that is as domestically abundant as coal. The capital expenditures we are making at our stations today to comply with the EPA's pending rules are prudent investments because we expect that the generating units will remain economically viable under any reasonable GHG program. We do not believe the resulting price dynamics in the natural gas market will render operation of our coal-fired generating stations cost-prohibitive.

The preparation of this report demonstrates our desire to inform our stakeholders of the GHG challenges we face as a coal-fired electric utility company and to provide insight into how we are meeting those challenges. Because we are a stakeholder-focused company, it is our goal to weigh the interests of all of our stakeholders and come to a balanced result. Our customers, the communities we serve, our employees, regulators, suppliers and most certainly our investors have much at stake as we anticipate and begin to prepare for the challenges we may face in a carbon-constrained world.

We do not project that any of the current legislative proposals would produce these higher prices in the short or medium timeframe. However, this example manifests the importance of developing a policy that does not force reductions too quickly or otherwise limit flexibility and international trading.

Risk of Very High CO_2 Prices Unlikely—Though Details Matter

It is our view that the very high range of prices shown above would only be expected in the near term (20 years) if sharp emissions reductions were required without being preceded by a period of slowed growth followed by zero growth or there were imposed limits on flexibility. Having said that, the fact is we don't know what prices will be and the risk remains. Should high CO_2 prices emerge within the next 20 years, they would flow through to electricity prices because there would be no time to replace the generation fleet with much lower emitting technologies that do not rely on high-priced natural gas. Because electricity prices play an important role in our manufacturing economy, we think that policies that cause dramatic price increases are not viable and, should they occur, would not last long because of political reaction.

One strategy to protect consumers and producers from CO_2 price risks may be to assign price caps to CO_2 that increase over time—this is the so called "safety valve." Price caps will provide price certainty (or at least protection from high prices) during the critical years of program start up. This should be important to climate change advocates because price shocks will likely result in a program reversal or unwinding. An unrelated, yet telling example is provided by the price shocks of the California energy crisis, brought on by flawed deregulation. They demonstrate how a program can be quickly scrapped if newly created markets are subjected to dramatic price increases.

Escalating price caps should be given serious attention by policy makers because of the following important points:

1. There is a broad range of uncertainty around forecasted CO_2 prices as reported by policy analysts. Reported prices are only the single values within a broad distribution of outputs that depend on what input assumptions are made.

2. The actual prices generated by a real market will be higher or lower than the reported numbers and will vary depending on the supply-demand balance at any particular moment.

3. If they happen to be quite a lot higher for a sustained period, which is a real possibility, the program will be at risk of being rolled back because of the economic pain generated.

4. An escalating price cap will prevent this from happening, while creating a less uncertain price signal for those trying to make forward looking decisions.

5. An escalating price cap will serve as the program's insurance policy, dramatically decreasing the risk of the program producing very high prices that lead to its demise.

ENDING THE ENERGY STALEMATE: REDUCING RISKS FROM CLIMATE CHANGE

To address the risks of climate change resulting from energy-related greenhouse gas emissions without disrupting the nation's economy, the Commission recommends:

Implementing in 2010 a mandatory, economy-wide tradable-permits system designed to curb future growth in the nation's emissions of greenhouse gases while capping initial costs to the U.S. economy at $7 per metric ton of carbon dioxide-equivalent.

Linking subsequent action to reduce U.S. emissions with comparable efforts by other developed and developing nations to achieve emissions reductions via a review of program efficacy and international progress in 2015.

The Commission believes the United States must take responsibility for addressing its contribution to the risks of climate change, but must do so in a manner that recognizes the global nature of this challenge and does not harm the competitive position of U.S. businesses internationally.

The Commission proposes a flexible, market-based strategy designed to slow projected growth in domestic greenhouse gas emissions as a first step toward later stabilizing and ultimately reversing current emissions trends if comparable actions by other countries are forthcoming and as scientific understanding warrants.

Under the Commission's proposal, the U.S. government in 2010 would begin issuing permits for greenhouse gas emissions based on an annual emissions target that reflects a 2.4 percent per year reduction in the average greenhouse gas emissions intensity of the economy (where intensity is measured in tons of emissions per dollar of GDP).

Most permits would be issued at no cost to existing emitters, but a small pool, 5 percent at the outset, would be auctioned to accommodate new entrants, stimulate the market in emission permits, and fund research and development of new technologies. Starting in 2013, the amount of permits auctioned would increase by one-half of one percent each year (i.e., to 5.5 percent in 2013; 6 percent in 2014, and so on) up to a limit of 10 percent of the total permit pool.

The Commission's proposal also includes a safety valve mechanism that allows additional permits to be purchased from the government at an initial price of $7 per metric ton of carbon dioxide (CO_2)-equivalent. The safety valve price would increase by 5 percent per year in nominal terms to generate a gradually stronger market signal for reducing emissions without prematurely displacing existing energy infrastructure.

In 2015, and every five years thereafter, Congress would review the tradable-permits program and evaluate whether emissions control progress by major trading partners and competitors (including developing countries such as China and India) supports its continuation. If not, the United States would suspend further escalation of program requirements. Conversely, international progress, together with relevant environmental, scientific, or technological considerations, could lead Congress to strengthen U.S. efforts.

Absent policy action, annual U.S. greenhouse gas emissions are expected to grow from 7.8 billion metric tons of CO_2-equivalent in 2010 to 9.1 billion metric tons by 2020—a roughly 1.3 billion metric ton increase. Modeling analyses suggest that the Commission's proposal would reduce emissions in 2020 by approximately 540 million metric tons. If the technological innovations and efficiency initiatives proposed elsewhere in this report further reduce abatement costs, then fewer permits will be purchased under the safety valve mechanism and actual reductions could roughly double to as much as 1.0 billion metric tons in 2020, and prices could fall below the $7 safety valve level.

The impact of the Commission's proposed greenhouse gas tradeable-permits program on future energy prices would be modest. Modeling indicates that relative to business-as-usual projections for 2020, average electricity prices would be expected to rise by 5–8 percent (or half a cent per kilowatt-hour); natural gas prices would rise by about 7 percent (or $0.40 per mmBtu); and gasoline prices would increase 4 percent (or 6 cents per gallon). Coal use would decline by 9 percent below current forecasts, yet would still increase in absolute terms by 16 percent relative to today's levels, while renewable energy production would grow more substantially; natural gas use and overall energy consumption, meanwhile, would change only minimally (1.5 percent or less) relative to business-as-usual projections.

Overall, the Commission's greenhouse gas recommendations are estimated to cost the typical U.S. household the welfare equivalent of $33 per year in 2020 (2004 dollars) and to result in a slight reduction in expected GOP growth, from 63.5 percent to 63.2 percent, between 2005 and 2020.

The PRESIDING OFFICER. The Senator from Missouri.

SMALL BUSINESS HEALTH FAIRNESS ACT

Mr. TALENT. Madam President, I am hopeful that later in the day the Senate will be able to take up the Genetic Nondiscrimination Act. It is a bill I sponsored in the past. I know discussions are going on right now about getting it done, and hopefully we will be able to get it done. If that happens, it will be in no small measure because of the leadership of Senator ENZI, who has already shown in the brief period that we have been in session a great ability to work with Senator KENNEDY and others on the HELP Committee to pass legislation.

I was moved by that to come down and to discuss another piece of legislation that a number of us are discussing with Chairman ENZI. I am grateful to him for his openmindedness to it and the discussions that have been going on. I am talking about the Small Business Health Fairness Act which the chairman of the Small Business Committee, Senator SNOWE, will introduce today for herself and a number of others who have sponsored this bill in the past.

I congratulate Senator SNOWE on her great work on behalf of this bill. I am hopeful that we will be able to pass it this year in the Senate. It may be the most significant thing we can do to reduce the number of people in this country who do not have health insurance.

I want to talk about that for a few minutes. There really is no problem in confronting small business and the economy greater than that problem. It is everybody's problem, even if you have health insurance.

There are 44 million people in the country who do not have health insurance. We have about 500,000 people in Missouri—about 10 percent of our State's population, a little less than that, including 70,000 children who get up and go to school without any health insurance coverage.

Sixty percent of the people in the State of Missouri and around the United States who do not have health insurance are working people. It is a mistake to assume that most of these folks are people who are not employed. They are not classically the disadvantaged people as we normally think of that. Most of those folks we have made eligible for Medicaid, which certainly has a problem, but it is at least health insurance coverage.

Health insurance costs have been increasing for small business employers and their employees on average about 20 percent per year, which means this is not just a health access problem but a huge economic growth problem as well.

Those small businesses that are providing health insurance are having to deal with these enormous costs every year. They will have to take money out of wages or out of investments in the business to try to keep their heads above water in terms of providing health insurance.

Over the years of my experience in the House and the Senate, I have encountered many such small employers. I have talked to hundreds of their employees. We have all done that. All of us, when we get around our States, hear about this problem. It is everywhere. It may be the biggest day-to-day problem the average person in our State confronts, at least if they work for a small business.

Let me just tell you one story of a fine lady named Janet Hoppin from Missouri. Janet owns a small business in the St. Louis area. She wants to do right by her five employees by providing them with health insurance. Over the past few years, one of her employees became ill. She contracted breast cancer. As a result of that, the insurance costs for Janet's company have increased by $431 per employee per month, or a total increase over the last 2 years of 35 percent. Actually, it could have been a lot more than that.

I have talked to people whose insurance costs have doubled or tripled over the course of several years, particularly if an employee actually gets sick and has the temerity to file a major health insurance claim.

Like most small business owners, health insurance costs for Janet affect the rest of her business. There is downward pressure on the wages and salaries of her other employees and her own salary. She has resolved this by taking it out of her own salary so she can continue to provide health insurance for herself and for her employees.

There are many small businesspeople around the country who are doing exactly the same.

One of the bad things about this situation is because so many people who work for small businesses do not have health insurance, it is easy to assume that small businesspeople just do not care about their employees and that is why they don't provide health insurance. It is terribly unfair. They do care about their people. They work with them every day. Most small business owners are employees of their own company. If they can provide health insurance to the company and the other employees, they will be able to get health insurance under a group policy rather than having to try to go out and buy it on the individual market. It affects their ability to compete for employees.

For a while, when I was chairman of the Small Business Committee in the House, I would meet with groups of small businesspeople and I would ask them to raise their hand if they had lost an employee or had been unable to hire an employee because the employee wanted to work for a big business that had health insurance. Whenever I asked that question, at least half of the people there would raise their hand. They have a disadvantage of getting good employees because of their competitive disadvantage in buying health insurance.

What do we do about it? Fortunately, there is a solution. The legislation has passed the House I think 4 or 5 years running by large bipartisan votes. It passed the House by 100 votes the last time it passed. It is a solution that the President strongly supports. It is a solution that had bipartisan sponsorship in this body last year. What I am about to say is not unimportant at the same time when we are all suffering under a tight budget. It is a solution that doesn't cost the taxpayers any money. It is not a Government program as such. It is not the Government deciding to buy health insurance for somebody, or expanding Medicaid. Those may be good things to do.

We do not have to do it here. We need to empower small business people to do what the big companies already do. We need to allow them to buy health insurance as part of big national pools which will save money because the overhead costs, the administrative costs of buying health insurance, are a lot greater per employee for small businesses than for big businesses. The reason for that is there are economies of scale in insuring large pools.

That is what the small business health plan would do. It would take advantage of the same national structure currently used by 275,000 plans which already cover over 72 million people, including union members, people who work for Fortune 500 companies. The irony is that everyone else in the country, except the employees of small business, everyone else who has health insurance, has it now as part of a big national pool, either private or public. Either you work for a big company—in Missouri at Anheuser-Busch or Sprint or Hallmark—and you are part of a big national pool or maybe you are a labor union member and you get it through one of their health and welfare plans or you are on a public plan, in Medicare, a big national pool, or Medicaid or you are a Federal employee or a retired Federal employee.

There is a reason everyone else gets their health insurance as part of a big national pool. It is cheaper that way. It is administratively easier. The overhead costs are less. It is common sense to believe it costs less to set up and administer a plan where you can spread the costs over a pool of hundreds of thousands of people, rather than a pool of 5 or 10 employees or fewer, which is what people such as Janet Poppin have to face every day today.

All we want to do is allow the trade associations, in which small businesses currently organize for other purposes, to sponsor national health insurance pools. The National Restaurant Association, as an example, could go out, contract with insurance companies nationally, and then you join the restaurant association if you own a small restaurant, as my brother does, and you become part of this big pool. The easiest way to think of it is a small company would get health insurance on the same terms and conditions as if you had been acquired by a Fortune 500 company. You become like a little division of that company. It would be exactly the same thing.

What would it mean for this country if at no cost to the taxpayers every working person has access to health insurance as if they worked for a Fortune 500 company? When I chaired the Committee on Small Business, we had a number of hearings on this. Senator SNOWE has had a number of hearings. We estimate a reduction in the cost of health insurance to small business of 10 to 20 percent, and for very small businesses it would be much less than that. For every percent you decrease the cost of health insurance, many people become insured. Small businesses, such as my brother's, who runs this little restaurant, are in a position now to afford health insurance for their employees and, by the way, for themselves because the owners of the companies are almost always employees of the company themselves and they will go out and get health insurance this way.

Think of the savings from their perspective, not just in money but time and effort. I use my brother as a example. He and my sister-in-law run the place. Getting health insurance for their business means spending hours and hours soliciting bids, trying to work their way through it, making sure they are not cheated, dealing with all the legal risks today of making a contract like that. They do not know whether they might get sued for something if they contract with an HMO and there is a screwup. If you can join the restaurant association, they send him the papers, the papers describe what options are available for the employees, and he says I will pay this much for you, you choose what you want.

It is easier, it is cheaper, it is safer. It will mean millions of people who currently do not have health insurance coverage will get it and millions of others will get better, more secure, lower cost, higher quality health insurance—again, at no cost to the taxpayer.

There isn't any reason not to do this. We have been working with those who have had concerns about solvency. How do we make sure these association health plans are solvent? That is a legitimate concern. We already have in the bill tough standards to try and guarantee that. We want to work with people to try and make certain that everybody is satisfied on those points.

We can work our way through this and produce a bill that will make a big difference for America. I am not the only one who thinks so. In addition to Senator SNOWE and her great leadership, nine other Members of the Senate who cosponsored this bill last year, Association Health Plans, or the Small Business Health Fairness Act, strongly supported by the administration, 170 organizations representing over 12 million employers, and 80 million American workers support it. The coalition is as broad as the U.S. Chamber, National Federation of Independent Business, the American Farm Bureau, the Associated Builders and Contractors, the Latino Coalition, the National Black Chamber of Commerce, the National Association of Women Business Owners. They all support it.

I mention the Farm Bureau. The Presiding Officer and I have a number of farmers in our States. One of the big problems they have is getting health insurance for themselves and their families. This is a classic example of people trapped in a small group for individual markets situation. What if they could join the American Farm Bureau and become part of a pool of tens and tens of thousands of people?

In recessions, when people get laid off from big businesses—and I have talked to many people in this situation—one of the biggest and most immediate problems when you are laid off is what do you do about health insurance, particularly if you have kids. Many people are able to get another job pretty quickly, maybe with a small business, or they want to start their own spinoff firm when they get laid off from a big company. This is increasingly common today, and a big problem they have is health insurance. What do they do about health insurance? A sole proprietor can join the Chamber of Commerce and the National Chamber of Commerce would be able to start an association health plan under this bill. You would be part of a pool of tens and tens of thousands of people. You would not be at the mercy of a big company deciding it is going to cut your job.

I could go on and on on the subject. I am sure the Senate has become convinced of that, if I have convinced Senators of nothing else. I am very enthusiastic about it. I cannot compliment enough the work of Senator SNOWE. Her leadership on this is crucial. Her credibility in this Senate is great. She has taken the whole Small Business Committee in the Senate in the direction of supporting this. I am very pleased to be helping her in this and grateful again to Senator ENZI for his open-mindedness. I cannot speak for him and do not want to, but I remember I was presiding and the Senator from Wyoming was speaking about what he intended to do with the HELP Committee. He said his door was open; he wanted to hear ideas from Senators. He wanted to work with them. He has been as good as his word. I am grateful to him for that.

Let's do this. Members have concerns and we want to address them. I believe we can address them. This is too good an idea to pass up. There is no reason to. I have said for several years, what is the downside? Suppose we allow these associations, however they are constructed, to set up these association health plans, and it doesn't work as well as we think it will work; they do not lower costs quite as much as we hope, and not as many people take advantage of them. What is the downside? Not so many people use the plans as we hope will use the plans. There is no cost to the taxpayers. It is not as though we are spending billions and billions of dollars for something and if it does not work, there is an enormous loss. We are giving people another option, the same option big companies already have. There is no reason not to do it.

Let's work out whatever concerns we have, pass this on a bipartisan basis as they have in the House, and empower our small business people and their employees to have health insurance and to have protection against these rising costs.

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

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

The legislative clerk proceeded to call the roll.

Mr. DORGAN. 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. DORGAN. Mr. President, I ask unanimous consent to speak in morning business for as much time as I may consume.

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

SOCIAL SECURITY

Mr. DORGAN. Mr. President, we are about to embark on a 1-week recess. Many of us will be back in our home States next week. I expect that most of us will hold some kind of event or meeting to talk about Social Security with our constituents. I want to talk about that a bit today.

In the Senate, we deal with all kinds of issues, some big and some small. Sometimes we treat the big issues in a manner that suggests it is a rather small item. Sometimes we take a very small item and blow it up into something we suggest is very large.

On the issue of Social Security, my feeling is people on all sides of this debate understand this is a very big issue with very big consequences for the American people.

It will not be surprising that we will have very aggressive differences of opinion on how we should handle this issue of Social Security. The reason it is brought to our attention at this point is the President is offering a proposal. He says the proposal is not specific, and I agree with that, but it is specific enough for us to understand what he wants to do.

What the President has been saying—and the Vice President as well and others in the administration—is that Social Security is about to be bankrupt, broke, flat busted, and any number of other words to describe that Social Security is about to fail.

As a result, the President says we should do the following: We should borrow a substantial amount of money now, anywhere from $1 trillion to $3.5 trillion or more, invest it in the stock market in private accounts, change the indexing of Social Security, reduce Social Security benefits, and with a combination of the remaining Social Security and his private accounts, people will be better off in the long term.

Social Security was created in 1935. When Franklin Delano Roosevelt signed that legislation, he talked about