaigns in America. Imagine a President saying we need to buy back our democracy by replacing special-interest-funded elections with publicly funded elections.

As hard as it may be to believe, that happened. An American President did say that—100 years ago. His name was Teddy Roosevelt, and his call for public financing of campaigns was the cornerstone of his 1907 State of the Union Address.

I know the Senate moves slowly, but a century is long enough to wait. Congress can pass all the lobbying and ethics reforms we want, but we won't get to the heart of the problem when it comes to the confidence of the American public until we address the issue of campaign financing. Special interest money and influence will always find new loopholes, until we change this political system fundamentally.

Just yesterday, Senator SPECTER and I introduced a plan to do that. It is called the Fair Elections Now Act. Our bill will create a pool of public, accountable funds that qualified Senate candidates can use to fund their campaigns in place of special interest dollars and dollars from wealthy donors. The program we propose is strictly voluntary, and it is consistent with our Constitution.

For years, I have always resisted the idea of public financing of political campaigns. I used to have this kind of quick response when people asked me about public financing. It was a pretty good one. I used to say I don't want a dime of Federal taxpayer dollars going to some racist such as David Duke running for office. It was a pretty good response, but frankly, as I reflect on it now, it ignores the obvious. For every miscreant like David Duke, there are thousands of good men and women in both political parties who were forced into a system that is fundamentally corrupting.

The stakes right now are too high in America not to change. A lot of people in America on both sides of the fence have a sneaky feeling that our democracy is in real trouble. No wonder. Look around at all the scandal and suspicion, the so-called ''culture of corruption.'' Take a good look at the political money chase that consumes more of our time every year. That is time a Senator and a Member of Congress doesn't have to devote to being a Senator. We can use that time talking to people we represent, people who might not have $2,000, $3,000, $4,000 to give to us but people who are even more important than those donors. That is time we could use to study and try to solve some of the big challenges facing this country, such as our reliance on foreign oil.

There are many good, honest people in politics, and this Senate is guided by the best of intentions, but we are stuck in a terrible, corrupting system.

Take a look, if you will, at the cost of running Senate campaigns. This chart is an indication of what we are up against. This is the average spent by candidates in the 10 most expensive Senate races between 2002 and 2006. Mind you, this is the average of the 10 most expensive races. Go back to 2002, and you see the number is somewhere short of $20 million. Now go to 2004 and the number is up to $25 million. Now come to 2006 and the number happens to be $34 million. That is $34 million on average spent by the 10 most expensive Senate races by both candidates—$34 million, the average amount.

The cost of running for the Senate is out of control. To think that the cost of running a Senate race between 2002 and 2006 in the 10 most expensive races has more than doubled tells us this is unsustainable.

Let me show this chart as well. It is a little hard to read because the charts are smaller. Here is another figure that is hard to imagine. It takes a mountain of money to lose a Senate campaign today. On average, to run and lose a campaign for the Senate costs $7 million. That is to lose. That figure, too, has doubled since 2002. Who knows what it is going to cost in 2008.

These figures are the averages spent by winners and losers for the Senate in each of these years, and one can see from these charts what is happening. Losers, $7 million to lose a Senate race; those running and winning, $12 million.

Then take a look at the total amount spent in Senate races between 2002 and 2006. We have now broken through the $500 million barrier. We are on our way to spending in total for about 33 races every election $1 billion. We are on our way there. There is no doubt we are going to hit that and soon. That is the reality of what it means to be elected to this important body.

The costs increase dramatically with every election. I am up for reelection in 2008. Candidates, if they are honest with you, will tell you they spend too many waking moments worrying about raising money, getting on the telephone, setting up fundraisers, traveling around the country, where good people—I thank them for helping me—are asked to give contributions. It becomes a consuming passion because you understand you are going to need that money to be reelected.

Mr. President, do you know why I am raising money? I am raising money to create a trust fund in Illinois for television stations. That is right. I am begging money from everybody I can find in order to buy television time next year. I need millions of dollars because the cost of television is soaring.

Take a look at the amount spent on political TV advertising. To give you a notion, political ad spending in millions of dollars, starting in 2002, $995 million; 2004, $1.6 billion; 2006, $1.7 billion; and 2008, I can't even guess where that figure is going to go.

Does anyone think our democracy is stronger and healthier because of this explosion in drive-by political TV ads? Have you ever met a voter who said: You know what the problem is with political campaigns? They are just too darn short. We need longer campaigns; we need to see more of your ads. I have never heard that. But I have heard the opposite. I have heard people beg for mercy: Are you going to have another week of those television commercials going?

The candidates hate raising the money for it, the people hate watching it, but the TV stations love it.

I visit TV stations in my State when it gets close to election time, and I meet with the managers. I met with one in downstate Illinois in this last election cycle. Nice fellow. I have seen him in Washington a lot. He runs a nice little station downstate. He had this big smile on his face.

I said: Things going OK here?

Yes, they sure are.

I said: Lots of political ads?

He said: Senator, I am the luckiest guy in southern Illinois. My TV station plays into Missouri. You know what is going on. We may not have a big Senate race in Illinois, but in Missouri, there is a big red hot contest between an incumbent Senator and a challenger, and they are buying every single minute I will sell them. To be honest with you, I have no time to sell to other advertisers because these political candidates are here.

Senators are spending more and more time each year when they are up for reelection creating these trust funds for wealthy broadcasting corporations instead of doing the work the voters sent us here to do. This is not good for our democracy. Our democracy cannot afford to let this system continue.

The plan Senator SPECTER and I have introduced is simple and constitutional. In order to receive Fair Election funds, candidates first have to prove they are real candidates. It isn't enough to think you are going to run; you have to have some support. People

have to believe you are a real candidate. You prove that by, as a candidate, collecting a minimum number of small contributions.

What does it mean? You have to be a fundraiser, and in my State of Illinois, it would mean you would have to have 11,500 $5 contributions. I think that a person who is not a serious candidate would have a tough time raising 11,500 contributions in a State such as Illinois, but it is worth the effort because if you can raise that to prove you are a viable candidate, you can qualify for these funds to run your election campaign.

What happens if you are running against a millionaire or a billionaire? And believe me, a lot of political parties spend time searching for these so-called self-funders, people who pay for their own campaigns. Or what if you get caught in the crosshairs of some shadowy attack group that has decided they are going to take you on by running ads against you? In that case, the candidate who has agreed to be part of the Fair Elections financing can receive additional funds to level the playing field. All candidates who voluntarily agree to abide by Fair Elections rules will receive vouchers for free TV time and discounts on additional TV-radio time.

That is a major way in which our plan will help slow the explosive growth of campaign spending. The only thing the Fair Elections candidates cannot do is accept private, special interest or big-donor funds. With the exception of those 11,500 contributions of $5, you are not in the fundraising business. Maybe a few startup funds, but by and large, the qualifying $5 contributions is the end of your campaign fundraising.

This is not a naive, idealistic, over-the-Moon theory. Some of the programs are already working in Maine and Arizona. They were enacted by public referenda. They went to the voters of those two States and said: Do you want a shorter, cleaner, and fairer campaign? And the voters said ''yes.''

They were enacted by public referenda, and they have been sustained through election cycles because they are producing shorter and better campaigns. They are producing better debates in place of a terrible avalanche of political ads that we see almost everywhere. Fair Elections in Maine and Arizona are helping those States pass the kinds of reforms Americans want, such as affordable health care.

Fair Elections are bringing new faces and new ideas into politics. They are helping level the playing field between incumbents and challengers because we see, under this system, the incumbent Senator doesn't get any more money than the challenger. They get the same amount of money, fair play.

Some may wonder why Senator SPECTER and I would support a system that weakens the incumbent advantage. The answer is simple: We believe that America needs a system that rewards candidates with the best ideas and principles, not just the person who is the most talented in raising special interest money.

Supporters of the current system who don't want to change say the public will never support Fair Elections. They are wrong. Take a look at these polling results when it comes to the idea of public financing of elections. Support is increasing for the idea of public financing in Fair Elections: Seventy-four percent of all voters support public financing in Fair Elections; 80 percent of Democrats, 65 percent of Republicans, and 78 percent of Independents.

This is an idea whose time has clearly come. These are the results of a national survey conducted for Common Cause and a group called Public Campaign. Three-quarters of Americans—Republicans and Democrats and Independents—support Fair Elections and public financing. It cuts across party lines, regional lines, and gender. Public financing will only cost us a fraction of what the current system costs. Make no mistake, if you are listening to this and saying: Why in the world would we want any tax dollars to go to campaigns, let them pay for it themselves, the harsh reality is America pays for the way we fund our campaigns.

We are sustained on both sides of the aisle. Unless you are a self-funding millionaire, we are sustained by special interest groups and wealthy donors.

I ask for those contributions because I am not a wealthy person. I do my best to come and vote my conscience, but the fact is, there is always a suspicion that when I cast a vote, it is because I received a contribution.

How much will it cost? About $1.4 billion a year, $2.8 billion per election cycle. About as much as we spend in 1 week on the war in Iraq is the amount it would cost us to publicly fund all House and Senate campaigns.

People who say the public shouldn't have to pay for elections miss the point. We are already paying for them in the hidden ways that favor incumbents and special interests. We pay when special interests are allowed to literally write their own bills. We pay every time a line is slipped into a bill anonymously, a big bill, behind closed doors giving some well-connected corporation tens of millions of dollars in tax breaks.

Fair Elections aren't just better than what we have now, ultimately they are less expensive to the taxpayers.

It has been a century since Teddy Roosevelt challenged Congress to get to the heart of the problem and get the special interest money out of the public elections 100 years ago. The American people do understand what is at stake. They understand our democracy is in trouble because special interests and big-donor money is choking the system and preventing us from facing up to the big challenges of our time.

I wish to say for the record what I said on the floor before in the midst of corruption and scandals: I want to make it clear, the overwhelming majority of men and women serving in Congress in both the House and Senate, those serving today and those I have served with over the years, are honest, good people trying to do the best in public service.

I am not suggesting otherwise, but the way we finance our campaigns is unfortunate, forcing many of us into compromising situations which are becoming increasingly difficult.

The American people are ready for Fair Elections. Fair Elections are already at work in several States. After a century, it is time for the Senate to accept President Teddy Roosevelt's challenge: Buy back our democracy from big donors and special interests and make Fair Elections the law of the land.

Mr. President, how much time do I have remaining under the previous order?

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

Mr. DURBIN. I thank the Presiding Officer. I see another Senator on the floor, and I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. SANDERS. Mr. President, let me begin by thanking Chairman KENT CONRAD and his staff for the very hard work they have done in crafting the important budget resolution that is before us. I know of their work because I am a member of that committee and have seen how much effort it has taken.

Mr. President, as you know, a budget is more than a long list of numbers and this budget certainly has many numbers and it adds up to a huge sum of money. But after all is said and done, a budget is a statement about our values, about our priorities, and what we as a nation stand for. That is what a budget is about. In my view, the time is long overdue for the Congress in its budget to get its priorities right, and by that I mean to begin to stand up for the vast majority of our people—the middle class, the working families of this country—rather than just the large multinational corporations and the wealthiest people in our Nation who year after year have had their way on budget initiatives.

Mr. President, when we analyze the merits of a Federal budget, we have to begin by taking a very serious look at the economic reality which faces the American people. In other words, is the budget we are working on now reflective of the needs of our people? Is that what we are doing?

On many occasions, members of the Bush administration have come before the Budget Committee, of which I am a member, and they have given us their view of how our economy is doing. I am astounded each and every time by their worldly view with regard to the budget. We have heard members of the administration telling us how wonderful the economy is doing, how marvelous it is,

and how the economy is booming. I sit there, and I think millions of Americans sit there, and they begin to scratch their heads and they say: What world are these people living in?

I know that in my own State of Vermont, when we do town meetings, we always talk about the economy; how well the middle class is doing. I always ask people: How do you think the middle class is doing right now—doing well, not so well? With very few exceptions, people tell me that the middle class in this country, in the State of Vermont, in their own lives, that people are struggling economically to keep their heads above water. I find it hard to understand how people from the Bush administration can come forward and tell us just how great the economy is doing. I really wonder what world they are living in.

In my view, and I think the facts substantiate my view, the economic reality facing the vast majority of our working people is that the middle class is shrinking, that people today all over our country are working longer hours for lower wages.

When I was a kid growing up, the expectation was that one person in a family—in those days, almost always the man—could work 40 hours a week and earn enough money to pay the bills—one person, 40 hours a week. How many middle-class families do we know today where one person is working 40 hours a week? The answer is, likely not very many. Most of the middle-class families we know are seeing husbands working very long hours, wives working very long hours, and on occasion kids working to help save some money for college. In fact, at the end of the day, what we have to understand is that the American worker today is working longer hours than the people of any other industrialized country. We surpassed the Japanese a few years ago.

We also have to understand, when we talk about a shrinking middle class, that many millions of American workers today are working longer hours for lower wages than used to be the case. In Vermont, and throughout this country, in fact, parents are wondering why, despite a huge increase in technology, despite huge growth in worker productivity, there is a strong likelihood that for the first time in modern American history our children will have a lower standard of living than we do. The American dream has always been about parents working hard with the hope that their kids, the next generation, will do better than they have done. That was the case with my parents and in the case of millions of families in this country.

Unfortunately, now we are in a situation unique in modern history where, unless we turn this economy around, what we will see is our children having a lower standard of living than we do.

I wonder how the Bush administration can tell us how great the economy is doing when more than 5 million Americans have slipped into poverty since the President has been in office, including over 1 million children. That is not a booming economy.

How can the economy be doing well when median income for working-age families has declined for 5 years in a row and when the personal savings rate in this country now is below zero, something which has not happened since the Great Depression?

How can our economy be doing well when almost 7 million Americans have lost their health insurance since President Bush has been in office and when, according to the U.S. Department of Agriculture, 35 million Americans struggled to put food on the table last year and hunger in America is increasing? If hunger is increasing, that, to my mind, does not sound like a booming economy.

How can people talk about our economy doing so well when college students are graduating with about $20,000 in debt and some 400,000 qualified high school students don't go to college because they can't afford it? We all talk about education, education, education. Hundreds of thousands of young people cannot afford to go to college.

How can our economy be doing great when home foreclosures have skyrocketed to the highest level in nearly four decades, according to the Mortgage Bankers Association, and when we have lost over 3 million good-paying manufacturing jobs since President Bush has been in office?

How can our economy be doing so great when 3 million fewer American workers have pension coverage today than when President Bush took office, and half of private sector American workers have no pension coverage whatsoever?

When the President of the United States and his administration tell us the economy is doing great, well, they are partially right. While the economy is not doing well for the middle class or working families of our country, it is doing very well for the wealthiest people in America. That is the truth.

Today, the wealthiest people in our country are becoming much wealthier. In fact, they have not had it so good since the 1920s. That is the reality. The middle class is shrinking, poverty is increasing, the people at the top have never had it so good since the 1920s, and we have, as a nation, the dubious distinction of now having, by far, the widest gap between the rich and the poor of any major country on earth.

Today, the upper 1 percent of families in America have not had it so good since the 1920s. According to Forbes Magazine, the collective net worth of the wealthiest 400 Americans increased by $120 billion last year to $1.25 trillion. The 400 wealthiest Americans are now worth $1.25 trillion at the same time that hunger in America is increasing and 5 million more of our citizens have slipped into poverty.

I have given this broad overview of the economy in order to place the discussion of our budget in what I think is a sensible context; that is, if the wealthiest people in America are becoming wealthier while the middle class is shrinking and poverty is increasing, what the budget should be about is responding to that reality. That is the reality to which the budget should be responding.

The President of the United States, in his budget proposal, told us what he thought. He said in his budget that, despite the growing health care crisis in our country, he was going to cut Medicare and Medicaid by $280 billion over the next decade and that he was going to inadequately fund the Children's Health Insurance Program. Today, the United States is the only nation in the industrialized world that does not guarantee health care to all its people. We have millions and millions of children who have no health insurance, and this President refuses to adequately fund the health insurance program for children.

Despite the reality that we have 23,000 wounded coming home from Iraq and tens of thousands more who will be coming home with post-traumatic stress disorder or traumatic brain injury, the President, in his budget, once again inadequately funded the needs of our veterans, as he has done year after year. In fact, since President Bush has been in office, an estimated 1 million veterans have been denied access to health services at the VA.

Despite a horrendous crisis in childcare access and affordability for working families, so that all over this country working people are desperately trying to locate quality, affordable childcare while they are at work, the President, in his budget, reduced the number of children receiving childcare assistance by 300,000 and he cut funding for the Head Start Program.

Despite millions of homeowners paying outrageously high property taxes, the President has, in his budget, further retreated from the Federal commitment to special education and he has cut funding for that program. This will result in a lowering of the quality of education for all of our children, including those with disabilities, and an increase in property taxes. This is a very serious problem in my State of Vermont, where towns are divided every March when they go over the budget.

People understand the needs of the schools. They understand the high cost of mainstreaming kids with disabilities. Yet people cannot afford higher and higher property taxes. We as a Congress have to fully fund special education and keep the commitment we have made to school districts all over this country. Yet the President, in his budget, cuts funding for special education.

Interestingly enough, while cutting programs for the middle class and working families of our country, while inadequately funding the needs of our veterans, of our children, and of our senior citizens, the President has

reached the conclusion in his budget that we do have enough money as a government to provide enormous tax breaks to the wealthiest people in our society—$739 billion in tax cuts for households earning more than $1 million per year over the next decade. We can't fund the needs of our kids, the President wants to eliminate a wonderful nutrition program for low-income seniors, we can't fund special education, we don't have enough money to put into sustainable energy, we can't take care of our veterans—we just don't have enough money—but somehow the President did manage to find in his budget $739 billion in tax cuts for households earning more than $1 million per year over the next decade.

Part of the President's budget calls for a complete elimination of the estate tax, a tax which now applies only to the wealthiest three-tenths of 1 percent of our population. The elimination of this tax would provide an estimated $1 trillion in tax breaks for millionaires and billionaires between 2012 to 2021. One, just one multibillionaire family, the Walton family, which owns Wal-Mart, would receive an estimated $32 billion in tax relief—for one family. But we just don't have the money to take care of hundreds of thousands of veterans or our children or our seniors. Now, that may make sense to somebody, but that is not my sense of what moral values are about.

While the budget resolution, introduced by Chairman KENT CONRAD, which we are debating now is far from perfect, it is much more responsive to the needs of ordinary Americans than the President's. Instead of cutting back on the educational needs of this country, this budget resolution provides over $6 billion more than the President's request for education, including significant increases for Pell grants, Head Start, title I, and special education.

Instead of cutting back on health care, this budget resolution provides an increase of $2.8 billion over the President's request for health care, including strong funding for a program that I think is enormously important for rural America and that is Community Health Centers and the National Health Service. Instead of cutting back or inadequately funding the needs of our veterans, this budget resolution provides over $3 billion in increases over the President's budget for our Nation's veterans—one of the priorities that I regard most important as a member of the Committee on Veterans' Affairs.

But I think over the long run we can and must do much better in establishing our budget priorities than this budget does. This budget is much better than President Bush's budget, but in my view we have a long way to go to create a budget which responds to the needs of ordinary Americans.

As an example of where I think we should be going as a nation in terms of our budget, last week I introduced the National Priorities Act which would expand the middle class, reduce the gap between the rich and the poor, and lower property taxes all over America as well as reduce the level of poverty. The basic premise of this legislation is pretty simple: We raise $130 billion in new revenue by rescinding the tax breaks that President Bush gave to the most wealthy 1 percent.

I know a lot of my colleagues do not agree with me, but I think that at a time when we have a $8.5 trillion national debt, at a time when the middle class is being squeezed, at a time when the wealthiest people in our country have never had it so good, I believe that it is time to rescind the Bush tax breaks that have been given to the wealthiest 1 percent.

What we also do is ask the Pentagon to take a hard look at their budget and cut out the waste, the fraud, the unnecessary weapons systems that currently exist. When you do that, you end up raising $130 billion of new revenue. We propose that $30 billion go to deficit reduction and we propose the other $100 billion go to address the longtime unmet needs of the middle class and working families of this country.

If as a nation we are serious about addressing the long neglected needs of the working people of America and creating a more just society, we have to change our national priorities. The wealthiest people in this country are doing just fine. They are doing really well. It is time we pay attention to working families, to the middle class, to the people who are struggling.

I appreciate very much the hard work that Senator CONRAD has done and I applaud his efforts. In the coming days I will be offering several amendments that I think will make the budget bill a stronger bill. One of the amendments is pretty simple. I hear a whole lot on the floor of the Senate about the need for deficit reduction, and I share that concern. The fact that we have a $8.5 trillion national debt should be of concern to every Member of the Senate and every Member of the House. So our proposal is going to be a pretty simple one—very simple.

What we are going to propose is that we rescind all of the tax breaks given to people who earn $100 million or more—a tiny fraction of 1 percent—and that we use those savings for deficit reduction. That is it. Pretty simple. If you are in favor of deficit reduction, I hope you will support that amendment.

There is another amendment that we will also be offering. We have not worked out all the details but again what this amendment would do is rescind tax breaks for upper income people and use all of those savings to start the process of fully funding special education. All over America, people are paying higher and higher property taxes. It is certainly true in Vermont; it is certainly true in many States. The question is, Do we continue to maintain tax breaks for the most wealthy people in this country while property taxes are soaring? I say no. I say we lower property taxes, provide quality education for our kids including the kids with disabilities, and we do that by rescinding tax breaks for the wealthiest people in this country.

I think we are making some progress in terms of the budget, the budget before us today, far better than what the President presented to Congress. But we still have a long way to go. I ask my colleagues to support amendments which will strengthen the middle class and working families of our country.

I yield the floor.

Mr. AKAKA. Mr. President, before I address the proposed funding for VA in the budget resolution for fiscal year 2008, I applaud Chairman CONRAD and his colleagues on the Budget Committee for their hard work on this resolution. The measure before us today clearly reflects the right priorities and directions for our Nation.

For a number of years, I have made the case for the President to include funds for VA health care as part of the war supplemental packages he has submitted to Congress, and every year, my colleagues and I fought to get those funds included in the budget resolution to no avail.

The pending budget resolution finally recognizes that caring for returning service members and veterans is part of the cost of war and in turn proposes to fund VA health care appropriately for this effort.

Right now, a great deal of attention is being paid to the needs of our men and women in uniform—attention that Chairman CONRAD, myself, and other Members of this Chamber have been talking about for quite some time. I am proud to stand with Chairman CONRAD in support of our service members and veterans.

One of the harshest realities of the wars in Iraq and Afghanistan is the number of service members who have sustained complex and multiple injuries in combat.

In stark contrast to past conflicts, significant improvements in battlefield medicine have enabled very seriously wounded service members to survive their injuries. Subsequently, these men and women are coming home with extraordinarily complex health care needs.

We know that right now, there have been 1,882 identified and registered cases of service members who have suffered from traumatic brain injuries, or TBI, alone. This does not include those who have suffered from a milder form of this injury and may not even be aware of it. While TBI is becoming the signature wound of the current conflicts, many of these soldiers also have been rendered blind or lost a limb as a result of their injuries and the numbers of those who are coming back with serious and multiple wounds continues to grow.

In recognition of the emerging medical and rehabilitative needs of veterans with traumatic brain and other

injuries, Congress directed VA to establish specialized centers for rehabilitative care. VA's four lead Polytrauma Rehabilitation Centers are essential to meeting the needs of the most severely injured veterans and their families.

In the budget before us today, Chairman CONRAD and his colleagues have provided over $300 million specifically for meeting the needs of these veterans and service members who are in need of the comprehensive health care and rehabilitative services VA delivers through their Polytrauma Centers.

This level of funding will enable VA to conduct assessments and screenings of troops for traumatic brain injury, provide veterans with intensive comprehensive TBI/polytrauma rehabilitation, and most importantly, support intensive case management for veterans with TBI and other injuries when they return to their communities and continue the rehabilitation process.

Recent reports by the VA inspector general and others have illustrated that case management is a key element in the process of assisting these veterans achieve the fullest possible recoveries. Funding VA so that it can provide the continuum of care needed by the most severely injured service members is imperative if we are to truly fulfill our obligation to take care of our troops and veterans.

I am also very pleased that the budget resolution before us is making a long-overdue investment in mental health care.

Studies published in some of the most prestigious journals have found that a third of those seeking VA care are coming for mental health concerns, including PTSD, anxiety, depression, and substance abuse. We do not know the full magnitude of this need, as many returning service members have yet to seek care from VA.

As chairman of the Veterans' Affairs Committee, my goal is to make sure that VA is doing everything possible to guarantee that each and every veteran who needs mental health care—whether in North Dakota, Vermont, or Hawaii—can receive that care.

I remind my colleagues that so much of the time, battle wounds manifest themselves as invisible wounds—wounds which cannot be seen but are every bit as devastating as physical wounds. PTSD affects not only a veteran's mental status, it affects his or her physical well-being as well. It impacts the veteran's relationships, his or her ability to work, and to interact in society. VA must catch readjustment issues early before they turn into full-blown PTSD, and this budget resolution would enable VA to take a serious approach towards making this happen.

When we talk about the mental health needs of veterans, we cannot deny the reality that substance abuse is prevalent among many veterans. We know that many veterans with PTSD turn to drugs or alcohol in order to self-medicate. Yet the administration does not seem to want to be in the business of helping veterans with substance abuse problems. VA used to provide an intensive month-long program to treat substance abuse. Today, most VA substance abuse programs run for 2 weeks—not nearly enough time to put a veteran truly on the road to recovery. Again, this budget resolution provides funds for comprehensive inpatient substance abuse care. This is a very real investment in VA mental health care.

On the benefits side, the current claims inventory and the time it takes to process a claim is unacceptable. Veterans deserve a timely and accurate response to their claims. It is obvious that Chairman CONRAD agrees, as this budget resolution takes a major step toward responding to this very real problem by providing appropriate funding for VA to use to employ additional claims adjudicators.

There are 30,000 more claims pending right now than last year this time. This constitutes an 8 percent increase. As the veterans population continues to age and new veterans come home from Iraq and Afghanistan, this trend of increased claims will continue. Given that it takes nearly 2 years for a new VA employee to start fully contributing to the bottom line, now is the time for new staff to be hired and trained to help reduce this caseload.

Just 2 weeks ago, the Committee on Veterans' Affairs held a hearing on the VA claims adjudication process. During the hearing, VA witnesses testified to the nearly 400,000 ratings claims inventory and the 175 days it takes to process a claim for benefits. We must insist that VA have no more than 250,000 claims in the pipeline at once, and that it take not more than 125 days to adjudicate a claim. VA clearly needs additional resources to hire the employees needed to adjudicate claims in a timely manner, which this budget resolution certainly provides.

Mr. President, I am very pleased with the investment in veterans programs that is made in this budget resolution. I again commend Chairman CONRAD and the Budget Committee for sending the right message to our Nation's veterans—that we are honoring our commitment to them by making a real investment into their care. I urge my colleagues to support swift passage of the resolution before us today.

MORNING BUSINESS

Mr. SANDERS. Mr. President, I ask unanimous consent there now be period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

CENTENNIAL CELEBRATION

Mr. REID. Mr. President, I rise to honor the centennial celebration of the Elko Area Chamber of Commerce, which will be held April 1. Almost 100 years ago, 37 citizens and business owners gathered to form the Elko Chamber. Their motto was progress, and their goal was to advertise the many resources that Elko County had to offer. Today, the Chamber claims more than 500 members, but their values are still the same—economic diversification, continued prosperity, and forward progress into the future.

During a recent celebration of the Elko Area Chamber of Commerce, board members reminisced about the history of the chamber. They certainly have many accomplishments to celebrate. One of the most successful programs undertaken by the chamber has been their Chamber Checks Program. This effort has encouraged residents to shop at local businesses and kept more than $4 million in the community. The chamber also took the lead in relocating the landmark Sherman Station more than 60 miles to the heart of downtown Elko. Each part of the homestead was carefully deconstructed and rebuilt by chamber members and volunteers. Today it serves as the home of the Elko Chamber.

Over the years, I have been privileged to work with the Elko Chamber and the Western Folklife Center to promote and honor cowboy poetry. This rich tradition is an important part of Nevada's western heritage. Every year, Elko hosts the National Cowboy Poetry Gathering, attracting visitors from across the country. The event would not be possible without the dedication of many volunteers and community leaders, including the Elko Chamber.

The Elko Chamber of Commerce embodies the best principles of the residents of northeastern Nevada. It is my great pleasure to honor their centennial celebration before the Senate. I am confident in the continued success of the Elko Chamber of Commerce, and I look forward to working with them for many years to come.

COMMUNITY HEALTH CENTERS INVESTMENT ACT

Mr. SANDERS. Mr. President, today in the United States of America there are 47 million people who are without health insurance and 35 million Americans who are completely without access to the most basic health care services. As a result, in the richest country in the world, 18,000 Americans die each year because their basic health care needs are not met. Despite the fact that we spend twice as much per person on health care than any other industrialized nation, Americans have a lower life expectancy and a higher infant mortality rate than Canada, Japan, and most of Europe.

We are also faced with an alarming dental care crisis in this country. The Surgeon General has reported that tooth decay has become the single most common chronic childhood disease in this country—five times more common than asthma and seven times