SENATE—*Tuesday, March 13, 2001*

The Senate met at 9:33 a.m. and was called to order by the Honorable HARRY REID, a Senator from the State of Nevada.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, we hear Your voice sounding in our souls, ''Take courage, it is I, the Lord; I am with you!'' You have shown us repeatedly that courage is ours because You have taken hold of us. We can take the challenges of life because You have a tight grip on us. We say with Horatius Bonar, ''Let me no more my comfort draw from my frail hold on Thee. Rather in this rejoice with awe—Thy mighty grasp on me!''

Suddenly we realize it is true: Courage is fear that has said its prayers. So often we are driven to our knees to seek Your will. Then You lead us to attempt what we could not pull off on our own strength. We discover that courage is Your gift for answered prayer. At the very moment we cry out for help, You open the floodgates of courage and give us that inner resolve that makes us bold and resolute. Thank You, dear God, for the fresh supply of courage to be dynamic leaders today. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable HARRY REID 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. THURMOND].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 13, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable HARRY REID, a Senator from the State of Nevada, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

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

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak for up to 5 minutes each.

Under the previous order, the time until 9:45 shall be under the control of the Senator from Illinois, Mr. DURBIN, or his designee.

The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask unanimous consent the time be extended so both sides have their full morning business time.

The ACTING PRESIDENT pro tempore. The Senator's request is he be given 15 minutes, and the following 15 minutes for the Republicans. The time of Senator HOLLINGS was to start at 10 a.m. and will start at approximately 10 after the hour.

Mr. CONRAD. I will be happy to yield with the understanding I be recognized after the Senator from Pennsylvania takes care of the business he has brought to the floor.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from North Dakota? Hearing none, that will be the order.

The Senator from Pennsylvania.

SCHEDULE

Mr. SANTORUM. Mr. President, today the Senate will be in a period of morning business until 10 a.m. Following morning business, the Senate will resume consideration of the Bankruptcy Reform Act with Senator HOLLINGS to be recognized for up to 20 minutes. Two back-to-back votes will occur at 11 a.m. on the Feinstein amendment, No. 27, and the Kennedy amendment, No. 39.

The Senate will recess for the weekly party conferences from 12:30 to 2:15 p.m. Upon reconvening, there will be 30 minutes of debate on the Conrad and Sessions amendments, with stacked votes scheduled for 2:45 p.m. There are several amendments still pending and others expected to be offered during today's session. Therefore, additional votes could occur. Senators should be aware that all first-degree amendments on the list must be filed by 1 p.m. today.

I thank my colleagues for their attention and yield the floor.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from North Dakota.

SOCIAL SECURITY AND MEDICARE TRUST FUNDS

Mr. CONRAD. Mr. President, I rise this morning to discuss once again the amendment that will be voted on after the party caucuses at 2:45. The amendment I am offering is to wall off and protect the Social Security and Medicare trust funds from being raided, from being used for other purposes.

I think every Member of this body remembers very well the time in which, for years, Social Security trust funds were regularly raided for other purposes. We only stopped that practice 3 or 4 years ago, and I think all of us do not want to go back to those days.

The best way to assure that we do not go back to those days is to agree to the amendment I have offered today, the amendment that is virtually identical to the amendment I offered last year that got 60 votes in the Senate.

We call it the Social Security and Medicare lockbox amendment because it protects both the Social Security surplus and the Medicare surplus.

In fact, if we go to the detail of what we are discussing, this amendment protects the Social Security surpluses in each and every year, takes the Medicare Part A trust fund off budget in the same way we have taken the Social Security trust fund off budget, and gives Medicare the same protections as Social Security.

This legislation contains strong enforcement language—budget points of order—to assure these funds are not used for some other purpose.

One of the things that leaves out, for anyone studying the President's budget proposal, is unless he uses Medicare trust fund money in 2005, he runs an $11 billion deficit in that year.

That is part of the problem with this budget. It threatens to put us back into deficits because the tax cut is so large. Some of us believe it is critically important that we protect both the Social Security trust fund and the Medicare trust fund so they are not used for other spending in the Federal budget.

Some have argued, well, there really is no surplus in Medicare; that there are two trust funds, and there is a surplus in one—that is, Part A of Medicare, the hospital coverage part of Medicare, and Part B that covers largely doctors' services, which is in deficit.

I have heard this argument made over and over, but it is just wrong. It is not what the law says. It is not what the actuaries say. It is not what the detailed financial reports that have been made to the Senate say.

This is the page right out of the budget book from the Congressional Budget Office. It says on the table on page 19 ''trust fund surpluses.'' The first one is Social Security. It shows year by year the surpluses we will have in Social Security. Then it talks about Medicare. The first trust fund it discusses is Part A. You can see year by year the surpluses that are projected for Medicare Part A.

Under the Congressional Budget Office scoring, this adds up to over $400 billion. In the President's analysis, it is over $500 billion of surplus in Part A.

Then it goes to Part B. While some have argued that Part B is somehow in deficit and therefore there are no surpluses in Medicare, that isn't what the report shows. The report shows that over the 10-year period there is a rough balance in Part B—not a deficit. It is not any big surplus.

Those who have argued that there is no Medicare surplus—I don't know what it is based on. But it is not based on the facts, and it is not based on the law. Some have tried to argue, well, because Part B is funded 25 percent by premiums and 75 percent by general fund revenue, therefore Part B is in deficit. Again, that isn't what the law says. That isn't what the actuaries say. That isn't what Congress has said. Congress made the determination that Part B would be funded 25 percent by premiums, and 75 percent by general fund revenue. We made that determination. It is not in deficit.

If one follows the logic, and one says, well, if Part A is in surplus, Part B is in balance, therefore it just doesn't matter somehow because they are claiming Part B is in deficit because 75 percent of its funding is from the general fund, we can just forget about the Part A surplus, and we can move it, as the President does to this so-called ''contingency fund,'' what does that do? That moves up the date of insolvency of Medicare by 15 or 16 years. And Medicare will go broke in the year 2009 and 2010 instead of the year 2025.

What kind of a policy is that? What earthly sense does it make to raid the Medicare trust fund and use it for other purposes?

I suggest to my colleagues that it makes no sense. It is precisely what we should not do.

In answer to my amendment, my colleagues on the other side of the aisle are offering an amendment. This amendment claims to be a lockbox, but the door is wide open. This is what I call the ''leaky lockbox'' because there is no lock. There is no box. And it is wide open to abuse and to raid.

There is not a penny that is reserved for Medicare under the President's budget. That happens to be the reality. He takes the whole $500 billion under his calculation of what is in the surplus and moves it to the so-called ''contingency fund'' and goes around the country on Air Force One, as he did in my State, and tells people who are concerned about his cutting the agriculture budget to not worry about that; the money is in the contingency fund.

Go to the contingency fund. Boy, are people going to be surprised when they go to the contingency fund and they find that there is nothing there because it is virtually all Medicare trust fund money. There is supposed to be some money there. I don't know what the source of it is other than maybe he is going to raid the Social Security trust fund, too, because there is no money there.

Add up the President's budget. I will do it in a minute. There is no money there. We will get a chart that shows those numbers.

Let's look at what the Republican amendment says. I must credit and give compliment to those who crafted the language on the other side. It is very attractive language.

Here is what it says. They say they have a lockbox for Medicare. But then they have this clause which they call ''exception''.

''Subparagraph A''—that is the language that gives protection—''shall not apply to Social Security reform legislation or Medicare reform legislation.''

Who can be against reform? I am certainly not. I have been an advocate and have voted for reform—even sometimes unpopular legislative proposals—because of the clear and compelling need for reform.

But when you write language such as this, it is a giant trapdoor because there is no definition of what constitutes ''reform.'' You can do anything and call it reform and use the money. That is what is wrong with the amendment on the other side. You could, under the cloak of reform, cut taxes. Under the cloak of reform, you could say with Medicare that we are going to take that money and pay for prescription drug benefits. Some might call that reform. The problem with that is that it is classic double counting. That is exactly how we will get in trouble around here—if we first say money is attributed to the Medicare trust fund for the purposes of keeping the promises already made, and then we take a part of it and use it for new promises.

That is a mistake. That will do nothing but create financial trouble for this country. The trouble it will create is if money is diverted from the Social Security trust fund or the Medicare trust fund—that money which is currently reserved for paying down the publicly held debt because it is not needed until a later point in time—it reduces the amount of money available to pay down the publicly held debt. That means you pay down less debt. That means you have more of a hole to dig out of when the baby boomers start to retire.

I know the occupant of the chair disagrees with this analysis. He and I had a long conversation on the bus the other day.

I think it is undeniable that if you take money that is in the trust funds of Medicare and Social Security and divert that money for any other purpose, you are reducing what is used to pay down publicly held debt. I think it is undeniable. That has real economic consequences.

I want to go to the question of the President's budget because we have heard over and over that there is this contingency fund. I am unable to locate the contingency fund as I add up the President's numbers.

First of all, we have the $5.6 trillion projected surplus. Everybody agrees that is the projection. I think the first thing we should remember is that it is a forecast, and it may or may not come true. In fact, the forecasting agency itself has told us there is a 10-percent chance that number comes true; there is a 45-percent chance it is bigger; there is a 45-percent chance it is smaller.

There is also agreement on what follows. The Social Security trust fund is $2.6 trillion, according to the President's Office of Management and Budget. The Medicare trust fund is $500 billion. If we set them aside, that leaves $2.5 trillion. That is not what the President's budget does because it only uses $2 trillion of the Social Security trust fund—he only reserves $2 trillion. The other $600 billion is left for, perhaps, privatization. I have been told by people close to the administration that is their intention.

As to the Medicare trust fund, they do not reserve it at all. But if we were to reserve it, as most of us believe is important, it leaves us with an available surplus of $2.5 trillion.

Then we look at the Bush tax cut, advertised at $1.6 trillion. Part of it has now been reestimated by the Joint Tax Committee for action in the House, and those two parts that they reestimated increased by $126 billion. So unless the President changes his proposal, the cost of his tax cut is now $1.7 trillion.

In addition to that, the President's proposal will have a dramatic effect on the alternative minimum tax. The alternative minimum tax today affects about 2 million taxpayers. The Joint Tax Committee has now told us that if the Bush plan passes, it will affect, at the end of the 10-year period, over 30 million taxpayers in the United States. Over 30 million taxpayers will be affected by the alternative minimum tax under the Bush proposal. And to fix it will cost $300 billion. This is not part of the President's plan, but it is made more necessary by the President's plan. He provides no resources—none, zero—to deal with it.

I do not believe, for one moment, that this Congress is going to allow over 30 million people to be caught up in the alternative minimum tax. But if we do not provide the resources to fix it, it will happen.

The third is the interest cost associated with the first two. That is another $500 billion.

Then we have the Bush spending proposals, those proposals that are above the so-called baseline of $200 billion. That adds up to $2.7 trillion. And that is before any defense initiative the President might apply or send as a suggestion.

The result is, we have a package here that simply does not add up. So I hope, I say to my colleagues, that before the end of the day we adopt this amendment to protect both the Social Security trust fund and the Medicare trust fund.

I thank the Chair and yield the floor.

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

The Senator from Virginia.

THE EDUCATION OPPORTUNITY TAX CREDIT ACT

Mr. ALLEN. Mr. President, I rise today in support of the education opportunity tax credit on behalf of myself as well as Senators WARNER, CRAIG, and ALLARD. This is a measure that was introduced last Thursday, March 8.

What the education opportunity tax credit would do is increase the amount and the quality of available academic services and technology-related resources for parents and for students.

This measure does several very good things. No. 1, it increases education spending with greater parental involvement. No. 2, it is a tax cut for families. And, No. 3, it brings forth more funds available for technology and specialized tutoring-type teaching.

I know the Presiding Officer and other Members of the Senate recognize how important education is for our children and for the future of our Nation. It is essential for our children's futures because the best jobs will go to those who are the best prepared. The education opportunity tax credit helps in that regard.

In education, good quality classrooms and good teachers, able to impart knowledge to our children, are important. Academic standards and accountability and the measurement of those high academic standards in the basics of English, math, science, social studies, and economics are all important, but also as important as teachers and administrators in the education of our children are the parents; and parents need to be empowered. Their involvement is key for the academic success of their children.

Indeed, parents know their children's names. They know the specific needs of their children much more than any bureaucracy in Washington, DC.

Finally, children need to have computer skills to be able to compete and succeed in the future. Computers and wiring in schools and access to the Internet in schools and in libraries is a good idea and is very important. Community centers are important.

Last week, the Republican Senate High-Tech Task Force visited an Intel clubhouse. It is working in conjunction with the Boys and Girls Club here in Washington, DC. There are many good ideas in these community centers, but we need to make sure there are computers and software programs and educational programs at home because homework is done at home and on weekends.

This is what the education opportunity tax credit does. It provides families with a $1,000-per-child education opportunity tax credit. It is capped at $1,000 per year per child, and capped at $2,000 per year per family if they have more than one child. It defrays the cost of education-related expenses for computers and computer-related accessories and technology. Educational software, Internet access, and tutoring services could be expenditures that would thereby get the tax credit. It does not apply to private school tuition. And as introduced, it is refundable.

This is a family-oriented education tax incentive that will have a very real impact on the ability of parents to better afford education-related services and technology resources.

This is the financial situation of a family with an income of $38,900. That is the median family income in the United States.

After a family pays all the money in taxes to the Federal Government, the State Government, the local government, and after they pay for their housing, their clothing, their food, their medical care, and their transportation—these are all absolutely essential for the survival of a family—the real disposable income gets down to about $2,100.

Now, educational expenses normally are going to be school supplies and a variety of other items that are important. But you realize, with that amount of money, if you bought a computer, purchased a used printer, software, and Internet access, that totals over $2,400. So the amount that would be added to credit card debt would be $241 a year.

The reality is, once you pay your taxes to all levels of government, once you pay for food and clothing and housing and putting gas in the car, and a car payment, and all the rest, the average family has about $180 left a month for everything else. And the average cost of a computer is going to be about 70 percent of that.

You can have the statistics, but real people in the real world, folks such as Jim and June Meadows, support this proposal because it would help them afford specialized software for their daughter Morgan, who has dyslexia, without sacrificing the education needs of their other daughter, Meghan, who is age 10.

You do not have to go outside the beltway to find these working folks. In fact, right here in the Capitol you will find people who are working who recognize the value of this. In fact, Milton Salvadore, who I ran into in the Senate restaurant a few weeks ago, is such a working family man—he works, his wife works, and they have young children—I asked him: Do you all have a computer for your young school-aged children?

He said: No. No.

I said: Why not?

He said: Look, we have all these bills, and so forth. My wife and I are working hard, but we do not have enough money for that. We do not want to go into debt to go get a computer and Internet access for our children. He said it would help him and his hard-working wife afford a computer for his family, if this education opportunity tax credit were in effect.

The tax impact on the average family of three with an adjusted gross income of approximately $39,000 a year, if they took the full $1,000 tax credit for their children's education expenses, that would save nearly 34 percent on their yearly Federal tax bill. A family of four with an income of $39,000 taking the full $2,000-per-family tax credit would realize a savings of 95 percent on their taxes owed for the year.

If we are going to seriously address the digital divide—and the digital divide is a divide in opportunities—we must act to provide families and children with the financial means to take advantage of education opportunities. Closing the digital divide is important. The education opportunity tax credit provides the financial resources to achieve this goal by making the tax credit fully refundable so that lower income families who owe the Government less money than the maximum available tax credit—say they owe $700—or if they have no tax liability at all, would get the full credit. Everyone would be able to take full advantage of this opportunity.

The digital divide is a function of many factors, including geography and educational levels of parents. Hence, the most salient and determinative factor is family income. According to numbers released in October of 2000 by the U.S. Department of Commerce—these figures are borne out by studies by Virginia Commonwealth University—we find that of the 92 percent of people who are computer owners, 29 percent have Internet access. So these figures do match in that regard with