

I believe our message has not been getting across that elderly housing works under the section 202 program. You can't expect elderly housing to be covered by the HOME program where there are many competing local needs that must be met. Most of all, do not put Grandmother or Aunt Effie out on the street in her walker with a voucher and expect that she is going to be able to find decent, affordable, appropriate housing.

We need an overwhelming vote. I welcome the fact that we have had a number of cosponsors. I hope we will have a unanimous vote, or an overwhelming vote, to express the sense of the Senate that we are not going to change this program. This is a program that is meeting the needs of the elderly today. We must continue that program, because the needs are only growing greater and we need to do all we can to try to keep up with those needs.

Mr. President, I thank the Chair. I particularly thank my colleague from Maryland.

I yield the floor.

The PRESIDING OFFICER. Who seeks time?

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEARS 1999, 2000, 2001, 2002, AND 2003

The Senate continued with the consideration of the concurrent resolution.

AMENDMENT NO. 2213, AS MODIFIED

Mr. BOND. Mr. President, I am advised by the Budget Committee staff that we have to make a modification in the terminology of the sense-of-the-Senate language, and I ask unanimous consent that the amendment be modified, under the last subsection (b), to say, "It is the sense of the Senate that"—at that point include the following—"the levels in this resolution assume that".

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

The amendment (No. 2213), as modified, is as follows:

Insert on page 53, after line 22, the following new section, to be renumbered, accordingly:

"SEC. 317. SENSE OF THE SENATE TO MAINTAIN FULL FUNDING FOR THE SECTION 202 ELDERLY HOUSING PROGRAM.

"(a) FINDINGS.—The Senate finds the following—

"(1) The Section 202 Elderly Housing program is the most important housing program for elderly, low-income Americans, providing both affordable low-income housing and supportive services designed to meet the special needs of the elderly.

"(2) Since 1959, the Section 202 Elderly housing program has funded some 5,400 elderly housing projects with over 330,000 housing units, with the current average tenant in Section 202 housing being a frail, older woman in her seventies, living alone with an income of less than \$10,000 per year.

"(3) The combination of affordable housing and supportive services under the Section 202 Elderly Housing program is critical to promoting independent living, self-sufficiency, and dignity for the elderly while delaying more costly institutional care.

"(4) There are over 1.4 million elderly Americans currently identified as having "worst case housing needs" and in need of affordable housing.

"(5) There are 33 million Americans aged 65 and over, some 13 percent of all Americans. The number of elderly Americans is anticipated to grow to over 69 million by the year 2030, which would be some 20 percent of all Americans, and continue to increase to almost 80 million by 2050.

"(6) The President's Budget Request for fiscal year 1999 proposes reducing funding for the Section 202 Elderly Housing program from the fiscal year 1998 level of \$645,000,000 to \$109,000,000 is fiscal year 1999. This represents a reduction of over 83 percent in funding, which will result in reducing the construction of Section 202 housing units from some 6,000 units in fiscal year 1998 to only 1,500 units in fiscal year 1999.

"(7) The full funding of the Section 202 Elderly Housing program as an independent federal housing program is an investment in our elderly citizens as well as our Nation.

"(b) SENSE OF THE SENATE.—It is the Senate that the levels in this resolution assume that the Section 202 Elderly Housing program, as provided under section 202 of the Housing Act of 1959, as amended, shall be funded in fiscal years 1999, 2000, 2001, 2002, and 2003 at not less than the fiscal year 1998 funding level of \$645,000,000."

Mr. BOND. Mr. President, I thank the Chair, yield the floor, and 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. KERREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

AMENDMENT NO. 2214

(Purpose: To express the Sense of the Senate on the need for long-term entitlement reforms)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment numbered 2214.

Mr. KERREY. 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:

At the appropriate place, add the following:

SEC. . Sense of the Senate supporting long-term entitlement reforms.

(a) The Senate finds that the resolution assumes the following—

(1) entitlement spending has risen dramatically over the last thirty-five years.

(2) in 1963, mandatory spending (i.e. entitlement spending and interest on the debt) made up 30 percent of the budget, this figure rose to 45 percent by 1973, to 56 percent by 1983 and to 61 percent by 1993.

(3) mandatory spending is expected to make up 68 percent of the federal budget in 1998.

(4) absent changes, that spending is expected to take up over 70 percent of the federal budget shortly after the year 2000 and 74 percent of the budget by the year 2008.

(5) if no action is taken, mandatory spending will consume 100 percent of the budget by the year 2030.

(3) this mandatory spending will continue to crowd out spending for the traditional "discretionary" functions of government like clean air and water, a strong national defense, parks and recreation, education, our transportation system, law enforcement, research and development and other infrastructure spending.

(4) taking significant steps sooner rather than later to reform entitlement spending will not only boost economic growth in this country, it will also prevent the need for drastic tax and spending decisions in the next century.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that that levels in this budget resolution assume that—

(1) Congress and the President should work to enact structural reforms in entitlement spending in 1998 and beyond which sufficiently restrain the growth of mandatory spending in order to keep the budget in balance over the long term, extend the solvency of the Social Security and Medicare Trust Funds, avoid crowding out funding for basic government functions and that every effort should be made to hold mandatory spending to no more than seventy percent of the budget.

Mr. KERREY. Mr. President, for the first time in a quarter century this budget resolution is being debated in an environment, where rather than talking about getting rid of the deficit, we are able to talk with great enthusiasm about what to do with the surplus. We are talking about tax cuts and various spending programs. There is no question that the recovery of the economy of the United States of America—deficit reduction efforts in the past in combination with tremendous changes on the part of entrepreneurs and businesses and individuals out there—has produced the best economic scene I have seen in my entire lifetime, with increases in productivity, growth in the number of jobs, and a reduction in welfare rolls. You have to look long and hard to find bad economic news out there.

In 1990, this Congress debated a deficit reduction act that was largely a result of President Bush's leadership. We put in place at that time the mechanism that we still use today. It has caps on spending that we, for the most part, have lived within. It is that discipline that is required by the law, it seems to me, that requires every time somebody wants to do a new program, they have to find a way to pay for it. You just cannot come down here and throw new spending on a budget or new tax cuts on a budget without having an offset someplace. It is that discipline,

coupled with the 1993 act and the 1997 act, that I think the American people appreciate very much. It has produced enormous benefits for the American economy.

But we are now in a state where, unfortunately, rather than merely talking about the easy things, we now need to start facing some very difficult problems that are occurring inside the budget itself. One of the things I find comforting in life is when things don't change. The most impressive force of all in that regard is gravity. It has an increasing impact upon me, my body, and my ability to move and so forth. It stays constant. I am impressed with it.

One of the things that stayed constant over the last 30 or 40 years, indeed a bit longer than that, is that the percent of the entire GDP that we in Washington, DC, use for a variety of spending programs has stayed relatively constant—in the 19 to 20 percent range. This does not go all the way back to the years of the 1940s when, during the war, we went up above that 20 percent mark; but in the 1940s, most of that spending was for plant, for equipment, increases in the productivity of this Nation. Indeed, many have cited that as a principal reason the United States of America came out of the Great Depression, the significant investments that occurred during those war years. So you see that 20 percent figure stayed relatively constant over that lengthy period of time.

This resolution that I have offered up requires us, the Congress, with a sense-of-the-Senate resolution, to look out in the future more than the 10-year budget window that we currently do. You may say why, Mr. President. The reason is that if you look out for 10 years, from 1998 to 2008, that takes you just before the baby boom generation begins to retire. You look out to 2008 and life looks relatively good. It doesn't look very difficult. It looks like we ought to be able to manage relatively easily, and the reason it looks like it is going to be relatively easy is that the number of the Americans over age 65 grows relatively steadily, from about 34 million to about 39 million in 2008. But, from 2010 to 2030, the number of people over age 65 grows by 30 million. The number of retirees will increase by 25 million while the number of workers only increases 4 million.

What happens during that period of time is that the mandatory programs—that is the red, or the entitlement spending; and the yellow is the net interest, the interest on the national debt—they continue to grow until they completely displace the entire Federal budget, until it is 100 percent of the budget at that point. Indeed, in the year 2027, 100 percent of the budget will be mandatory spending programs.

This is a trend. I heard some—perhaps most notably former Secretary of Labor Robert Reich, who is on from time to time—criticizing this evaluation, saying there are going to be increases in productivity or immigration

or other things that are going to take care of it. But it has not taken care of it yet.

In 1963, John Kennedy went to Rice University. He gave a speech in the summer of 1963 in which he said that we were going to put a man on the Moon. Why? He said not because it is easy but because it is hard.

In 1963, 70 percent of this budget was discretionary and only 30 percent of the budget was mandatory. In 1973, it had grown to 45 percent mandatory; in 1983, 56 percent mandatory; in 1993, 61 percent mandatory. And in this budget, 68 percent of the budget is mandatory and 32 percent of the budget is discretionary.

Even over the next 10 years, the amount that is available for discretionary—and we allow it actually in the second 5 years to grow at the rate of inflation, which is not likely unless we are going to bust the caps in the second 5 years—at the end of that 10-year period, the amount available for discretionary spending will be approximately 26 percent.

I ask any of my colleagues what that 26 percent figure means. If you budget it this year and say we are going to give the Appropriations Committee 26 percent of available revenue to appropriate, that will force approximately \$115 billion in spending cuts.

What is happening is that we are seeing our capacity to build our Nation's defenses, I say to the distinguished occupant of the Chair, who has talked about how our military is being spread pretty thin—it is spread pretty thin right now. We debate from time to time new things we want our military to do. Both our military and intelligence efforts are stretched substantially thin at the moment. But that is not the only area in discretionary spending where people come to the floor and would like to spend more money, whether it is on education, on health care, or the environment, or NASA, or Veterans Administration. On all these things, they may come down and say, "We have to fight the battle against crime, we need more people on our border, we a stronger law enforcement effort." All of these Federal efforts come out of discretionary spending.

Unless we as a Congress begin to understand these trends and the fact that they are not going to go away, it is not likely we are going to do anything about it. I observe the reason we are not doing anything about it, the reason we are not debating it on this floor, is we only have a 10-year view.

The law says to take a look at 10 years—what does it look like in 10 years? Life looks pretty good. It looks like we can handle it. I challenge anybody to construct a discretionary budget with only 26 percent available revenue. Unless we believe this Congress is going to raise taxes beyond the 20 percent mark—which I don't think it either will or should—what we are faced with, even at 26 percent, is, it seems to

me, the unlikelihood of being able to construct a budget with that relatively small amount.

Unless we look out to 30 years instead of 10 years, we do not see this crisis coming, we do not see the problem coming.

So what do we do? We do nothing. We do not even debate it or talk about it. Most of us have seen the movie "Titanic." In the movie, people were on the bow, standing watch for icebergs, and they did not have binoculars. It is very much like us. We do not have binoculars either. We can see 10 years, but we cannot see 30. As a consequence, we do not see the iceberg that is out there in the form and shape of the baby-boom generation which, from 2010 to 2030, will convert 100 percent of the available money we will tax and collect from the American people—100 percent of that budget is going to go to mandatory programs.

There is a price, a big price, for delay, and the price will be paid by the baby-boom generation, who will find themselves saying suddenly, "Oh, my gosh, I have two choices: Either I take substantial cuts in my current benefits or my kids have a tax increase" that raises their taxes beyond what is, I think, by any standard, a reasonable level. We will see demands on this system, in short, Mr. President, that are going to put us in a position where we are going to have to ask current beneficiaries, if we do not make reasonable adjustments today, to pay a rather substantial price.

I know the distinguished Senator from New Mexico has talked about this an awful lot. In fact, he can blame himself for me caring about entitlements. It was he and Senator Nunn who used to traipse down here once a year and offer amendments. The first time the Senator from New Mexico offered an amendment to control entitlement spending, I voted against it. The second year, the light bulb went on, and I said, "Oh, my gosh, this guy from New Mexico might have something right." And, indeed, he persuaded me the second year, and I voted with him.

In 1994, Senator Jack Danforth and I chaired a commission for an entire year looking at the problems of entitlements, and I have not been the same since. I annoy people; I frustrate people. They can ask me what do I think about the weather, do I think Nebraska is going to have a good football team, and as soon as I talk about the weather and our great football team, I find myself immediately talking about the problem of mandatory spending and what it is going to do to our capacity to say that we are securing the blessings of liberty for ourselves and posterity.

We are squandering, it seems to me, an opportunity to say we are endowing our future, and instead we are putting ourselves in a position of saying, "Make certain I get my deal covered, that I get what I am entitled to, and the heck with the future; don't worry about our kids."

AMENDMENT NO. 2215

(Purpose: To express the sense of the Senate regarding passage of the IRS Restructuring and Reform Act of 1997)

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

The PRESIDING OFFICER (Mr. BURNS). Without objection, the pending amendment will be set aside. The clerk will report.

Mr. KERREY. Mr. President, I will talk for 1 minute. I see the distinguished chairman of the Finance Committee on the floor. This is an amendment that this body ought to act on IRS reform legislation prior to our leaving for the recess.

I believe this legislation has been considered long and hard. The taxpayers have a deadline of April 15; 120 million of them will have to file their taxes. We need to pass IRS legislation without delay. We need to give taxpayers new powers. I note with considerable interest that every single freshman in the House sent a letter yesterday to Majority Leader LOTT and to Democratic Leader DASCHLE asking that the House bill, or something that can be conferred, be taken up before we leave.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

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

CONGRESS OF THE UNITED STATES,
Washington, DC, April 1, 1998.

Hon. TRENT LOTT,
Senate Majority Leader, Russell Senate Office
Building, Washington, DC.

Hon. THOMAS A. DASCHLE,
Senate Minority Leader, Hart Senate Office
Building, Washington, DC.

DEAR MAJORITY LEADER LOTT AND MINORITY LEADER DASCHLE: As April 15 approaches, this letter is to urge in the strongest possible terms the United States Senate to pass sound legislation to reform the Internal Revenue Service (IRS).

As first-term Representatives of the American people from both political parties, we agree that the Congress must give the highest priority to reforming the IRS. Hearings conducted in the House and Senate have made us all too aware of the horror stories of the average American taxpayer being harassed by rogue IRS agents. We believe it is time that the IRS worked for American taxpayers instead of assuming they are guilty of cheating on their taxes.

As you know, on November 5, 1997, the House overwhelmingly passed historic legislation to reform the IRS. This bill incorporates recommendations by the bipartisan National Commission to Restructure the IRS chaired by Senator J. Robert Kerrey and Representative Rob Portman. H.R. 2676, the IRS Restructuring and Reform Act, would shift the burden of proof from the taxpayer to the IRS, create twenty-eight new taxpayer provisions in a Taxpayer Bill of Rights, and overhaul the management of the agency through the creation of an eleven-member independent Oversight Board.

With your leadership, we have the opportunity to provide the comprehensive reform of the IRS the American people deserve. We urge the Senate to adhere to the will of the

American taxpayer, honor the work of the bipartisan commission, and join the House in passing IRS reform without further delay.

Sincerely,

BOB ETHERIDGE,
JOHN SHIMKUS,
Members of Congress.

Mr. KERREY. Mr. President, the taxpayers of the United States have a deadline of April 15. All of us know it. We hear about it when we go home. As I said, 120 million people have to have their taxes filed by April 15. There are 140,000 collection notices that go out every single day of the week. Every single working day that the IRS is in operation, 140,000 collection notices go out.

There are approximately the same number of Americans who call the IRS every day. The way it currently operates is, about 40 percent of them cannot get through, and of those who do get through, about 25 percent of them get the wrong answer.

There are many other reasons for to get the laws governing the IRS changed, and get them changed soon. My hope is that the chairman of the Finance Committee and the ranking member will meet as quickly as possible with Mr. ARCHER, Mr. RANGEL, and Mr. Rubin. Let's get this bill conferred as quickly as possible so that the American taxpayers, who have waited an awful long time for this piece of legislation, will get the power they deserve—indeed, the power they need—in order for them to have confidence that this is still Government of, by, and for the people.

Mr. President, I thank you for this wonderful opportunity to speak, and I yield the floor.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment No. 2215.

The amendment follows:

At the end of Title III, insert the following:

SEC. . SENSE OF THE SENATE REGARDING PASSAGE OF THE IRS RESTRUCTURING AND REFORM ACT.

- (a) FINDINGS.—The Senate finds that—
- (1) The House of Representatives overwhelmingly passed IRS Reform Legislation, (H.R. 2676), on November 5, 1997.
 - (2) The IRS Restructuring and Reform Act has the potential to benefit 120 million Americans by simplifying the tax process and making the IRS more responsive to taxpayer concerns;
 - (3) The President has announced that he would sign H.R. 2676;
 - (4) The Senate plans to recess without considering legislation to reform the IRS.
 - (5) The American people are busy preparing their taxes to meet the April 15th deadline. They do not get to recess before filing their returns; and
 - (5) Senators should keep their commitment to take up and pass IRS reform legislation before they recess.

(b) SENSE OF THE SENATE.—

It is the sense of the Senate that the assumptions underlying the functional totals in this budget resolution assume that the Senate shall not recess until it has considered and voted on H.R. 2676, the IRS Restructuring and Reform Act of 1997.

Mr. DOMENICI. Mr. President, I inform the Senator that we are willing to accept his previous sense-of-the-Senate amendment, and we have Senator BURNS' amendment. I would like to accept them now and then go on to the Senator's second amendment. Is that satisfactory?

Mr. KERREY. Mr. President, I will allow them merely to be accepted. I was going to ask for a rollcall vote on mine. At some point, my fear is, without a rollcall vote, I say to the distinguished Senator and chairman of the committee, it doesn't necessarily focus people's attention as much as it should. I am not sure it will by making them vote either, for that matter.

I know the chairman of this committee is very enthusiastic about this issue and has spent a lot of time on it as well. I just think this whole budget deliberation occurs in a never-never land where we are talking about surpluses and talking about how good everything is and we literally are ignoring this enormous problem.

As I said, the people who are going to suffer the most are that baby-boom generation, and they will find themselves in a heck of a dilemma if we do not act sooner than later. I appreciate the Senator's willingness to accept my amendment and Senator BURNS' amendment. I agree to allow that to go forward.

VOTE ON AMENDMENT NO. 2214

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 2214.

Without objection, the amendment is agreed to.

The amendment (No. 2214) was agreed to.

VOTE ON AMENDMENT NO. 2178

Mr. DOMENICI. Mr. President, there is pending an amendment No. 2178 by Senator BURNS. There is no objection on this side and, I understand, no objection on the Democrat side.

The PRESIDING OFFICER. The question occurs on agreeing to the amendment.

Without objection, the amendment is agreed to.

The amendment (No. 2178) was agreed to.

Mr. DOMENICI. I move to reconsider the vote on the two amendments, en bloc.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI addressed the Chair. The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wonder if Senator LAUTENBERG would join me in just a discussion of where we are. And, obviously, I will yield the floor. I understand the distinguished chairman of the Finance Committee wants to speak. I yield myself time off the budget resolution.

Mr. President, fellow Senators, I understand we have one vote scheduled on or in relationship to the Kyl amendment at 12 o'clock. The distinguished

Senator is here. He would like to speak for 1 minute, and there will be 1 minute in opposition. I make that request and ask unanimous consent.

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

Mr. DOMENICI. I would like to just tell Senators that we now have about 29 amendments that are pending, for all intents and purposes. I consider that everybody wants a vote on them, although I hope not. And we still have about 18 hours, so there is plenty of time for more amendments. And, frankly, I just hope everybody understands that today is Wednesday, tomorrow is Thursday, the next day is Friday.

I think that everybody should share with me some concern about whether we can finish this resolution unless there is some cooperation with reference to amendments. I do not ask anything of anyone specifically at this point, but I hope and I urge that, if there are more amendments, you start getting them in to us. There is no time by which you are bound, but I urge that, if you have additional amendments or second-degree amendments, you let us see them. I am sure my friend from New Jersey will join me in that. At some point we have to try to make a little sense of the process on this to see if we can get this work done in a timely manner.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. The chairman of the Budget Committee neglected to mention the fact that voting time is not included in the calculation of the remaining hours.

Mr. DOMENICI. Right.

Mr. LAUTENBERG. That is extra time. So if we have 29 or 30 votes, and even if we were able by some stretch of the imagination to reduce that to 15 minutes, you are talking about more than 7 hours added to the—how much time do we have remaining, may I ask?

The PRESIDING OFFICER. Eighteen hours remaining.

Mr. LAUTENBERG. Eighteen. So we would be looking at prospectively 25 hours or more. So I say to all of our colleagues on both sides, get them in here and let us try to get action done on them. If a rollcall vote can be dispensed with, it will make a huge difference in what time we conclude our business for this week, reminding everyone, all those whose memory is bad and can't recall, the fact that the recess begins for 2 weeks, in case anybody has forgotten, and should we want to hang in through Friday or whatever or however long, I understand we are going to get this done.

Mr. DOMENICI. We could stay in here very late tonight, into the morning and that would put us on a path to where we could start voting and we could see some daylight.

AMENDMENT NO. 2169

Mr. DOMENICI. Mr. President, I am going to yield the floor, but I want to

make a parliamentary inquiry. Would the regular order bring the Kyl amendment now to the Senate?

The PRESIDING OFFICER. The Senator is correct. The Kyl amendment is in order. The Senator from Arizona is recognized for 1 minute.

Mr. KYL. Thank you, Mr. President.

Let me take about 30 seconds and then see if anyone on the other side wishes to speak to this. This is a very simple sense-of-the-Senate resolution, and I will read you what the sense is. I cannot imagine people would oppose this principle.

It is the sense of Congress that seniors have the right to see the physician or health care provider of their choice, and not be limited in such right by the imposition of unreasonable conditions on providers who are willing to treat seniors on a private basis. . .

Mr. President, there are a lot of details in legislation that might ultimately be passed that we can argue about, but I think there is no doubt that in expressing the principle, we can all be in agreement that just because one turns 65 and is eligible for Medicare does not mean they lose the right to see the physician of their own choice.

Mr. President, I reserve the remainder of my time and will see if there is anyone who wishes to speak in opposition.

The PRESIDING OFFICER. Who yields time?

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The distinguished minority leader.

Mr. DASCHLE. I understand we have 1 minute in response.

Let me just say, this is not in any way, shape or form an amendment designed to provide patients with more choice. This will leave seniors totally uncertain about what their Medicare will cover and let doctors determine the degree of Medicare coverage each beneficiary will have. That is what this is about: Jeopardizing patients' rights, putting them in a very uncertain set of circumstances, taking away the certainty and the confidence they have when they are in a doctor's office or in a hospital or in an operating room that Medicare will pay their bills. Let us not jeopardize those patients' rights or their confidence when they are sick that the Medicare Program is working for them.

Mr. GRASSLEY. Mr. President, I want to express my support for Senator KYL's amendment establishing a sense of the Congress regarding Medicare beneficiaries freedom to privately contract with physicians. I understand there has been a lot of misinformation about private contracting and the Balanced Budget Act provision. But the fundamental issue behind this debate has always been clear. What this really boils down to is what is the appropriate role of the government. And I just don't believe that the federal government should tell seniors how they can or cannot spend their own hard earned money. While the Balanced Budget Act

allows private contracting on a limited basis, most beneficiaries will not have this freedom because physicians who privately contract will have to opt out of the Medicare program for 2 years. Most physicians won't be able to do that, and most beneficiaries would not want their doctor to do this. Therefore, I support the Kyl amendment to give seniors the freedom of choice to privately contract.

Mr. MURKOWSKI. Mr. President, this past New Year rang in a harsh reality for senior citizens of America: As of January 1, 1998, senior citizens, for all practical purposes, have been stripped of a health care right afforded to any other insured American—the right to pay out-of-pocket for the doctor of their choice.

I am outraged over this provision—a provision that was added into the Balanced Budget Act of 1997 in the twelfth hour of negotiations between the White House and Congress.

The provision prohibits doctors who privately contract from treating Medicare patients for a period of two years. Therefore, it is now unlawful for a doctor to take a private payment from a Medicare-eligible patient if during the previous two years he has billed Medicare for any service rendered to a patient over the age of 65.

What is the reality of the provision? The reality is that it will be almost impossible for a senior citizen to contract privately for medical services because few or no physicians are going to be able to make ends meet if they can't accept Medicare patients for two years. The reality is that, unlike every other insured American, senior citizens have now lost a significant right—a right of choice in who provides their health care.

Currently seniors are being prohibited from going outside of the Medicare system for procedures that are not covered by Medicare. For example, if a senior fell and broke his hip, Medicare only reimburses for the lowest-cost hip prosthesis. Since seniors cannot pay extra to upgrade, they must settle for lower quality. (Private contracting would enable them to opt for quality.)

Why is the federal government making that decision for seniors? If a 75-year-old woman in Fairbanks, Alaska, fell and broke her hip, do you think that the government is competent enough to decide what hip prosthesis is best for her to gain the best mobility for the rough weather conditions of Fairbanks?

Last week I turned 65 years old. The week before—when I was still 64 years old—I could choose any doctor I wanted and pay for that doctor in any manner I wanted. But now I'm 65, and the federal government is suddenly telling me I can't make my own medical decisions—that I no longer may enter into a private contract with my doctor.

Mr. President, I ask you, isn't this a form of age discrimination against seniors? How can the Health Care Financing Administration restrict such a fundamental liberty—the freedom to

choose the care and quality of health providers?

The need for a senior citizen to be able to privately contract is magnified in Alaska. Alaska has no HMOs, physician shortages exist in two-thirds of the state and health care costs that are on average 70 percent higher than the rest of the country.

All these factors combine to create a system where doctors can't afford to treat Medicare patients—which means that patient choice for Alaskan seniors is extremely limited. I've received letters from Alaskans who have been turned down by three or four physicians—because the doctors cannot afford new Medicare patients.

I am pleased with Senator Kyl's sense of Congress—I believe it is an important stand for Congress to make. The body must do all it can to ensure that Medicare-eligible beneficiaries who choose to pay out of pocket will have an unrestricted right to health care.

Mr. President, even in the socialized medical system of Great Britain, choice is offered to the elderly. In Great Britain, a senior citizen has the choice to pay privately for his or her medical services. Don't the elderly of America deserve that same choice?

Mr. DODD. Mr. President, today I rise to express my opposition to Senator KYL's sense of the Senate Amendment to the Budget Resolution. While this amendment raises important concerns about the scope of seniors' choices in determining their personal health care needs, this proposal may actually restrict the health care options available to our nation's senior citizens and undermine the quality of care afforded all Medicare beneficiaries.

Initially, Senator KYL's amendment simply seems to endorse the important role of choice for seniors when making critical decisions about their personal health. I strongly support efforts to increase the health care options available to Medicare beneficiaries and improve the quality of health care that seniors receive. However, this amendment would move us in the wrong direction. With approximately 96 percent of physicians treating Medicare patients presently, choice of physicians does not appear to be a problem for Medicare beneficiaries. In reality, Medicare allows seniors to choose the doctor of their choice along with providing protections that shield Medicare beneficiaries from unnecessarily high out-of-pocket costs. Ironically, in many ways, Senator KYL's amendment is a problem in search of a solution.

Senator KYL's legislation specifically supports private contracting between physicians and patients for services traditionally covered by Medicare. By allowing doctor's to privately contract for these services, this amendment could effectively remove consumer protections designed to protect seniors' from excessive out-of-pocket costs. These protections are critically impor-

tant to the elderly who rely on the affordable and high-quality care that Medicare provides. Private-contracting for Medicare-covered services would cause seniors to pay 100 percent of any given health care service or benefit. Few seniors can afford or have any desire to pay, such exorbitantly high-rates. It is also important to note that seniors' are perfectly free to contract privately with their doctor on health care benefits not covered by Medicare such as routine physical exams, eye care, and prescription drugs. However, by permitting doctors to charge their Medicare patients whatever they wish for Medicare-covered health care services, we would be subjecting seniors' to unnecessarily high-out of pocket costs and would compromise the quality of care afforded to all Medicare beneficiaries.

I am also deeply concerned that this initiative would create a two-tiered health care system for the elderly, threatening the quality of care afforded all Medicare beneficiaries. Private contracting could create an incentive for wealthier and healthier beneficiaries to opt out of the Medicare program. This could lead to a health care system that provides high-quality coverage to those seniors' who could afford the high out-of-pocket costs associated with private-contracting, while leaving the majority of Medicare beneficiaries with substandard care. Almost 70 percent of Medicare beneficiaries have an annual income under \$25,000. It is simply unconscionable for these seniors of modest means to be subject to paying 100 percent of their health care bill to services that are normally covered under the Medicare program. Additionally, the implementation of a private-contracting system would provide an incentive for doctor's to give priority to those Medicare beneficiaries who can afford to pay for it at the expense of providing quality and affordable care to the majority of Medicare beneficiaries.

Additionally, the Kyl amendment would offer the potential for increased fraud and abuse within the Medicare program. The Medicare system is already fraught with staggering levels of fraud and abuse. According to the Inspector General of the U.S. Department of Health and Human Services, \$23.2 billion annually is wasted on fraud and abuse in the Medicare program. Given the financial challenges that face the Medicare program in the near future, this level of abuse is unacceptable. Allowing physicians to set their own payment rates for certain patients, while simultaneously permitting them to submit claims to Medicare for the treatment of traditional Medicare beneficiaries for the very same procedures, would create the opportunity for double billing, a serious form of fraud and abuse. While we should be moving to prevent fraud and abuse in the Medicare system, private contracting would offer the potential for increased fraud in the Medicare system.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Yes. I want to point out that the pending amendment is not germane, and I raise a point of order that the amendment violates section 305(b)(2) of the Congressional Budget Act.

The PRESIDING OFFICER. The point of order is not sustained.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Might I inquire, how much time is remaining?

The PRESIDING OFFICER. The Senator has some 20 seconds.

Mr. KYL. Thank you.

I want to respond to the distinguished minority leader.

It is true that legislation that would actually change the law would certainly have to consider all kinds of issues dealing with fraud and abuse and similar questions that the distinguished minority leader has raised. We can have that debate at the time such legislation might come before us.

What is before us today is simply a sense of the Senate, an expression of a principle that it is the sense of Congress that seniors have the right to see the physician or health care provider of their choice. I hope we can at least agree on that basic principle.

Thank you, Mr. President.

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 2169, the Kyl amendment.

Mr. LAUTENBERG. Mr. President, before we call the roll, I ask unanimous consent that the Senator from Washington be able to send up two amendments.

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

AMENDMENTS NOS. 2216 AND 2217, EN BLOC

Mrs. MURRAY. Mr. President, I send two amendments to the desk and ask unanimous consent that they be laid aside.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY] proposes amendments numbered 2216 and 2217.

Mrs. MURRAY. I ask unanimous consent reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 2216

(Purpose: To increase Function 500 discretionary budget authority and outlays to accommodate both President Clinton's investments in education and the \$2.5 billion increase assumed by the resolution for IDEA)

On page 16, line 9, increase the amount by \$2,088,000,000.

On page 16, line 10, increase the amount by \$81,000,000.

On page 16, line 13, increase the amount by \$1,776,000,000.

On page 16, line 14, increase the amount by \$1,487,000,000.

On page 16, line 17, increase the amount by \$1,437,000,000.

On page 16, line 18, increase the amount by \$1,686,000,000.

On page 16, line 21, increase the amount by \$593,000,000.

On page 16, line 22, increase the amount by \$1,301,000,000.

On page 25, line 8, strike "\$300,000,000" and insert "\$2,388,000,000."

On page 25, line 9, strike "\$1,900,000,000" and insert "\$1,981,000,000."

On page 25, line 12, strike "\$1,200,000,000" and insert "\$2,976,000,000."

On page 25, line 13, strike "\$4,600,000,000" and insert "\$6,087,000,000."

On page 25, line 16, strike "\$2,700,000,000" and insert "\$4,137,000,000."

On page 25, line 17, strike "\$3,000,000,000" and insert "\$4,686,000,000."

On page 25, line 20, strike "\$3,800,000,000" and insert "\$4,393,000,000."

On page 25, line 21, strike "\$7,000,000,000" and insert "\$8,301,000,000."

AMENDMENT NO. 2217

(Purpose: To express the sense of the Senate regarding the expansion of Medicare benefits)

At the end of title III, add the following:

SEC. ____ SENSE OF THE SENATE ON EXPANDING MEDICARE BENEFITS.

(a) FINDINGS.—The Senate finds the following:

(1) In the 1997 Balanced Budget Agreement, changes were made to Medicare that extended the solvency of the Trust Fund for 10 years.

(2) The Medicare Commission, also established in the Balanced Budget Agreement, has just started the task of examining the Medicare program in an effort to make sound policy recommendations to Congress and the Administration about what needs to be done to ensure that Medicare is financially prepared to handle the added burden when the baby boomers begin retiring.

(3) The problems facing Medicare are not about more revenues. The program needs to do more to improve the health care status of retirees and give them more choices and better information to make wise consumer decisions when purchasing health care services.

(4) Improving the health care status of senior citizens would ensure additional savings for Medicare. Helping seniors stay healthier should be a priority of any legislation aimed at protecting Medicare.

(5) In order to keep seniors healthier, Medicare has to become more prevention based. Currently, Medicare offers very few prevention benefits. As a result, seniors are often sicker when they seek care or are hospitalized.

(6) If the objective is to use tobacco revenues to save Medicare, a portion of these new revenues must be allocated to expanding prevention benefits.

(7) Preventing illnesses or long hospital stays or repeated hospital stays will save Medicare dollars.

(8) Medicare cannot be saved without structural changes and reforms. Simply using a new Federal tax to prop up Medicare will not extend solvency much beyond a few months and will do little to improve the health status of senior citizens and the disabled.

(9) Congress should use these new revenues to expand prevention benefits to ensure that seniors are healthier and stronger. This is how we can truly save Medicare.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals underlying this resolution assume the allocation of a portion of the Federal share of tobacco revenues to expand prevention benefits for Medicare beneficiaries with an emphasis on improving the health status of Medicare

beneficiaries and providing long term savings to the program.

The PRESIDING OFFICER. Without objection, the two amendments are laid aside.

VOTE ON AMENDMENT NO. 2169

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2169, the Kyl amendment. The yeas and nays have been ordered. The clerk will call the roll.

Mr. FORD. I announce that the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Massachusetts (Mr. KERRY) are necessarily absent.

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

The result was announced—yeas 51, nays 47, as follows:

(Rollcall Vote No. 53 Leg.)

YEAS—51

Abraham	Gorton	Mack
Allard	Gramm	McCain
Ashcroft	Grams	McConnell
Bennett	Grassley	Murkowski
Bond	Gregg	Nickles
Brownback	Hagel	Roberts
Burns	Hatch	Roth
Campbell	Helms	Santorum
Coats	Hollings	Sessions
Cochran	Hutchinson	Shelby
Coverdell	Hutchison	Smith (NH)
Craig	Inhofe	Smith (OR)
DeWine	Jeffords	Stevens
Domenici	Kempthorne	Thomas
Enzi	Kyl	Thompson
Fairecloth	Lott	Thurmond
Frist	Lugar	Warner

NAYS—47

Akaka	Dorgan	Lieberman
Baucus	Durbin	Mikulski
Biden	Feingold	Moseley-Braun
Bingaman	Feinstein	Moynihan
Boxer	Ford	Murray
Breaux	Glenn	Reed
Bryan	Graham	Reid
Bumpers	Harkin	Robb
Byrd	Inouye	Rockefeller
Chafee	Johnson	Sarbanes
Cleland	Kerrey	Snowe
Collins	Kohl	Specter
Conrad	Landrieu	Torricelli
D'Amato	Lautenberg	Wellstone
Daschle	Leahy	Wyden
Dodd	Levin	

NOT VOTING—2

Kennedy Kerry

The amendment (No. 2169) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The distinguished majority leader.

Mr. LOTT. Mr. President, this is not aimed at any Senator or group of Senators, but it is so that we will all be on notice. In order to be able to complete this budget resolution, we are going to have to stick to the 15 minute-votes. I realize that there are markups going on and Senators have a lot of commitments, but for the remainder of today—Senator DASCHLE and I have talked about this—we think it is important we begin to stick to 15-minute votes or 10-minute votes if we have in a group stacked votes, so we will start

sticking pretty close to the time that is allocated.

Mr. FORD. Mr. President, will the majority leader yield for a question?

Mr. LOTT. I am glad to yield.

Mr. FORD. We are in a major markup in the Commerce Committee, and if there is any way you could stack a vote or two to let us come over and spend a few minutes and make several votes and then go back to the committee, I think it might be helpful, rather than having us run back and forth. There is hope we might be able to finish that markup, if not late tonight, tomorrow. I am not asking to change your schedule or your votes, just group them together sometime, if you could.

Mr. LOTT. Mr. President, if I could say to the Senator from Kentucky, they are certainly involved in very important work, and we will take that into consideration. As a matter of fact, we are going to enter a unanimous consent request that would allow us to stack some votes. Senator DASCHLE had suggested that, and it seems like a good way to proceed where we will have up to as many as, I think, four votes that are stacked.

Mr. FORD. I thank the Senator.

Mr. LOTT. Would the Democratic leader like to make a comment before I make the UC?

In order to ascertain the remaining workload then ahead of us to bring the budget resolution to conclusion, I now ask unanimous consent that all first-degree amendments must be offered by 6 p.m. this evening. I further ask that at 5:40 p.m. this evening the minority manager be recognized to offer any amendments necessary for the minority side of the aisle, and at 5:50 p.m. Senator DOMENICI be recognized for up to 10 minutes to offer amendments necessary at that point for the majority side.

I further ask that following the scheduled 2 p.m. vote today, all first-degree amendments be limited to 30 minutes, all second-degree amendments be limited to 20 minutes, with any votes ordered on any remaining amendments to be stacked in a sequence to be decided by the two managers. I further ask that the first vote in the stacked voting sequence be limited to 15 minutes and all remaining votes in the sequence be reduced to 10 minutes in length.

We hope they will stack as many as three and four in those groupings. But it will be up to them, after, of course, consulting with the leaders, to make sure we are taking into consideration other things that may be going on.

I finally ask that all time consumed during rollcall votes be counted against the overall statutory time limit and the new time restraints on first- and second-degree amendments expire at the conclusion or yielding back of the overall time limit.

The PRESIDING OFFICER. Is there objection?

Ms. MOSELEY-BRAUN. Mr. President, reserving the right to object—and

I will not object—I just want to make certain that the time agreement with regard to the schools amendment has been unchanged.

Mr. DASCHLE. That is correct.

Ms. MOSELEY-BRAUN. That is correct.

Mr. LOTT. That is correct.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

Mr. DASCHLE. Mr. President, I didn't want to object, and I was going to make that clarification following the conclusion of the request, but I would only add one clarification, which I know the majority leader will want to do, and that is to allow 1 minute prior to each vote in a stacked sequence, to be sure that we can explain the circumstances, as is normally our procedure in stacked votes. I know that colleagues on both sides of the aisle have requested that in the past.

With that understanding and also with the understanding, of course, that Senator MOSELEY-BRAUN would then be recognized following this UC to offer her amendment, I think this is a good plan and I commend all of those involved, especially our Chair and ranking member. Obviously, we won't get done with this unless we can find a way in which to manage more efficiently the time remaining. This does it, and I appreciate the cooperation of Members on both sides.

Mr. LOTT. Mr. President, I do amend the unanimous consent request to include the 1 minute before each vote and ask for a ruling now.

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

Mr. LOTT. I yield the floor, Mr. President.

Mr. DOMENICI. Mr. President, might I just ask—everybody might want to know this—if in fact we don't complete all the amendments under the prescription we have just agreed to, then if there are remaining amendments, this agreement does not pertain to this at all, that will be looked at by the Senate; we will get it done one way or another?

Mr. LOTT. That is correct. I think this is a very major step forward. We will still need to assess where we are tonight and in the morning. Any amendments still pending at the end, we will still have to deal with those in as orderly a fashion as we possibly can. But I think this will help us move a number of amendments so that we won't have as many amendments at the end of the session.

Mr. DOMENICI. Mr. President, I thank the distinguished majority leader and the minority leader for helping with this. Obviously, this is a much more orderly process, and I think it has a chance of working to the enhancement of the Senate's ability to do this work right.

I understand that the distinguished Senator from Illinois is going to call up an amendment, after which she is going to yield promptly so that Sen-

ator ROTH might speak for a few minutes, and then it will return to her for control of her time and we will have time on our side.

Ms. MOSELEY-BRAUN. Yes. I say to the Senator from New Mexico, I have been asked by the Senator from Delaware and the Senator from North Dakota as well as Senator ROTH—all three have business they would like to attend to before this amendment is taken up, and so I would suggest to the Senator from New Mexico that might be appropriate—let all three Senators go before this amendment is taken up.

Mr. DOMENICI. That is fine with me. I thought the minority leader had asked me to call her amendment up and then go ahead and yield this time. But if you want to do it another way—Senator ROTH, are you satisfied?

Mr. ROTH. I want to speak next.

Mr. DOMENICI. Would it be possible that we could agree then that if you are going to withhold until the following events occur, that Senator ROTH be permitted to speak for 15 minutes? But he would be preceded by two Senators who want to just offer amendments.

Mr. BIDEN. If the Senator will yield, I need 5 seconds, 10 seconds possibly.

Mr. DOMENICI. Is that possible?

Mr. KYL. Mr. President, might I clarify. I would like 5 seconds as well to offer an amendment.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

AMENDMENTS NOS. 2218 AND 2219

Mr. DORGAN. Mr. President, I ask unanimous consent the pending amendment be set aside that I may send two amendments to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes amendments numbered 2218 and 2219.

The text of the amendments follows:

AMENDMENT NO. 2218

(Purpose: To strike section 301 of the concurrent resolution, which expresses the sense of Congress regarding the sunset of the Internal Revenue Code of 1986, and replace it with a section expressing the sense of Congress that important tax incentives such as those for encouraging home ownership and charitable giving should be retained)

Strike page 33, line 3, through page 34, line 3, and insert the following:

SEC. 301. SENSE OF CONGRESS ON THE TAX TREATMENT OF HOME MORTGAGE INTEREST AND CHARITABLE GIVING.

(a) FINDINGS.—Congress finds that—

(1) current Federal income tax laws embrace a number of fundamental tax policies including longstanding encouragement for home ownership and charitable giving;

(2) the mortgage interest deduction is among the most important incentives in the income tax code and promotes the American Dream of home ownership—the single largest investment for most families, and preserving it is critical for the more than 20,000,000 families claiming it now and for millions more in the future;

(3) favorable tax treatment to encourage gifts to charities is a longstanding principle

that helps charities raise funds needed to provide services to poor families and others when government is simply unable or unwilling to do so, and maintaining this tax incentive will help charities raise money to meet the challenges of their charitable missions in the decades ahead;

(4) legislation has been proposed to repeal the entire income tax code at the end of the year 2001 without providing a specific replacement; and

(5) recklessly sunsetting the entire income tax code threatens our Nation's future economic growth and unwisely eliminates existing tax incentives that are crucial for taxpayers who are often making the most important financial decisions of their lives.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the levels in this resolution assume that Congress supports the continued tax deductibility of home mortgage interest and charitable contributions.

AMENDMENT NO. 2219

(Purpose: To establish a reserve fund for health research at the National Institutes of Health, funded by receipts from tobacco legislation)

At the appropriate place in the resolution, insert the following:

SEC. . HEALTH RESEARCH RESERVE FUND.

(a) IN GENERAL.—In the Senate, revenue and spending aggregates may be adjusted and allocations may be adjusted for legislation that reserves 21 percent of the Federal share of receipts from tobacco legislation for the health research purposes provided in subsection (b), provided that, to the extent that this concurrent resolution on the budget does not include the costs of that legislation, the enactment of that legislation will not increase (by virtue of either contemporaneous or previously-passed deficit reduction) the deficit in this resolution for—

- (1) fiscal year 1999;
- (2) the period of fiscal years 1999 through 2003; or
- (3) the period of fiscal years 2004 through 2009.

(b) ELIGIBLE HEALTH RESEARCH.—Of the receipts from tobacco legislation reserved pursuant to subsection (a), the following amounts may be used for the following purposes:

(1) 7.5 percent of such receipts to fund research into the prevention and cure of cancer;

(2) 7.5 percent of such receipts to fund research into the prevention and cure of heart disease, stroke, and other cardiovascular diseases;

(3) 2 percent of such receipts, to be allocated at the discretion of the Director of the National Institutes of Health, to fund the responsibilities of this office and to fund construction and acquisition of equipment or facilities for the National Institutes of Health;

(4) 2 percent of such receipts for transfer to the National Center for Research Resources to carry out section 1502 of the National Institutes of Health Revitalization Act of 1993;

(5) 1 percent of such receipts to fund prevention research programs at the Centers for Disease Control and Prevention;

(6) 1 percent of such receipts to fund quality and health outcomes research at the Agency for Health Care Policy and Research; and

(7) the remainder of such receipts to fund other member institutes and centers, including the Office of AIDS Research, of the National Institutes of Health in the same proportion to such remainder, as the amount of annual appropriations under appropriations acts for each member institute and center for a fiscal year bears to the total amount of appropriations under appropriations acts for

all member institutes and centers for that fiscal year.

(C) REVISED LEVELS, AGGREGATE AND ALLOCATIONS.—

(1) ADJUSTMENTS FOR LEGISLATION.—Upon the consideration of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately-revised allocations under Section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section.

(2) ADJUSTMENTS FOR AMENDMENTS.—If the Chairman of the Committee on the Budget of the Senate submits an adjustment under this section for legislation in furtherance of the purposes described in subsection (b), upon the offering of an amendment that would necessitate such submission, the Chairman shall submit to the Senate appropriately-revised allocations under Section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section.

(3) RULE OF CONSTRUCTION.—Revised allocations, functional levels and aggregates submitted or filed pursuant to this subsection shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels and aggregates contained in this resolution.

(C) REPORTING REVISED ALLOCATIONS.—The appropriate committees shall report appropriately-revised allocations pursuant to Section 302(b) of the Congressional Budget Act of 1974 to carry out this section.

(d) APPLICATIONS OF SECTION 202 OF H.CON.RES. 67.—Section 202 of H.Con.Res. 67 (104th Congress) shall not apply for purposes of this section.

Mr. DORGAN. I ask unanimous consent they be set aside.

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

The Senator from Delaware is recognized.

AMENDMENT NO. 2220

(Purpose: To permit the use of Federal tobacco funds to reimburse the Veterans Administration for the costs of treating smoking-related illnesses)

Mr. BIDEN. Mr. President, I ask unanimous consent that the pending amendment be set aside temporarily so I may offer an amendment.

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

Mr. BIDEN. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Delaware [Mr. BIDEN] proposes an amendment numbered 2220.

Mr. BIDEN. 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:

On page 28, line 5, before the period insert "and Veterans Administration health care".

Mr. BIDEN. I further ask that my amendment be set aside.

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

The Senator from Arizona.

AMENDMENT NO. 2221

(Purpose: To express the sense of the Senate supporting a supermajority requirement for raising taxes)

Mr. KYL. Mr. President, I ask unanimous consent that the pending amend-

ment be set aside for the purpose of offering an amendment, which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. KYL], for himself, Mr. GRAMS, Mr. HELMS, Mr. BROWNBACK, and Mr. HAGEL, proposes an amendment numbered 2221.

The text of the amendment follows:

At the end of title III, add the following:

SEC. . SENSE OF THE SENATE REGARDING A SUPERMAJORITY REQUIREMENT FOR RAISING TAXES.

(a) FINDINGS.—The Senate finds that—

(1) the Nation's current tax system is indefensible, being overly complex, burdensome, and severely limiting to economic opportunity for all Americans;

(2) fundamental tax reform should be undertaken as soon as practicable to produce a tax system that—

(A) applies a low tax rate, through easily understood laws, to all Americans;

(B) provides tax relief for working Americans;

(C) protects the rights of taxpayers and reduces tax collection abuses;

(D) eliminates the bias against savings and investment;

(E) promotes economic growth and job creation;

(F) does not penalize marriage or families; and

(G) provides for a taxpayer-friendly collections process to replace the Internal Revenue Service; and

(3) the stability and longevity of any new tax system designed to achieve these goals should be guaranteed with a supermajority vote requirement so that Congress cannot easily raise tax rates, impose new taxes, or otherwise increase the amount of a taxpayer's income that is subject to tax.

(b) SENSE OF SENATE.—It is the sense of the Senate that the assumptions underlying the functional totals of this resolution assume fundamental tax reform that is accompanied by a proposal to amend the Constitution of the United States to require a supermajority vote in each House of Congress to approve tax increases.

Mr. KYL. I ask that the amendment be temporarily laid aside.

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

The Senator from Delaware.

Mr. ROTH. Mr. President, this budget resolution contains some provisions that I applaud, but it falls short in several areas: first, the proposed tax cuts are too small to provide the relief that taxpayers need and deserve; second, it does not adequately restrain the growth and reach of the Federal Government. Third, it is not what the hardworking men and women of America desire nor deserve. They deserve better.

The current economic expansion is now 84 months old, the third longest on record. Overall growth rate has been relatively steady and moderate. In the last three months alone, more than one million new jobs have been created, while the unemployment rate has been reduced to a 24-year low. In addition, inflation as measured by the CPI is only 1.6 percent.

In the midst of this prosperity our citizens are burdened by levels of tax-

ation that are increasingly oppressive—all to satisfy the appetite of the Federal behemoth. This condition runs contrary to counsel handed down from President Jefferson—counsel we would do well to heed as we move forward with the budget debate. In his First Annual message to the Congress, President Jefferson wrote that the object of congressional efforts should be "to preserve the general and State governments in their constitutional form and equilibrium; to maintain peace abroad, and order and obedience to the laws at home; to establish principles and practices of administration favorable to the security of liberty and prosperity, and to reduce expenses to what is necessary for the useful purposes of government."

These are among the core principles which have thus far separated our nation from the rest of the world.

It is up to this Congress to apply President Jefferson's principle to "reduce expenses to what is necessary for the useful purposes of government." All else should remain in the hands of our citizens.

Today, revenue levels are at all time highs, approaching 20 percent of GDP in both this fiscal year and the next. Not only are these levels high in historical terms, they are unprecedented for a peace-time economy. In fact, the only time in this century that revenues were higher was during World War II.

Unfortunately, this does not appear to be an anomaly; the Congressional Budget Office projects that unusually high levels of revenue will continue to be extracted from taxpayers for the foreseeable future.

It is worth noting, Mr. President, that these very same revenues are largely responsible for the budget surplus that has generated so much excitement here in Washington. In fact, the current surplus is mainly attributable to additional unanticipated revenues of about \$72 billion in 1997, rather than the effect of spending cuts. It is also worth noting that these revenues have been fueled mainly by our strong economic growth in the last year.

Yet, despite the record high level of revenues that the Federal Government now collects to feed its appetite for spending, we are told that we need additional Federal programs! Over the past 2 months, President Clinton has engaged in a well orchestrated campaign to secure approval for spending billions of dollars more on new and expanded government programs. He has set a trap for the American people by promising to do more for them in exchange for higher taxes on their capital and labor.

We have balanced the Federal budget. But that is only one of the steps to be taken to meet Jefferson's objective. We must go on to examine whether the current size and breadth, let alone further expansion, of the Federal Government for these purposes justifies the taxation on the toil of our fellow citizens. Let's never forget that the revenue collected by Washington does not

belong to the Federal Government; it belongs to the hard-working men and women of this country.

Mr. President, the budget resolution should allow for immediate and significant tax relief for American taxpayers. However, the \$30 billion of tax cuts proposed in the current resolution are not sufficient to provide this relief.

I would like to see this budget resolution contain total tax cuts of at least \$65 billion over 5 years. These cuts could take a number of forms, including marriage penalty reforms, family tax relief, and savings and investment incentives.

For example, half of American families face the marriage penalty. The Congress proposed to phase out the marriage penalty for non-itemizers as part of the 1995 Balanced Budget Act, but the proposal was vetoed by President Clinton. In addition to marriage penalty relief, consideration could be given to tax relief for families such as a child care credits for both stay-at-home parents and working parents. Ultimately, whatever the final form that tax cuts take, the crucial consideration is that they be substantive and immediate.

However, we are limited in the ways that we can offset these tax cuts. While the President's Fiscal Year 1999 budget contains a number of revenue raisers, many are rehashed, or controversial proposals that have failed before due to opposition on both sides of the aisle.

We also cannot look to the spending programs within the jurisdiction of the Finance Committee for savings. We are all firmly committed to protecting the reforms we have made to the Medicare, Medicaid and welfare programs, and should make no further changes at this time. In my opinion, the best option is for the cuts to be offset through the use of a portion of the tobacco settlement revenues.

While the lack of meaningful tax relief is my main objection to this budget resolution, I am also disappointed to see that there is no provision to make better use of the budget surplus.

We should not simply spend this surplus, or set it aside; we can do better for our families and the future. I strongly believe that the most productive use of these surpluses is to fund individual Social Security investment accounts for all workers who contribute to the payroll tax. Therefore, Mr. President, I will be offering a sense-of-the-Senate amendment to instruct the Finance Committee to report a Social Security bill this year. The bill would dedicate the budget surplus to fund Social Security personal retirement accounts. Equally important, my bill will place the Senate on record for putting these surpluses to work for the American taxpayers, and not simply setting them aside to be spend on other less important priorities than social security.

Finally, Mr. President, I must express my concern over some of the methods for shifting funds around

under the budget resolution. Budget rules should not be invented to give authority to one committee to achieve budget savings under the jurisdiction of another committee. More specifically, this resolution gives control over the Medicaid program and welfare programs to the Appropriations Committee. Moreover, savings are to be achieved through administrative reforms which may prove to be unfair and unworkable with our partners, the states. Reforming Medicaid and finding program savings in the child support enforcement system or finding other alternatives should be a task for the committee of jurisdiction—namely the Finance Committee.

Mr. President, the American people expect more from us. And it is incumbent upon us to see that they get it.

Mr. President, I yield the floor. I make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DURBIN. Mr. President, it is my understanding the Senator from Illinois, under the rule previously agreed to, has 2 hours for debate on her amendment?

The PRESIDING OFFICER. Two hours.

AMENDMENT NO. 2175

Ms. MOSELEY-BRAUN. Mr. President, I thank the Senator from Illinois. I call up amendment No. 2175 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois [Ms. MOSELEY-BRAUN] proposes an amendment numbered 2175.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in the March 30, 1998 edition of the RECORD.)

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that Senators DASCHLE, KENNEDY, HARKIN, and MURRAY be added as cosponsors of this amendment.

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

Ms. MOSELEY-BRAUN. Mr. President, I yield myself as much time as I may require, until such time as someone else comes up to speak.

This amendment expresses the sense of the Senate that the fiscal year 1999 budget resolution assumes that we will enact legislation creating a partnership between State and local governments and the private sector to rebuild

and modernize our schools and classrooms for the 21st century. The amendment calls for the enactment of legislation similar to S. 1705, the Public School Modernization Act of 1998, which I have introduced along with a number of my colleagues. Our bill would establish a simple and effective means of helping communities modernize and revitalize their schools.

The bill creates a new category of zero coupon bonds for States and school districts to issue to finance capital improvements. States and school districts would be able to issue \$21.8 billion worth of these bonds over the next 2 years. Purchasers of the new bonds would receive Federal income tax credits in lieu of interest, thereby cutting the cost of upgrading the schools by at least a third and in some cases up to 50 percent. The bill will cost the Federal Government only \$3.3 billion over five years.

This amendment to the budget resolution is the first step toward enacting that legislation. It sends a signal that we in the Senate are serious about improving education in America.

I call your attention to this report card for America's infrastructure. You will notice that school buildings get a failing grade; mass transit got a grade of C—we have taken up the infrastructure needs for mass transit; bridges, a C-minus; solid waste, a C-minus; waste water treatment, D-plus; roads, D-minus—but schools get an F. We are literally sending our children to crumbling schools in which education becomes well-nigh impossible.

Those children—14 million of them, in fact—every day attend schools that are so deteriorated that they do not even meet basic code; 14 million children in this country every day attend schools which are that dilapidated, Mr. President. From all indications, in failing to provide for the modernization, renovation and repair of school facilities, we are literally causing these children to get less educational opportunity than they should be entitled to, but we are also hampering our Nation's ability to be competitive in the 21st century.

At no point in our history has education been more important to both individual achievement or national prosperity. As H. G. Wells wrote nearly 80 years ago: "Human history becomes more and more a race between education and catastrophe."

Education in America correlates with opportunity for individuals, for families and for our entire Nation. Indeed, the rungs on the ladder of opportunity in America are crafted in the classroom. It is very clear that high school graduates earn more money over the course of a lifetime. As a matter of fact, every year they earn 46 percent more than people who do not graduate from high school. College graduates earn 155 percent more than those who do not complete high school. And, of course, over the course of a lifetime, the most educated Americans will earn

five times as much as the least educated Americans. That is on an individual level.

The truth is that education correlates with every indicia of economic and social well-being. Educational attainment can be tied directly to income, to health, to the likelihood of being on welfare, to the likelihood of being incarcerated, and even to the likelihood of voting and participating in our democracy.

It is, however, more than a tool to lift people out of poverty or to have a better standard of living. It is also the engine that will drive America's economy into the 21st century. In a Wall Street Journal survey last year of leading economists, 43 percent of them said the single most important thing we could do to increase our long-term economic growth rate would be to invest more in education, research and development. Nothing else came even close in the survey. One economist said:

One of the few things economists will agree upon is the fact that economic growth is very strongly dependent on our own abilities.

Another study, looking at the changing nature of the American work force, said:

The crucial factor accounting for long-term success in the work force is a basic education provided at the primary and secondary levels.

Of course, a recent study by the Manufacturing Institute confirmed that claim. It concluded that increasing the education level of workers by just 1 year raises the productivity level by 8.5 percent in manufacturing.

If we fail to invest in education, we will put our Nation's economic future at risk. Unfortunately, too many of our schools, again, are not in adequate physical condition to meet the educational needs of our children. Too many of our schools are literally crumbling down around the students.

The General Accounting Office, which did a major study, a landmark study, on this issue found that 14 million children attend schools in need of major renovation or outright replacement. Some 7 million children every day attend schools with life-threatening safety code violations. And they concluded that it will cost \$112 billion just to bring our schools up to code—\$112 billion across the country just to bring our schools up to code. That does not equip them with computers. That is not bells and whistles. That is just to address the toll that decades of deferred maintenance has taken. So this F relates to the \$112 billion demand on us as Americans just to get our schools up to code in this country.

I say "the country" broadly, and the truth is that crumbling schools are to be found in every corner of America. Again, according to the GAO, some 38 percent of schools in urban areas are in this kind of dilapidated condition; 30 percent of rural schools are in the same condition; and 29 percent of suburban schools are in the worst condition.

Again, this is not statistically all that different between 29 percent in the suburbs, 30 percent in rural areas and 38 percent in urban areas.

Mr. President, the problem with crumbling schools has become so widespread that even Peppermint Patty in the Peanuts cartoon has a leaky school roof. Take a look here. In this series of Peanuts cartoon, Peppermint Patty and her friend Marcie express their frustration over the fact that they cannot get anyone to repair the leaky roof. "It's keeping me awake." The roof is leaking. They still don't take it.

Marcie forgot to mention the repair of the roof as she talked about the fact that the children were having difficulty learning. But the truth of the matter is that we cannot forget about the fact that our schools are dilapidated.

In my State of Illinois, school modernization and construction needs top \$13 billion. Many of Illinois' school districts have a difficult time even buying textbooks and pencils, much less financing major capital improvements. This legislation would free up local resources in my State for education by providing Federal support for rebuilding the schools.

This \$112 billion national school repair price tag, as enormous as it may sound, again, does not include the cost of wiring schools and getting them up to speed for modern technology. One of the greatest barriers to the incorporation of modern computers into classrooms is that the physical condition of many school buildings will not allow for it. You cannot very well use a computer if you cannot plug it into the wall.

Again, to quote the General Accounting Office, almost half of all schools lack enough electrical power for the full-scale use of computers; 60 percent of them lack enough conduits in the school to connect classroom computers to a network; and 60 percent of schools lack enough phone lines for instructional use.

Last year, a teacher from Waukegan, IL, came to Washington and was talking about the use of computers in the school and that when they plugged in the computers, when they deployed the computers around the school, fires started all through the school because the wiring was so old.

That situation is replicating itself all over the country. We are seeing situations in which the schools cannot give our children the tools they need to learn so that they can compete in this 21st century because the physical structures simply will not allow it.

This legislation also will give communities the power to relieve overcrowding. Again, according to the Department of Education, enrollment this year is at an all-time high and will continue to grow over the next 10 years. Just to keep up with growing enrollment, we will need to build 6,000 new schools over the next 10 years.

Again, in my State, I visited schools where study halls are held in the hall-

ways because there is no other space. I have seen stairway landings converted into computer labs, cardboard partitions used to turn one classroom into two. There is one school where the lunchroom has been converted into two classrooms, where the students eat in the gymnasium, and instead of gym, they have what is called "adaptive physical education" while they stand next to their desks.

One youngster from Virginia talked about the fact that the congestion in his school is so profound that the kids get into fights in the hallway, and they call it "hall rage," when there is just too much human presence for them to walk around the hallways and they get into disruptive behavior.

The teachers and parents know full well these conditions directly affect the ability of their children to learn, and the research, of course, has backed up that intuition. Two separate studies found a 10 to 11 percent achievement gap between students who attend school in good buildings and quality surroundings and those who attend school in poor buildings after accounting for all other factors.

Other studies have found that when the buildings are in poor condition, again, the students are more likely to misbehave. Three leading researchers recently concluded:

There is no doubt but that building condition affects academic performance.

Again, if we are going to address the need to provide our youngsters with quality education, we clearly have to look at the factors and the environment in which they are called upon to learn.

Just last month, the results came in on a set of international math and science tests. The results were, quite frankly, profoundly disturbing.

The results of that study placed American students at or near the bottom on every one of the math and science tests that were offered. This cannot be. We cannot go into the 21st century with our children performing below some less-industrialized countries because we do not provide a quality educational opportunity and, frankly, consistent educational opportunity throughout the country.

We know that we have some of the best schools in the world in this country on the one hand. I have some that I visited in the State of Illinois—the First in the World School. Those schools are in good condition, and the youngsters who go there have a great opportunity for education. They have scored above the international norm.

But at the same time we have the other instance of the crumbling schools, the dilapidated conditions and the poor performance across the board as well. We have this patchwork quilt of school facilities throughout the country. Again, I point out these facilities' problems are related to how we finance the system, how we pay for schools.

Crumbling schools are not just accidents; they are the predictable result

of the way we fund education. The current system was established a century ago when the Nation's wealth was measured in terms of landholdings. Wealth, of course, is no longer accumulated just in land, and the funding mechanism relying on the local property tax is just not appropriate, nor is it adequate.

The current school finance structure works against most American children and mitigates against most families' best efforts to improve local schools. Again, according to the General Accounting Office, poor and middle-class schools try the hardest to raise the revenue to get the money together to fix up their schools. But the system works against them.

In some 35 States, poor districts have higher tax rates than wealthy districts, but they raise less revenue because, of course, there is less property wealth to tax. Now, this local funding model does not work for school infrastructure, just as it would not work for highways or other infrastructure.

Imagine for a moment what would happen if we based our system of roads on the same funding model that we use for schools. If every community was responsible for the construction of and maintenance of the roads within its borders and no one else contributed, where we did not have a partnership, we relied on the local property tax, in all likelihood we would have smooth, good roads in the wealthy towns, a patchwork of mediocre roads in middle-income towns, and very few roads at all in poor communities.

Transportation, then, Mr. President, would be hostage to the vagaries of wealth and geography. Commerce and travel would be difficult and navigation of such a system would not serve the interests of our whole country.

Mr. President, unfortunately, that hypothetical situation that I have just described in terms of roads precisely describes our school funding system. Schools with a lot of wealth have good schools or are more likely to have good schools, middle-class schools have a patchwork, poor communities have little or nothing to point to.

Again, I made the point, as the GAO found, that the phenomenon of crumbling schools, the infrastructure, finds itself in all kinds of communities, suburban, rural and urban, but, again, it is based on the local property tax in the main.

The American Society of Civil Engineers released a report card on America's infrastructure, and, again, they found that the only category to get an F was the schools.

We have just recently acted, and the ranking member, the Senator from New Jersey, will point out that we just passed the ISTEA bill, the highway and mass transit bill, which addresses a number of these issues. The Senate passed that bill almost with unanimous support, and we put an additional \$214 billion into infrastructure in that legislation.

Schools, however, do not benefit from that bill, and that is why I believe we need to talk about a partnership to fund the redevelopment of our school infrastructure. Our children need the same level of commitment for school infrastructure as we have given to our highways.

I think the way we ought to look at this is not in the sense of finger pointing, saying it is the fault of the States or it is the fault of the local governments. I think, if anything, we need to engage a partnership in which we all contribute and we all weigh in to try to fix these schools and give our children an environment that is worthwhile to learn in.

We have a situation in which States—the argument has been made that school construction is just a State or a local responsibility. Some of my colleagues have argued that, notwithstanding the fact that the school districts face a maintenance backlog of \$112 billion—and, again, \$73 billion in new school construction needed—the States can meet these costs on their own and by themselves.

The truth is that this is not in the interest of our country, that we rely on the accident of State effort and the accident of geography and the accident of wealth in order to make certain that we address this national problem.

We have an interest, as citizens of this great country, to see to it that every child gets an opportunity to learn, that every child gets an environment in which learning can take place, and that every child no matter where they live in the United States is given a chance to take advantage of the new technologies that school modernization would allow.

The General Accounting Office found that only 13 of the States take a comprehensive approach to school modernization and construction. In 1994, for example, the States spent a total of \$3.5 billion on school repair and construction—\$3.5 billion. So again with \$112 billion worth of deferred maintenance, \$73 billion worth of needed new construction, the States alone will simply not be able to bear that economic burden.

Some of my colleagues have argued that because the economy is doing so well the States are now in a position to supplement what they spend on school facilities with funds from the surpluses that are beginning to accumulate in the State treasuries. Most States have a surplus. All but two States had some sort of surplus at the end of fiscal year 1997, ranging from a \$3.2 billion surplus in Alaska to a \$32 million surplus in Alabama. My own State of Illinois ended 1997 with a \$108 million surplus. But the sum total of all the surpluses put together is \$28.2 billion. If we were to spend every dime of every State's surplus on this issue, you would just begin to make a dent in it.

I think that the notion of the finger-pointing, the notion of blaming one level of Government or another, is

something that we, frankly, do not have time for. We do not have time for that argument any longer. I believe we have a responsibility to engage as a national community to work together, giving the States and the local governments control, certainly, giving them responsibility for making certain that the schools are rebuilt, but providing the financial help that we can at the national level in the simplest way possible.

We have the capacity, at the national level, to provide the funding leverage that this legislation will provide that will cost us \$3 billion to allow these local communities and school districts to go into the capital markets and raise \$22 billion. I think it just makes absolute sense, and I encourage my colleagues to support this sense-of-the-Senate amendment.

Mr. President, I now yield 5 minutes to the Senator from New Mexico, 2 minutes to the Senator from Washington, and such time to the Senator from California as she may require.

AMENDMENT NO. 2223

(Purpose: To establish a deficit-neutral reserve fund for civilian research and development)

Mr. BINGAMAN. Mr. President, before I give my few comments here in support of the amendment of the Senator from Illinois, I ask unanimous consent that it be in order that I send an amendment to the desk and then have that laid aside and then return to the amendment of the Senator from Illinois.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN] for himself and Mr. LIEBERMAN, proposes an amendment numbered 2223.

Mr. BINGAMAN. I ask unanimous consent that reading of the amendment be dispensed with and the amendment be set aside and we return to the amendment of the Senator from Illinois.

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

The amendment is as follows:

At the appropriate place, insert the following:

"SEC. . DEFICIT-NEUTRAL RESERVE FUND FOR CIVILIAN RESEARCH AND DEVELOPMENT.

"(a) IN GENERAL.—In the Senate, revenue and spending aggregates and other appropriate budgetary levels and limits may be adjusted and allocations may be revised for legislation to fund civilian scientific and technological research and development, to increase research and development for the health sciences, or to increase research and development to improve the global environment, provided that, to the extent that this concurrent resolution on the budget does not include the costs of that legislation, the enactment of that legislation will not increase (by virtue of either contemporaneous or previously-passed deficit reduction) the deficit in this resolution for—

"(1) fiscal year 1999;

"(2) the period of fiscal years 1999 through 2003; or

“(3) the period of fiscal years 2004 through 2009.

“(b) REVISED ALLOCATIONS.—

“(1) ADJUSTMENTS FOR LEGISLATION.—Upon the consideration of legislation pursuant to subsection (a), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately-revised allocations under section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this resolution.

“(2) ADJUSTMENTS FOR AMENDMENTS.—If the Chairman of the Committee on the Budget of the Senate submits an adjustment under this section for legislation in furtherance of the purpose described in subsection (a), upon the offering of an amendment to that legislation that would necessitate such submission, the Chairman shall submit to the Senate appropriately-revised allocations under section 302(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this section. These revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this resolution.

“(c) REPORTING REVISED ALLOCATIONS.—The appropriate committees shall report appropriately-revised allocations pursuant to section 302(b) of the Congressional Budget Act of 1974 to carry out this section.”.

AMENDMENT NO. 2175

Mr. BINGAMAN. Mr. President, I, first, say that putting together a budget resolution is a very complex, difficult process. I commend those who have worked on this, particularly my colleague from New Mexico for bringing in a budget resolution that is within the constraints of the balanced budget agreement. I think that is certainly progress and is to be commended. I am, however, troubled by many aspects of it. One aspect is that which is intended to be dealt with by this amendment by the Senator from Illinois.

I fear this budget does not reflect the forward-looking perspective that prepares us for the world that we are facing in the 21st century.

I do not think anyone would dispute the paramount importance of education, of research, and of a safe, healthy start for our children. The importance of those items, in my view, are not reflected in this budget. They are not given the priority they should be given in this budget.

Let me give a few examples. In the area of education, and, of course, the Senator from Illinois was talking about this general area of education, the President has proposed at least \$1.6 billion more than the Republican budget in 1999 for the budget functions that include education, training, and social services. The Republican budget does not increase Federal spending by 1 cent over last year's balanced budget amendment in that regard.

More specifically, the President and the Senate Democrats have put forth some very significant education proposals, one of which is this amendment

by the Senator from Illinois. The Republican budget does not give the same priority to those concerns. The Democratic alternative and this amendment propose to help communities to renovate and build school facilities, including BIA schools, which are very important in my home State of New Mexico. The Republican budget essentially ignores this request. The Democratic proposal provides for the hiring and training of 100,000 new teachers, which is projected to reduce the average class size in grades 1 through 3 from 22 students in a class to 18 students in a class. Again, the Republican budget ignores that proposal.

In addition, the Republicans claim they are providing an increase of \$2.5 billion over the freeze level during this 5-year period for the Individuals with Disabilities Act. It turns out that this funding does not keep pace with inflation.

While this resolution proposes to increase money for one type of block grant, the simple fact is that spending is cut significantly overall and that means that very important programs will have to be cut. Some of those programs—we are not clear as to which ones yet, of course, since that is not specified in the resolution—but some of those might include title I for disadvantaged children, Head Start, training and technology for teachers, and teacher quality.

The resolution also gives short shrift to child care, and again Senator DODD from Connecticut offered an amendment that I support in that regard.

With regard to tobacco, I am tremendously concerned that the budget as presently written precludes any meaningful consideration of programs to reduce teen smoking. While I strongly agree with the chairman of the Budget Committee that we must do something to fix our Medicare Program, I believe we do not need to do so at the expense of the current and future health needs of our children.

I commend our colleagues for the hard work that has gone into this resolution, but I do differ with my Republican colleagues about the ways in which we allocate spending in this bill. We are entering the 21st century as a strong and vibrant and growing economy, but we will only remain that way if we invest in the future and ensure that every American has the opportunity to take advantage of that growth. The way we do this is to focus on these areas of priority—education, training, and the needs of working families.

I hope we can adopt some amendments to this resolution that will allow us to do that more effectively.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

I rise in strong support of this amendment and offer my congratula-

tions to the Senator from Illinois for bringing this critical issue to the attention of the Senate and to the attention of the Nation. Certainly it is an issue of safety and health for many children across our country. For all of us who go out and visit schools on a regular basis, we see classrooms that are in cafeterias, in gymnasiums, and in closet space—of all things—all across this country, and that is wrong. This is an issue that has to be addressed.

Let me also bring to the attention of my colleagues the issue that many of us hear about—the high number of jobs that are available today in the area of technology. The ITEA recently put out a study showing there are 200,000 job openings today. These are \$40,000- to \$60,000-a-year jobs available in technology, yet we don't have the skills or students with the skills available to go into these jobs because they haven't had the education and the experience in their schools.

I have worked very hard to bring technology to the floor of the Senate as an issue. We have put computers into our schools, technology into our schools. In a few minutes, the Labor Committee will be working on the Reauthorization Act that includes my language to train teachers in technology throughout our schools, but if we don't pass the issue of school construction, far too many of our children will never have access to these skills because they are in classrooms where you cannot plug in a computer.

This issue is critical and I urge my colleagues to support it. I, again, thank my colleague from Illinois for bringing it to our attention and appreciate her long concern and work on this issue.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. Mr. President, I rise to speak in support of this amendment, and in particular to thank my friend and colleague, the senior Senator from Illinois, for her hard work. I am aware that there is another school construction amendment. It is known as the Roth amendment. It is part of the Coverdell tax bill. These amendments, in my view, complement one another.

What the Senator from Illinois has done is structure an amendment so it really benefits some of the older, more stressed urban school districts in America. What the other amendment would do is stress the smaller, suburban rural areas where there is substantial growth going on. So between the two of them, they provide to the States and the cities and the counties of America a truly major, major commitment to new school construction.

This is a \$21.8 billion authority for State and local governments to issue bonds to construct and rehabilitate schools. For California alone, this would mean \$2.2 billion in bonds. It is the most of any State. Thirty-five percent of these bonds would be used by

the 100 largest school districts based on their ESEA title I funding which assists disadvantaged children; 65 percent would be distributed by States based on their own criteria; in addition, the Secretary of Education could designate 25 additional districts based on the State's share of Elementary and Secondary Education Act title I grants, excluding the 100 largest districts.

Under this amendment, California school districts are really helped. Bakersfield would get \$19 million; Compton, \$30 million; Fresno, \$56 million; Long Beach, \$48 million; Los Angeles, deeply troubled, and I will show you why in a moment, \$488 million; Montebello, \$22 million; Oakland, \$35 million; Pomona, \$18 million; Sacramento, \$31 million; San Bernardino, \$32 million; San Diego, \$69 million; San Francisco, \$28 million; Santa Ana, \$27 million; and Stockton Unified, \$24 million.

This proposal, again, helps the large urban poor districts. California's public school enrollment, much of it in these districts alone, between 1997 and the year 2007, is going to grow by almost 16 percent. That is triple the national projected rate of growth of 4.1 percent. California schools will grow three times faster than schools in the rest of the United States.

Each year, between 160,000 and 190,000 new students will come into California schools. The high school enrollment is projected to increase by 35 percent by 2007. Approximately 920,000 students—that is almost 1 million—are to be admitted to schools in the State during that period, boosting total enrollment from 5.6 million to 6.8 million.

Our school population is bigger than the population of most of the States. That is how important this bill is to California. California needs to build 7 classrooms a day, at 25 students per class, just to keep up with the average growth that is going to take place. We need to build 327 schools over the next 3 years just to keep pace with the growth that is going to take place. We have the largest class sizes in the Nation. Students are crammed into every available hallway, assembly room, and many of them in temporary buildings. Los Angeles—and this is staggering—Unified School District has 560,000 seats for 681,000 students. That means they don't even have seats for 120,000 students. So the absence of seats in Los Angeles is bigger than most of the school districts in a State. And this is just one city in the State.

I could go on and on with examples. But of 60 percent of the schools over 30 years old, most do not have modern infrastructure. Eighty-seven percent of the schools need to upgrade and repair buildings. The California Department of Education estimates that this State—one State alone—just to stay even, needs \$22 billion during the next decade to modernize public schools and an additional \$8 billion just to meet enrollment growth. That is \$30 billion in the next decade just to stay even.

I have heard a lot of talk on this floor about education, and I can say only one thing: If you talk education and you have crowded and dilapidated schools and you don't have seats for the children in the schools, there is only one thing you can really do, and that is put your money where your mouth is. This is the first step toward "putting your money where your mouth is" amendment.

I am so proud of the Senator from Illinois. There is no single piece of legislation, there is no single amendment on any bill, that will help the school system of the great State of California more than the Moseley-Braun amendment. I want to make that crystal clear.

Here is what it costs. I mentioned the cost and that we need \$30 billion just to stay even. Here is what it costs to build a school in California: An elementary school, \$5.2 million; a middle school, \$12 million; a high school, \$27 million.

Our schools must be built to withstand earthquakes, floods, El Nino, and myriad other natural disasters. The cost of building a high school in California is almost twice the national cost. The U.S. average is \$15 million; in California, it is \$27 million. We have the largest pupil-per-teacher ratio in the country. And thanks to the Governor and the legislature, we are now beginning to reduce class size. K-3 is now limited to 20 students per teacher.

In conclusion, studies show that test scores of students in schools in poor condition can fall as much as 11 percentage points below scores of students in good buildings. I think this amendment is important. I really hope that no one in this body would not vote for this amendment because of the Coverdell bill. The Coverdell bill and the Roth amendment cover very different school districts than does this amendment. If you want to help the big urban school districts of America, where the dilapidated schools are, where the learning really needs improvement, there is only one game in town, and it is CAROL MOSELEY-BRAUN's school construction amendment. I am proud to support it.

Ms. MOSELEY-BRAUN. I thank the Senator from California for her eloquence. I did, however, want to take issue with one little part. This is just a sense of the Senate, but the underlying legislation does relate to suburban and rural schools as well as city schools. The Senator is right about the urban schools. It does a lot more for urban schools than the alternative legislation, but it also covers suburban and rural, because in my State, of course, just outside of Chicago is a place called Illinois, so I have to make sure that is covered.

In fact, if I may, for a moment, pick up where the Senator from California left off, this is a picture from a suburban school. This is outside of Chicago. You can see it is a portable classroom. The doors are falling off, and the gut-

ters are down on the ground. It is in a dilapidated condition. So we see it all over.

Senator FEINSTEIN was exactly right to point out how much will be required for new construction, in addition to fixing the crumbling schools we have already. The GAO points out that we need \$112 billion just to repair the schools that are falling down. They also found, however, that we have about \$73 billion worth of need for new schools. So what we are really looking at is not just the \$112 billion price tag, but a \$185 billion price tag.

If you take the argument that somehow this is a local responsibility, it should come out of local property taxes, then what you are really saying is that the local property taxpayers should cough up an additional \$185 billion—\$185 billion. When you consider that property taxes around the country have been increasing, frankly, at a greater rate than the taxes at the national level have increased, State and local taxes, as a share of income, have risen nearly 10 percent in the last decade. In the last 10 years alone, in my State of Illinois, the property taxes have more than doubled. All across the country, voters reject the property tax hikes to pay for schools and other municipal improvements.

Again, we cannot continue to rely on the property tax alone to build the schools that we need for the next century. I think what is called for here is a partnership—a partnership in which we come together and work together at the Federal, State, and local government level to provide the funding that will be required to help rebuild our crumbling schools.

Mr. President, just yesterday a Manhattan State Supreme Court justice ordered New York City and the New York Board of Education to eliminate hazardous school conditions and to begin regular inspections and maintenance of its 1,200 school buildings. That decision came out of a lawsuit brought on the issue of the crumbling schools. According to that report that was commissioned by the New York board, 40 percent of the schools in New York lack functioning or accessible bathrooms and water fountains with clean water; 760 buildings had serious heating and ventilation problems; an average of 47 percent of the schools in New York are falling into unacceptable disrepair.

Again, this is the kind of dilapidation we are seeing all over. In fact, there is litigation pending in another 16 States on this point. I think this amendment we are considering today expressing the sense of the Senate will go in the right direction.

The point I believe we have to make is that it is appropriate for us at the national level to stop pointing fingers, to stop the divisive blame game that stalls Federal support for school improvements, and that we all have a responsibility to come together and work on this. I am pleased that Senator FEINSTEIN came to the floor to discuss

this matter. It was my understanding that the Senator from New Jersey wanted to speak on this matter. I yield to him.

Mr. LAUTENBERG. I thank the Senator from Illinois. I do want to say something about this important piece of legislation.

Mr. President, I stand to support the amendment presented by the distinguished Senator from Illinois. Senator MOSELEY-BRAUN's amendment is a critical issue in terms of how we deal with the educational requirements of our young people.

The Senator from Illinois has had a long record—certainly since she has been here, and I understand before she arrived to the U.S. Senate—of interest and involvement in children, particularly focused on education in the early years. I am delighted to join with her and others here who are supporting an investment in bringing our school facilities up to date, making sure that the place in which children are expected to learn invites the process of learning and doesn't distract them, because it is either too cold, too hot, or too dangerous, or because of water leaking through the roof, or perhaps asbestos in the building, or insufficient facilities to attend to the children's needs. The condition is so outrageous that the GAO says that there are more than 14 million children attending schools that are in need of extensive repair or replacement. Several million attend schools with safety code violations, and, as I mentioned, leaky roofs are in schools that house 12 million students.

The GAO found the problem of crumbling schools transcends demographic and geographic boundaries. Roughly one-third of urban rural and suburban schools report that at least one building is in need of extensive repair, or to be completely replaced. Furthermore, the GAO reports that most schools are not prepared to incorporate modern technology in the classroom. Forty-six percent of schools lack adequate electrical wiring to support the full-scale use of technology. More than a third of the schools lack the requisite electrical power. And 56 percent of schools have insufficient phone lines for modems.

When we talk about percentages of 56 percent here and 12 percent there, it kind of escapes into an amorphous condition that prevents us from really analyzing what the effects of these inadequate facilities represent. It takes a real toll on students, on children.

I came out of the computer business. I arrived here some years ago from the city of Paterson, NJ, where my company was founded and where I was born. We had a population, I would say, of somewhere around 150,000 people with a commensurate number of students. I have been back there many times. I have a fondness of that place of my birth. I know a lot of the people who live in the town. One of my schoolmates was a fellow named Larry Doby,

who was just admitted to the Baseball Hall of Fame.

I visit the city regularly. Until recently, I used to go to the same barber-shop every couple of weeks since I was a college student. I return there and very often bring people around my old neighborhood to kind of give them a sense of what kind of beginning and opportunity I had. They were amazed at the dilapidated condition of the facility. I met children there and told them I lived in the building. They asked me what floor. I said, "The second floor." The number of the building was 310 Hamilton Avenue. They asked me, "What floor?" I lived on the second floor. "Yes. What apartment?" I said, "In the back apartment." They said, "You lived there?" "Yes. I lived there."

So it established a particular attachment.

I was called on by the board of education at Paterson a year or two ago to see if I could get them some help so they could get the schools wired in preparation for connection into the Internet. They couldn't raise the money within the city. People wanted it; they couldn't afford to pay the taxes necessary. The city was in arrears all over the place. I arranged for some people I knew in my old company to pay for the facility to be wired. We went down there, and we stood with the people from the telephone company and pulled wire. What a pitiful condition. Can you imagine that you have to depend on someone's goodness, or some company's willingness to step forward so a school can be affixed to the Internet so the kids can learn that there is something besides pens and pencils and pads that are going to be required in the lives that they expect and hope to lead one day? It is pretty discouraging if kids don't know what it is that the outside world holds for them.

I once visited a school in Newark earlier in my days in the Senate. It caused me to write a piece of legislation called "computers in schools" to try to make sure that there was a computer available in classrooms with a reasonable population-to-computer ratio so that the children there would have a chance to learn the applications.

One of the things that we saw in a visit to a school in a very poor neighborhood with high crime in a broken-down neighborhood was that one child I was introduced to was sitting at a computer terminal. They told me that he was in about the third or fourth grade. They told me that this child had such a bad department record that they were looking for a way perhaps to expel him from the school. Then they brought in a couple of computers. This child couldn't keep up academically. His behavior, as I say, was bad. They sat him in front of a computer. They taught him a couple of basic exercises that children learn. He was so proficient in such a short time that he began to outdistance the other children.

I tell you this story only because to me it established the fact that children have to be given a chance to learn and develop based on their own ability, based on their own capacity to learn, and not be restricted to staying with a class where perhaps there is some maladjustment to it.

So I fully support this amendment.

Broken-down schools have a negative effect on the ability of students to learn. They see this grim surrounding, and they begin to believe that is the way the world around them exists and will exist for them. Academic research has proven that there is a direct correlation between the condition of school facilities and student achievement.

Georgetown researchers found that test scores of students assigned to schools in poor condition can be expected to fall 11 percentage points below the test scores of students in buildings in adequate condition. Unfortunately, many local educational agencies have difficulty securing financing for school facility improvements. The proposal called for in this amendment would really help. The zero interest school modernization bond and the Federal income tax credits to purchase those bonds in lieu of interest payments would be an important step toward rebuilding and modernizing our Nation's schools.

Mr. President, I say to those who criticize test scores, who intimate that our children are inadequate to the task that they are assigned to, I ask those people to look to where the problem is. It is not simply looking at students' surroundings. We should provide facilities through our Government. Why is it that we encourage this feeling of being forlorn, or outside of the mainstream? It is because the condition of the facility says that these children are not worth the effort that it takes to have them in a better learning condition.

Mr. President, if we want our kids to learn, if we want our children to be competitive in the years ahead, if we expect them to be leaders in the true sense of the word, where we are not just making speeches but we want to do something about it, then this is an excellent opportunity to register our support.

Again, my commendation goes to the distinguished Senator from Illinois for her leadership on this issue.

Mr. KENNEDY. Mr. President, I strongly support Senator MOSELEY-BRAUN's amendment to the budget resolution to help modernize and repair the nation's public school facilities for the 21st century.

Schools across the nation face serious problems of overcrowding. Antiquated facilities are suffering from physical decay, and are not equipped to handle the needs of modern education.

Across the country, 14 million children in a third of the nation's schools are learning in substandard buildings. Half the schools have at least one unsatisfactory environmental condition.

It will take over \$110 billion just to repair existing facilities nationwide.

Massachusetts is no exception. 41% of our schools across the state report that at least one building needs extensive repair or should be replaced. Three-quarters report serious problems in buildings, such as plumbing or heating defects. 80% have at least one unsatisfactory environmental factor.

In Boston, many schools cannot keep their heating systems functioning properly. On a given day, 15 to 30 schools complain that their heat is not working.

Faulty boilers and leaky pipes are responsible for sewage leaks and backups at many schools in Springfield, Massachusetts.

The leaking roof at Revere High School is so serious that the new fire system is threatened. School Committee members estimate that fixing the roof will cost an additional \$1 million, and they don't know where to get the money.

It is difficult enough to teach or learn in dilapidated classrooms. But now, because of escalating enrollments, classrooms are increasingly overcrowded. The nation will need 6,000 new schools in the next few years, just to maintain current class sizes.

The student population in Pomona, California has increased 37% in the last ten years, and most students are now forced to study in poorly ventilated and dimly lit portable classrooms. To accommodate the large number of students using the cafeteria, school officials have had to schedule five different lunch periods every day.

Malden, Massachusetts is in the process of building five new elementary schools to accommodate increases in student enrollment. The estimated cost for constructing these schools will exceed \$100 million.

The Senate recently heard testimony from a student in Clifton, Virginia whose high school is so overcrowded that fights often break out in the overflowing halls. The problem is called "Hall Rage," and it's analogous to "Road Rage" on crowded highways. The violence in the hallways is bad enough. But it's even worse, because it's difficult for teachers to teach when students are distracted by the chaos in the hallways and outside their classrooms.

State governments and local communities are working to meet these challenges. In Massachusetts, under the School Building Assistance Act, the state will pay 50-90% of the most severe needs. 124 schools now have approved projects, and are on a waiting list for funding. The state share should be \$91 million this year, but only \$35 million is available. More than 50 other projects are awaiting approval. With that kind of deficit at the state and local level, it is clear that the federal government has a responsibility to act.

Incredibly, the Republican budget proposal ignores these pressing needs. The Republican plan cuts funding for

education. It refuses to provide needed new investments to improve public education, including school modernization and construction.

Democrats have made it a top priority to see that America has the best education system in the world. Providing safe and adequate school facilities is an important step towards meeting that goal.

I urge the Senate to approve this amendment. Investing in education is one of the best investments America can possibly make. For schools across America, help is truly on the way—and it can't come a minute too soon.

Mr. LAUTENBERG. Mr. President, I do not know, before I relinquish the floor, what the expectation is for Senator CONRAD, who has a vote coming up. What is the order of business, please?

The PRESIDING OFFICER. The vote is expected to occur with respect to Senator CONRAD's amendment 2174 at 2 p.m.

Mr. LAUTENBERG. Has the unanimous consent order been propounded that would give Senator CONRAD an opportunity to discuss his amendment before the vote takes place?

The PRESIDING OFFICER. It has not.

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. LAUTENBERG. It has not. How much time remains on the side of the proponents?

The PRESIDING OFFICER. Six minutes 20 seconds.

Mr. LAUTENBERG. The Senator from Illinois has a question?

Ms. MOSELEY-BRAUN. Yes. I thank the Senator from New Jersey. I was just going to ask if this colloquy was being charged to time on this side because the junior Senator from New Jersey wanted to speak, and I wanted to have an opportunity to close. We are 10 minutes from the hour of 2 o'clock, and I understand there is a vote scheduled by unanimous consent for that time. In just trying to accommodate the time, I was wondering if it was being charged to the time of the proponents of this amendment.

Mr. LAUTENBERG. With all due respect, I thought the Senator from Illinois had suggested that she was wrapped up with her commentary, and in consideration of accepting that condition, it was my understanding we were going to provide Senator CONRAD with time to address his amendment before the vote takes place.

Ms. MOSELEY-BRAUN. The Senator is correct. In the meantime, the Senator from New Jersey came in the Chamber and asked for time to speak, and, again, I would take a minute to close and if the Senator could take 2 minutes.

Mr. LAUTENBERG. I would be happy to yield the floor.

Ms. MOSELEY-BRAUN. I thank the Senator from New Jersey.

I yield 2 minutes to the Senator from New Jersey.

Mr. TORRICELLI. Mr. President, if Senator CONRAD, indeed, desires to speak for 5 minutes and the Senator from Illinois desires to speak for 5 minutes, I would ask unanimous consent that this Senator have 5 minutes, the Senator from Illinois have 5 minutes, and Senator CONRAD have 5 minutes, which would mean that the vote would take place at approximately 2:10.

Mr. LAUTENBERG. I will have to raise an objection because there is an understanding being proposed that would include some time for Senator COVERDELL. And I will ask unanimous consent, before there be any further discussion about this, that at 2 o'clock the floor be returned to me so that I can engage in a UC with my Republican counterpart.

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

Mr. TORRICELLI. Mr. President, the situation is the vote is at 2 o'clock and Senator CAROL MOSELEY-BRAUN and I will speak until then?

The PRESIDING OFFICER. That is the understanding.

Mr. TORRICELLI. I thank the Chair.

Mr. President, there is a significant chance that this Senate will one day be remembered for having finally begun to address the problems of educational quality in America. President Clinton in his State of the Union Address challenged this Congress to deal with the problems of school construction, class size, and competence. We are now taking up that challenge, and, indeed, in the last few weeks in dealing with the Coverdell-Torricelli proposal, we also address the problem of access to private schools and the rights of families to save money privately to deal with the costs of public and private education.

Today we return to the subject again. Senator CAROL MOSELEY-BRAUN of Illinois, as she has on many occasions, is now bringing forward consistently and repeatedly a message to deal with the plight—the construction of our schools.

I recognize that in this Senate almost everyone has an idea to deal with the problems of education in America. Almost everyone is right except those who think they have the only idea. This problem is so serious in quality and in access that it will require not just this Senate but Congresses to come, not just this idea but many ideas. The quality of education in this country is the most serious threat to the maintenance of not only social order but our quality of life. We recognize it has many components but probably none more difficult than rebuilding our Nation's schools.

It is estimated that it could cost \$112 billion to rebuild crumbling schools in America.

Having toured many of these schools in my own State of New Jersey, I have seen students sitting in hallways because there was not enough room. I have seen students with buckets next to their desks to catch the rain, students who did not have restrooms in

their own school facilities but were sent to other buildings. Our parents and their parents before them worked and saved and sacrificed to build a system of public education in this country and an infrastructure that was without equal in the world. They met that challenge. The simple and regrettable truth is we have not.

This system of education, which more than anything else in the Nation is the foundation for our country's prosperity, is crumbling around us. One-third of the students in the Nation face exactly the plight that I have outlined, and more will join them unless we stand up to this challenge.

To all of you who are part of the efforts to assure there is access to the Internet, who joined with us in the fight to help private and public savings through Coverdell-Torricelli, who believe in testing, who join any of these fights, join this fight because there is no one front in the war dealing with educational quality in America. It must be fought on all fronts at the same time.

I am very proud to be part of the efforts of the Senator from Illinois, CAROL MOSELEY-BRAUN, who more than anyone else has brought this fight forward and will be principally responsible when we ultimately do succeed.

I thank the Senator for yielding the time.

Ms. MOSELEY-BRAUN. I thank the Senator from New Jersey.

In summation, Mr. President, we have heard some of the stories. There are many other anecdotal stories, stories even in my State about faucets and drains in science labs that don't work and electrical wiring that can't support the computers, a school in Alabama where the water leaks collapsed the ceiling 40 minutes after the children left for the day.

These stories, frankly, are news to no one. I hope that this Senate will take a good look at the sense of the Senate and not let this vote come down on truly partisan grounds. I have a sense that it will, and that in my opinion is tragic because, if anything, our children are not Republican or Democrat or Independent. Our children require an education, and politics should stop at the schoolroom door. This should be something that would engage non-partisan support based on the policy objective of the sense-of-the-Senate amendment.

That is what this vote is about. It is about policy. I hope it is not about politics. I hope we will send a signal that we are prepared, because, again, it is only a sense-of-the-Senate amendment, that we will send a signal to the country that this Congress is prepared to take up the challenge of rebuilding our crumbling schools; that we are prepared to do it in partnership with our State and local governments; we are not looking to local property taxpayers alone to carry the burden of the \$185 billion it will take to build and repair schools; that we are not going to try to

pass the buck to the States and have them raise State taxes to do it; that we can work together to provide a bureaucracy free of raising the capital.

That is all this amendment does. It doesn't tell anybody which school to fix. All it says is here is a way to raise the money, and Uncle Sam is going to give you a tax credit in lieu of interest on these bonds that the local school districts will issue. I think it makes absolute sense. It is a very straightforward way of doing it. It will provide support for all kinds of schools in rural and suburban districts as well as in urban districts where the needs, of course, are the most pronounced, but certainly they are pronounced all over the country.

I encourage my colleagues to support the sense-of-the-Senate amendment, and I yield the floor.

Mr. LAUTENBERG. Mr. President, I thank the Senator from Illinois. We are ready to proceed with the next piece of business. I think the manager, the chairman of the Budget Committee, has something he wants to put down.

Mr. DOMENICI. Mr. President, might I inquire, where are we on the amendment of the distinguished Senator from Illinois?

The PRESIDING OFFICER (Mr. SMITH of Oregon). All time of the proponents on the amendment has expired.

Mr. DOMENICI. We have not used any time in opposition?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 2174

Mr. KENNEDY. Mr. President, I strongly support the amendment offered by Senators CONRAD and LAUTENBERG, which will ensure that any revenues generated from an increase in the price of cigarettes is directed first and foremost to protecting the nation's children from nicotine addiction and smoking-induced diseases.

The Republican budget creates a number of serious barriers to these efforts by prohibiting tobacco revenues from being used for anti-smoking initiatives.

In fact, the budget uses Medicare as a smokescreen to make funding more difficult for important smoking cessation programs, counter-advertising to deglamorize tobacco use among children, biomedical research to cure smoking-caused illnesses, and public education to inform the American people more fully about the dangers of tobacco use.

If the current restrictive resolution is adopted, a vote of sixty Senators would be required to waive the restrictions. The result is that millions of Americans who want to quit smoking will have a much more difficult time achieving their goal. Anti-smoking programs are central to any effective measure to reduce tobacco use, and they should be the first priority for the dollars raised by a cigarette price increase.

If these anti-tobacco initiatives are not funded, the problem of teenage

smoking in the United States will only increase. According to the Centers for Disease Control and Prevention, a million youngsters start smoking each year—almost 3,000 a day. One third of them will die prematurely from smoking-induced illnesses. The average smoker begins at age 13, and becomes a daily smoker by age 15.

These facts are serious enough. But the crisis is growing worse. A Spring 1996 survey by the University of Michigan Institute for Social Research found that teenage smoking has continued to rise since 1991. It climbed by nearly fifty percent among eighth and tenth graders, and by nearly twenty percent among high school seniors between 1991 and 1996.

The industry strategy is obvious. The tobacco companies target children, because once children are hooked on cigarette smoking, they become customers for life. Ninety percent of current adult smokers began to smoke before they reached the age of 18. By contrast, if young men and women reach that age without beginning to smoke, they are unlikely to take up the habit in later years.

The tobacco companies know these facts. They are fully aware that if they do not persuade children to start smoking, the industry may collapse within a generation. That's why Big Tobacco has targeted children with billions of dollars in advertising and promotional giveaways that promise popularity and success for those who take up smoking.

The Centers for Disease Control and Prevention estimate that the average 14-year-old is exposed to \$20 billion in advertising—\$20 billion—beginning at age 6. In fact, the name "Joe Camel" is as familiar to children as "Mickey Mouse."

Two recently disclosed industry documents illustrate the blatant marketing to youths. In a 1981 Philip Morris memo entitled "Young Smokers—Prevalence, Implications, and Related Demographic Trends," the authors wrote that:

It is important to know as much as possible about teenage smoking patterns and attitudes. Today's teenager is tomorrow's potential regular customer, and the overwhelming majority of smokers first begin to smoke while still in their teens. . . . The smoking patterns of teenagers are particularly important to Philip Morris. . . . Furthermore, it is during the teenage years that the initial choice is made.

A marketing report by R.J. Reynolds researcher Diane Burrows, written prior to launching the Joe Camel advertising campaign, stated:

Younger adult smokers are critical to R.J. Reynolds' long-term profitability. Therefore, RJR must make a substantial long-term commitment of manpower and money dedicated to younger adult smoking programs.

A related RJR document states that "young adult" refers to the 14-24 age group.

It is no coincidence that shortly after R.J. Reynolds launched the Joe Camel campaign in 1988, Camel's share of the youth market soared from 0.5% to 32.8%.

Unless Congress takes action to reverse this disturbing trend in adolescent smoking, five million of today's children will die prematurely from smoking-caused illness. That's unacceptable.

Although all of us agree that Medicare should be protected for future generations, one of the best ways to keep Medicare strong is to invest in important public health and tobacco control programs that prevent children from beginning to smoke, and that help current smokers to quit smoking. Americans will lead healthier lives, and the burden of tobacco-induced diseases will be greatly reduced.

Unfortunately, the Republican budget earmarks all of the tobacco revenues for Medicare. It prohibits using even one dollar of the tobacco revenues to deter youth from smoking.

Smoking has inflicted great damage on people's health. It is the leading preventable cause of death and disability in the nation. Tobacco products are responsible for a third of all cancers, and 90% of all lung cancers.

Smoking also causes great harm to nonsmokers. A recent study by the Agency for Health Care Policy and Research reports that second-hand smoke is responsible for as many as 60% of cases of asthma, bronchitis, and wheezing among young children. It makes sense to use tobacco revenues to discourage children from beginning to smoke.

These programs work. Smoking cessation programs are among the most effective means to reduce health care costs. At the same time, they save and improve the lives of millions of Americans.

They are also cost-effective. Every dollar invested in a smoking cessation program for a pregnant woman saves \$6 in costs for neonatal intensive care and long-term care for low birthweight babies.

Dr. Michael Fiore, Director of the Center for Tobacco Research and Intervention at the University of Wisconsin at Madison, noted that:

smoking cessation programs are the most cost-effective prevention intervention a physician can engage in. . . It is a paradox in America that virtually every health insurance policy pays for the outcomes of smoking, whether it is a heart attack, stroke, or cancer, but only half of them pay the \$100 to \$200 it would take to prevent these very expensive illnesses.

The Republican budget offers no help in cases like this, and that makes no sense. The Republican budget offers no help to states and communities for public health advertising to counteract the \$5 billion a year that the tobacco industry pours into advertising to encourage people to start smoking and keep smoking.

Paid counter-advertising is extremely effective in reducing tobacco consumption. Both Massachusetts and California have demonstrated that counter-advertising can discourage children from beginning to smoke and encourage smokers to quit. It helped

reduce cigarette use in Massachusetts by 17% between 1992 and 1996, or three times the national average. Smoking by junior high school students dropped 8%, while the rest of the nation has seen an increase.

In California, a counter-advertising campaign reduced smoking rates by 15% over the last three years.

A soon-to-be-published study by Professor Frank Chaloupka of the University of Illinois found that tobacco counter-advertising can also reduce illegal drugs use among youth.

The Republican budget, however, will provide no funding for these important efforts.

The Republican budget offers no help to the Food and Drug Administration to enforce the laws against the sale of tobacco products to minors, even though young people spend \$1 billion a year to buy tobacco products illegally.

Last year, Congress tried to get away with underfunding the FDA's tobacco regulations by providing only \$5 million of the \$34 million President Clinton requested to begin enforcement of the youth access rule. An amendment by Senator HARKIN to the Agriculture Appropriations bill to restore the funding was defeated on the Senate floor.

Two months later, as public outrage grew, Congress reversed itself and overwhelmingly approved the full amount. A similar outcry from our constituents and the public health community is likely if we do not provide funding for these important enforcement efforts.

Finally, the Republican budget offers no help for medical research on tobacco-related diseases, even though such research can lead to enormous savings for Medicare.

Funding for tobacco-related medical research is vital to fulfilling our hopes for healthy lives for all citizens. The promise of new medical research is boundless. As impressive as the progress of the past has been, it pales in comparison to the opportunities of the future.

In addition, a recent study by researchers at Duke University indicates that expanded funding for medical research can help keep Medicare and other federal health care programs solvent for the long-term.

If the goal of this budget resolution is to protect Medicare, it makes no sense to prevent tobacco revenues from being used to support anti-smoking programs that will reduce future costs for Medicare.

Currently, smoking-induced diseases cost the federal government over \$20 billion a year. If we invest in medical research to make Americans healthier, we can save enormous sums, protect these programs for future generations, and prevent many of the illnesses caused by smoking.

The country supports these fundamental priorities, and the Senate should support them too. They have been endorsed by the public health community, and by Doctor Koop and Doctor Kessler. They are included in

virtually all of the tobacco bills introduced in Congress by Republicans as well as Democrats. I urge my colleagues to support the Conrad/Lautenberg amendment.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, I ask unanimous consent that at 2 p.m. the Senate resume consideration of the Coverdell amendment and there be 5 minutes equally divided for debate on the Coverdell amendment; following that, there be 5 minutes equally divided for closing debate on the Conrad amendment.

I further ask a vote occur on or in relation to the Conrad amendment at 2:10, to be followed by a vote on or in relation to the Coverdell amendment, with 2 minutes of debate equally divided between the votes.

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

Mr. LAUTENBERG. Mr. President, I note the second vote would be limited to a 10-minute vote so Senators who come down here should know that they cannot go back and expect to spend 15 or 20 minutes back in the office and still be able to vote.

Mr. DOMENICI. That is the current unanimous consent situation in the Senate, is it not, Mr. President?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. I thank the Senator for reminding us.

The PRESIDING OFFICER. Who yields time? The Senator from Georgia.

AMENDMENT NO. 2199

Mr. COVERDELL. Mr. President, it is my understanding that we now have 5 minutes equally divided on my amendment?

The PRESIDING OFFICER. That is correct.

Mr. COVERDELL. Mr. President, my amendment is the middle-class tax relief proposal. It calls on the Government to cut nondefense discretionary spending by 6.9 percent over the next 5 years. It would return discretionary spending to a level of 1996. That does not seem too distant a reach for us. It would produce \$200 billion in new tax relief to American workers and it would do it by taking 10 million American taxpayers who, simply because they now make over \$25,000 a year, have had their taxes increased from 15 percent to 28 percent. In other words, if they got a single raise, or because of inflation, that has taken these very modest income families and doubled their taxes.

So we are saying we are going to lift the bar and we are going to allow those families, 10 million of them, to be pushed back down into the 15 percent tax bracket, remembering that American workers today are keeping less than half their paychecks by the time the Government romps through their checking account. No wonder we have so much trouble in our country in terms of families trying to make ends meet. We don't leave them enough resources to do the job we have always

asked them to do. This is a major step to correct that problem. I might add—how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 45 seconds.

Mr. COVERDELL. I might add that one of the functional components of American liberty was and remains the right of workers to have their resources come to them so they can live out their dreams and their lives. We have changed this over the years.

I pointed out this morning, my father kept 80 percent of his lifetime wages, he was born in 1912, and his granddaughter will be lucky if she keeps 40 percent of her lifetime wages. That will functionally change the way this country governs itself and lives. We must restore economic liberty to American workers.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I have 2½ minutes to respond. I won't take 2½ minutes because I want to yield some time to Senator CONRAD. But I want to tell you something. My father kept 100 percent of his wages. They were so meager he couldn't pay taxes on them. But he had an opportunity to work whenever he could, and he held his head high and he loved America every day that he lived here, and that is what we are talking about. We can beat ourselves to death about how terrible conditions are here when people are living longer, living better, and enjoying life better than ever before in the history of mankind—including in America. I am proud of this country and, as I said earlier: America, America the beautiful.

I yield the remainder of my time to Senator CONRAD.

The PRESIDING OFFICER. The Senator from North Dakota.

AMENDMENT NO. 2174

Mr. CONRAD. Mr. President, my amendment is designed to allow the reserve fund for possible tobacco revenues to be used for more than just Medicare. My amendment is cosponsored by the distinguished Senator from New Jersey, Senator LAUTENBERG, Senator BINGAMAN of New Mexico, and Senator REED of Rhode Island. While we acknowledge Medicare is an important priority, we understand it is not the only priority. We all understand if tobacco legislation passes, there are other things that are necessary for a national tobacco policy. The health community has told us very clearly we need to fund smoking cessation, smoking prevention. We need to promote and support additional health research. We also need to be able to fund counteradvertising and also ease the transition for farmers. All of those are things that need to be funded by a possible tobacco settlement.

Unfortunately, under the terms of the budget resolution, none of those things are possible, none of them, even though every bill that has been introduced on the floor, every comprehensive piece of legislation, by Repub-

licans and Democrats, has said that these other priorities also need to be funded.

Here are the priorities in each of the comprehensive bills that have been introduced: Tobacco revenue should be provided for smoking education initiatives, to educate our young people. The Republican budget resolution says no, not one dime.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. CONRAD. Mr. President, I ask for 1 additional minute. I ask for an additional 1 minute. I would go on to the amendment itself, that gives me an additional 2½ minutes.

The PRESIDING OFFICER. The Senator has 2½ minutes.

Mr. DOMENICI. Senator, there is a unanimous consent agreement, so we will not disagree. We will give you the minute. I am not objecting.

Mr. CONRAD. We are saying, in addition, tobacco revenues need to be used for counteradvertising. The resolution says no, none of the money can be used for that purpose.

We say some of the money needs to be used for tobacco-related research. The resolution says no, none of the money can be used for that purpose.

We think some of the money needs to be used to fund smoking prevention and cessation programs. The resolution says no, none of the money can be used for that purpose.

We think some of it should be used to assist farmers in the transition. The resolution says no, none of the money.

We will be told that, in fact, there is money in other parts of the budget, but all of us who are budgeteers understand that those are assumptions. There is no assurance whatever that 1 penny will be available for these purposes from these other funds. And even if they were available, under the assumptions of the Budget Committee, they are woefully inadequate. They only provide about \$100 million a year when the health community tells us we need at least \$2 billion a year if we are really going to have a chance to reduce youth smoking and protect the public health.

We have an opportunity now to respond and broaden the use of the reserve fund so we can have comprehensive tobacco legislation pass in this Chamber. The only way any of the bills that are before us now will be in order on the floor of the Senate is if my amendment passes.

I urge my colleagues to support it.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I gather I have 5 minutes to respond?

The PRESIDING OFFICER. The Senator has 2½ minutes.

Mr. DOMENICI. I have 2½ minutes—it was 5 minutes equally divided.

Mr. President, this is a very simple proposition. Do you want to start and create five new entitlement programs or do you want to save Medicare? It is a very simple proposition. We suggested, as Republicans, that Social Se-

curity and Medicare are the two most important American programs to save, reform, and make available well into the next century.

We put our money where our mouth is, and we put whatever is left of the cigarette settlement on the highest priority health expenditure of this Nation: the salvaging and reforming of the Medicare system.

In contrast, my good friend who offers this amendment says, "Let's create five new entitlement programs." Even though the money will run out someday, we will have some permanent programs.

Everyone knows this Nation should not have new entitlement programs, and everyone knows that there are many high-priority items in the American budget. We have said in our budget that we have made room for high-priority expenditures, and I will tell you quickly what they are:

\$15.5 billion increase in the National Institutes of Health. We have taken Presidential reductions and said we will spend them here;

\$825 million for a smoking cessation program, twice the size of the President's;

And then we have said in our settlement of the tobacco fund, if it ever occurs, we pay the States their share and the rest of it goes to the program most in need—Medicare.

Let me tell you, there is no relationship between some of the new entitlement programs that some want to create out of this tobacco settlement, but there is a direct relationship between the insolvency of the Medicare fund and tobacco smoking. As a matter of fact, in 1995 there was \$25 billion of costs in the Medicare system that came from smoking. So if you are going to get money from the tobacco settlement, put it where the damage to the senior citizens is occurring, and it is occurring by virtue of their fund for medical care going bankrupt.

I believe the issue is very simple—very simple: Do you want a budget that begins to help with Medicare, or do you want a budget that says not one nickel for Medicare; let's take care of that later with money from somewhere else.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from North Dakota has 44 seconds remaining.

Mr. CONRAD. Mr. President, this issue is simple. The question is, Are we going to have a reserve fund so that there is a solution to the tobacco controversy, that we can use the money in a way that accommodates every comprehensive bill that is before this body, introduced by Republicans or Democrats?

Unfortunately, under the budget resolution, the money can only go for one purpose: Medicare. While that is an important priority, there are other priorities as well—smoking cessation, smoking prevention, health research, countertobacco advertising, easing the transition for farmers. We should not

be creating supermajority hurdles in the way of tobacco legislation, and the only way we avoid that is to pass this amendment.

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

Mr. DOMENICI. Mr. President, the pending amendment is not germane to provisions of the Budget Act. Pursuant to section 305(b)(2) of the Budget Act, I raise a point of order against the pending amendment.

Mr. CONRAD. Mr. President, I move to waive the Budget Act, and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act with respect to amendment No. 2174. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

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

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 54 Leg.]

YEAS—46

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Breaux	Hollings	Murray
Bryan	Inouye	Reed
Bumpers	Jeffords	Reid
Byrd	Johnson	Robb
Cleland	Kennedy	Rockefeller
Conrad	Kerrey	Sarbanes
Daschle	Kerry	Torricelli
Dodd	Kohl	Wellstone
Dorgan	Landrieu	Wyden
Durbin	Lautenberg	
Faircloth	Leahy	

NAYS—54

Abraham	Ford	McCain
Allard	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Roth
Burns	Gregg	Santorum
Campbell	Hagel	Sessions
Chafee	Hatch	Shelby
Coats	Helms	Smith (NH)
Cochran	Hutchinson	Smith (OR)
Collins	Hutchison	Snowe
Coverdell	Inhofe	Specter
Craig	Kempthorne	Stevens
D'Amato	Kyl	Thomas
DeWine	Lott	Thompson
Domenici	Lugar	Thurmond
Enzi	Mack	Warner

The PRESIDING OFFICER. On this vote, the yeas are 46, the nays are 54.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. COVERDELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2199

Mr. DOMENICI. Mr. President, what is the next order of business?

The PRESIDING OFFICER. There are 2 minutes of debate equally divided before the vote on the Coverdell amendment.

Mr. DOMENICI. Mr. President, there are a number of Senators who want us to tender amendments on their behalf. We will start to accumulate them. When the next vote is over, we will get them in.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I thank Senator COVERDELL for his leadership on this issue. It is one that is important to American families. It represents an important step toward a flatter, fairer tax system, and it also provides immediate tax relief for hard-working Americans and their families. The amendment provides broad-based middle class tax relief by increasing the number of individuals who pay the lowest tax rates of 15 percent and significantly lessening the impact of one of the Tax Code's most inequitable provisions, the marriage penalty. An estimated 28 percent of Americans would reap some benefit from the broad-based tax relief provisions in the bill, according to the Tax Foundation.

Again, I thank Senator COVERDELL for his leadership on this issue in the ongoing efforts to reduce the tax burden on the American citizens.

I yield the floor.

Mr. LAUTENBERG. Mr. President, first I make the point that the pending amendment is not germane, and therefore I will raise a point of order. Also, Mr. President, I rise in strong opposition to the McCain-Coverdell amendment. The amendment would cut domestic programs like education, child care, law enforcement, veterans, environmental protection, and would violate current budget rules. I think it is fiscally dangerous and irresponsible, and I hope we will marshal a vote against this amendment.

The PRESIDING OFFICER. The Senator from Georgia has 30 seconds remaining.

Mr. COVERDELL. Mr. President, I yield back the balance of my time.

Mr. LAUTENBERG. Mr. President, I yield back the balance of my time.

Mr. MCCAIN. Mr. President, pursuant to section 904(c), I move to waive the Budget Act for the consideration of this amendment.

Mr. LAUTENBERG. Mr. President, I raise a point of order that this amendment is nongermane.

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act with respect to Coverdell Amendment No. 2199.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

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

The yeas and nays resulted—yeas 38, nays 62, as follows:

[Rollcall Vote No. 55 Leg.]

YEAS—38

Abraham	Grams	Nickles
Allard	Gregg	Roberts
Ashcroft	Hatch	Roth
Bennett	Helms	Santorum
Brownback	Hutchinson	Sessions
Burns	Hutchison	Shelby
Campbell	Inhofe	Smith (NH)
Coverdell	Kempthorne	Smith (OR)
Craig	Kyl	Thomas
Enzi	Lott	Thompson
Faircloth	McCain	Thurmond
Frist	McConnell	Warner
Gramm	Murkowski	

NAYS—62

Akaka	Dorgan	Leahy
Baucus	Durbin	Levin
Biden	Feingold	Lieberman
Bingaman	Feinstein	Lugar
Bond	Ford	Mack
Boxer	Glenn	Mikulski
Breaux	Gorton	Moseley-Braun
Bryan	Graham	Moynihan
Bumpers	Grassley	Murray
Byrd	Hagel	Reed
Chafee	Harkin	Reid
Cleland	Hollings	Robb
Coats	Inouye	Rockefeller
Cochran	Jeffords	Sarbanes
Collins	Johnson	Snowe
Conrad	Kennedy	Specter
D'Amato	Kerrey	Stevens
Daschle	Kerry	Torricelli
DeWine	Kohl	Wellstone
Dodd	Landrieu	Wyden
Domenici	Lautenberg	

The PRESIDING OFFICER. On this vote, the yeas are 38, the nays are 62. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, will the distinguished Senator from New Jersey yield 2 minutes?

Mr. LAUTENBERG. I am happy to yield 2 minutes to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, using that 2 minutes, I ask unanimous consent to speak for the purpose of introducing legislation, if it would be appropriate to do that.

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

Mr. LEAHY. I thank the Chair.

(The remarks of Mr. LEAHY pertaining to the introduction of S. 1901 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

AMENDMENT NO. 2174

Mr. FAIRCLOTH. Mr. President, I wish to offer a few remarks to make clear my vote on the Conrad amendment. I don't want to see a potential tobacco settlement degenerate into just a piggy bank for the Clinton Administration's plans to expand social programs. Certainly, the revenues need to go to health care, but I will not let the Senate forget about tobacco farmers. I voted for this amendment today

because it included the tobacco farmers, and the Smith amendment does not. I do not want my vote to imply an endorsement of other programs in this amendment, however, and I do not want to see public health programs turned into politicized slush funds. I think that this scenario poses a real danger. However, I want to see the Senate on record in support of farmers, and this amendment recognizes the need to protect them from the impact of tobacco legislation.

The PRESIDING OFFICER. The pending question is amendment No. 2175 by the Senator from Illinois, Senator MOSELEY-BRAUN.

The Senator from Wisconsin.

Mr. FEINGOLD. I ask unanimous consent the pending amendment be temporarily laid aside.

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

Mr. LAUTENBERG. Mr. President, I yield to the Senator from Wisconsin who just wants to make an introduction. I give him 1 minute of my time.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 1 minute.

AMENDMENT NO. 2224

(Purpose: To establish a disability reserve fund)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD], for himself, Mr. KENNEDY and Mr. HARKIN, proposes an amendment numbered 2224.

Mr. FEINGOLD. 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:

At the end of title II, add the following:

SEC. ____ DISABILITY RESERVE FUND FOR FISCAL YEARS 1999-2003.

(a) IN GENERAL.—If legislation generates revenue increases or direct spending reductions to finance disability programs designed to allow persons with a disability to become employed and remain independent and to the extent that such increases or reductions are not included in this concurrent resolution on the budget, the appropriate budgetary levels, allocations, and limits may be adjusted (but by amounts not to exceed \$2,000,000,000 for the period of fiscal years 1999 through 2003) if such adjustments do not cause an increase in the deficit in the resolution.

(b) ADJUSTMENT FOR BUDGET AUTHORITY.—After the reporting of legislation (the offering of an amendment thereto or conference report thereon) that reduces nondisability direct spending or increases revenue for a fiscal year or years, the Chairman of the Committee on the Budget shall submit appropriately revised allocations and aggregates by an amount that equals the amount such legislation reduces direct spending or increases revenues for a fiscal year or years.

(c) ESTABLISHING A RESERVE.—

(1) REVISIONS.—After the enactment of legislation described in subsection (a), the Chairman of the Committee on the Budget shall submit revisions to the appropriate al-

locations and aggregates by the amount that provisions in such legislation generates revenue increases or direct nondisability-related spending reductions.

(2) REVENUE INCREASES OR DIRECT SPENDING REDUCTIONS.—After the submission of revisions under paragraph (1), the Chairman of the Committee on the Budget shall also submit the amount of revenue increases or nondisability related direct spending reductions such legislation generates and the maximum amount available each year for adjustments pursuant to subsection (d).

(d) EFFECT OF REVISED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates submitted under subsection (c) shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this resolution.

(e) REPORTING REVISED SUBDIVISIONS.—The appropriate committee may report appropriately revised subdivisions of allocations pursuant to section 302 of the Congressional Budget Act of 1974 to carry out this section.

Mr. FEINGOLD. Mr. President, I ask unanimous consent my amendment be laid aside at this time.

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

Mr. FEINGOLD. I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

AMENDMENT NO. 2225

(Purpose: To state the sense of the Senate regarding the quality of teachers)

Mr. DOMENICI. Mr. President, I send an amendment to the desk on behalf of Senator DEWINE.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for Mr. DEWINE, proposes an amendment numbered 2225.

The amendment (No. 2225), is as follows:

At the appropriate place, insert the following:

SEC. ____ FINDINGS AND SENSE OF THE SENATE.

(a) FINDINGS.—The Senate finds that—

(1) while it is important to study the effects of class size on learning and study the need to hire more teachers, each type of study must be carried out in conjunction with an effort to ensure that there will be quality teachers in every classroom;

(2) all children deserve well-educated teachers;

(3) there is a teacher quality crisis in the United States;

(4) individuals entering a classroom as teachers should have a sound grasp on the subject the individuals intend to teach, and the individuals should know how to teach;

(5) less than 40 percent of the individuals teaching core subjects (consisting of English, mathematics, science, social studies, and foreign languages) majored or minored in the core subjects;

(6) the quality of teachers impacts student achievement;

(7) the measure of a good teacher is how much and how well the teacher's students learn;

(8) teachers should have the opportunity to learn new technology and teaching methods through the establishment of teacher training facilities so that teachers can share their new knowledge and experiences with children in the classroom;

(9) school officials should have the flexibility the officials need to have teachers in their schools adequately trained to meet strenuous teacher standards;

(10) knowledgeable and eager individuals of sound character and various professional backgrounds should be encouraged to enter kindergarten through grade 12 classrooms as teachers; and

(11) States should have maximum flexibility and incentives to create alternative teacher certification and licensure programs in order to recruit well-educated people into the teaching profession.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the functional totals in this concurrent resolution on the budget assume—

(1) the enactment of legislation to provide assistance for programs that—

(A) focus on teacher training delivered through local partnerships, with private and public partners, to ensure that current and future teachers possess necessary teaching skills and knowledge of subject areas; and

(B) focus on alternative certification to recruit knowledgeable and eager individuals of sound character to enter kindergarten through grade 12 classrooms as teachers;

(2) that the quality of teachers can be strengthened by improving the academic knowledge of teachers in the subject areas in which the teachers teach;

(3) that institutions of higher education should be held accountable to prepare teachers who are highly competent in the subject areas in which the teachers teach, including preparing teachers by providing training in the effective uses of technologies in classrooms; and

(4) that there should be recruitment into teaching of high quality individuals, including individuals from other occupations.

Mr. DOMENICI. Mr. President, I understand that amendment will be put in the process whereby it will be assigned an opportunity to be voted on, if that is the case, in due course.

Mr. President, I might discuss with the distinguished Senator from New Jersey where we are now. Senator TIM JOHNSON has an amendment that he would like not only to call up but to take 3 or 4 minutes on. I am a cosponsor. I think we should accept it. We might be able to get that one done today.

Mr. LAUTENBERG. I appreciate the fact the manager is going to yield to our friend from South Dakota.

AMENDMENT NO. 2210, AS MODIFIED

(Purpose: To express the sense of the Senate regarding repair and construction needs of Indian schools)

Mr. JOHNSON. Mr. President, I ask unanimous consent to send a modified version of the amendment to the desk.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

The amendment (No. 2210) as modified, is as follows:

At the end of Title III, insert the following:

Sec. ____ SENSE OF THE SENATE REGARDING REPAIR AND CONSTRUCTION NEEDS OF INDIAN SCHOOLS.

(a) FINDINGS.—The Senate finds that—

(1) many of our nation's tribal schools are in a state of serious disrepair. The Bureau of Indian Affairs (BIA) operates 187 school facilities nationwide. Enrollment in these schools, which presently numbers 47,214 students, has been growing rapidly. A recent General Accounting Office report indicates that the repair backlog in these schools totals \$754 million, and that the BIA schools are in generally worse condition than all schools nationally;

(2) approximately 60 of these schools are in need of complete replacement or serious renovation. Many of the renovations include basic structural repair for the safety of children, new heating components to keep students warm, and roofing replacement to keep the snow and rain out of the classroom. In addition to failing to provide adequate learning environments for Indian children, these repair and replacement needs pose a serious liability issue for the Federal government;

(3) sixty-three percent of the BIA schools are over 30 years old, and twenty-six percent are over 50 years old. Approximately forty percent of all students in BIA schools are in portable classrooms. Originally intended as temporary facilities while tribes awaited new construction funds, these "portables" have a maximum 10 year life-span. Because of the construction backlog, children have been shuffling between classrooms in the harsh climates of the Northern plains and Western states for ten to fifteen years;

(4) annual appropriations for BIA education facilities replacement and repair combined have averaged \$20-\$30 million annually, meeting only 4% of total need. At the present rate, one deteriorating BIA school can be replaced each year, with estimates of completion of nine schools in the next seven years. Since the new construction and repair backlog is so great and growing, the current focus at BIA construction must remain on emergency and safety needs only, without prioritizing program needs such as increasing enrollment or technology in the classroom; and

(5) unlike most schools, the BIA schools are a responsibility of the federal government. Unfortunately, the failure of the federal government to live up to this responsibility has come at the expense of quality education for some of this nation's poorest children with the fewest existing opportunities to better themselves.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the assumptions underlying the functional totals in this budget resolution assume that the repair and construction backlog affecting Bureau of Indian Affairs school facilities should be eliminated over a period of no more than five years beginning with Fiscal Year 1999, and that the President should submit to Congress a plan for the orderly elimination of this backlog.

The PRESIDING OFFICER. Does the Senator from New Mexico yield time?

Mr. DOMENICI. I believe he is calling up an amendment and he has time on the amendment.

Mr. JOHNSON. Mr. President, the amendment that is being offered is with the cooperation of Chairman DOMENICI. It is cosponsored by Senators DASCHLE, DORGAN, BINGAMAN, WELLSTONE, MCCAIN, KOHL, CONRAD and MURRAY, and it is a sense-of-the-Senate resolution, which is designed to reflect on the crisis that we have with Indian school funding in the United States today. This is an issue that Chairman DOMENICI has shared with me as a matter of great concern on the Senate Budget Committee.

We recognize the budget resolution assumes \$166 million will be allocated for Indian school repair work and replacement work. However, we recognize this is part of the budget resolution and is not binding on the Appropriations Committee.

There is a need to raise the visibility of the very real crisis that exists in terms of BIA school funding and re-

placement needs. That is the purpose of this sense of the Senate. The BIA manages some 143 schools within the United States. It is a Federal responsibility. This is not a question of whether the Federal Government ought to be involved in these schools or not. In this instance, these schools are Federal property and it is a Federal responsibility.

We have a repair and replacement backlog now of about \$754 million. The rate at which we have been replacing some 60 schools that currently are in need of replacement has been at about one per year. So obviously the backlog is getting larger and larger as we go about this kind of underfunded replacement and renovation.

Mr. President, 40 percent of the BIA students attending class are attending class in portable classrooms. We have a fast-growing population attending these schools, and it is clear that something far different from what we have been doing in the past is absolutely essential if, in fact, we are going to meaningfully address this backlog.

It is our concern that we have to infuse more resources into the backlog problem, and that we have greater direction from the White House itself, from the BIA itself, relative to a concrete plan to get this done over a relatively modest timeframe, over the next 5 years.

So this resolution calls on the administration to work with us in arriving at a plan that is infused with sufficient funds to make significant progress over these coming years on this backlog. This resolution will send a signal, and I think an important signal, to the appropriators and to the administration that this is a crisis that we recognize and we acknowledge, and for which there is a bipartisan concern.

So that is the thrust of this resolution. I commend Chairman DOMENICI for working with me, and for the work of his staff, working with my staff, trying to arrive at a strategy that is constructive and is meaningful on this problem. The Senator represents a State with a significant Indian population, suffering many of the same problems that the Native American population in my State of South Dakota suffer. So this is a problem about which we jointly share a great concern.

The chairman is commended for a longstanding commitment to trying to enhance opportunities and the quality of life for the Native American population of his State and around the United States in general. This is one area where we both agree; I believe that higher visibility and a higher level of commitment is badly needed.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I wonder if the Senator will yield me 5 minutes?

Mr. JOHNSON. I yield the Senator 5 minutes.

Mr. DOMENICI. First, I want to ask, did the Senator name me as a cosponsor?

Mr. JOHNSON. Yes; I did.

Mr. DOMENICI. I wonder if Senator BINGAMAN of New Mexico has been asked about being a cosponsor?

Mr. JOHNSON. Senator BINGAMAN was also named. We are very proud to have both Senators from New Mexico on this amendment as cosponsors.

Mr. DOMENICI. Is Senator CAMPBELL, the chairman of the Indian Affairs Committee, on it?

Mr. JOHNSON. We do not have Senator CAMPBELL on it. Senator CAMPBELL held a hearing and a mark-up today at his committee, and we have not been able to reach him on this amendment as yet.

Mr. DOMENICI. I wonder if you would mind having him called and we will modify it by adding him on it. I think we should ask to have the chairman on it.

Mr. JOHNSON. That is a good idea.

Mr. DOMENICI. What has been amazing to the Senator from New Mexico is the way the U.S. Government fails to recognize its sole and singular responsibility. We are busy all the time, every year, with budgets that try to do new things. Frankly, the President of the United States had a very long list of new things, new programs. In fact, he had a suggestion that we use a lot of the money for helping classroom size, helping build public schools. But the real problem here is that if we do not rebuild the Indian schools that are run by the Government and put them under some management and maintenance, nobody will. They don't belong to anybody else. They are not being run by the State of Georgia, or the school board of Bernalillo County, Albuquerque. It is either we do it or the Indian young people go to school in buildings that are not fit for occupancy, much less for Indian education.

I don't know what to do about it. The Senator from New Mexico doesn't know what to do about it. I work at it every year. We need to get some proposal to get this huge backlog taken care of and get on with being able to say to our Indian young people and the teachers who are in those schools, "We think enough of you to give you a school that offers you an opportunity like the rest of Americans to get educated." The school building doesn't make the child, but I tell you, you can have a bad enough school building that the child can hardly learn.

So I have asked that this resolution contain another provision, just in an effort to see if we can get there, and that provision, which was in the modification that Senator JOHNSON sent to the desk, asked the President of the United States—if I am not correct—if asked the President to submit to us by a date certain a 5-year plan to see to it that, regarding the Indian schools the Government owns, the Government must maintain them or they will not get maintained, and those where we have to build a new one because the old one is decrepit, that entire package be put in a 5-year plan and the President

recommend to us how we might get that done.

Frankly, I believe unless and until that shows up in a Presidential budget, we are not going to find the resources in the Senate or the House to do what we must do. This is not a little \$50 million problem; this is a hundreds-of-million-dollar problem. So I believe we are on to something here in this resolution. It is not just a hollow one; it is one that is to get something back from the Chief Executive of America, and it is going to tell us whether we agree on this problem, and if they do, how do we take care of it in a given number of years.

I anxiously await, and I will see to it that we hold this in conference, because I think it is the kind of thing that should be in the budget. Some sense-of-the-Senates don't belong in, but this belongs in because this is a problem we can't fix in a budget resolution. We can hardly fix it in appropriations, as you know. So, Senator, thanks for your leadership. I am glad to be on board. This will be welcome news in Indian country.

Mr. JOHNSON. I thank the chairman for his supportive remarks here. The chairman has a great understanding, profound understanding, of the immensity of the problem that this country faces relative to Indian schools and the need for White House leadership on this issue. We will work with the White House in that regard, but it is going to require a cooperative effort if we are going to have any success on a problem of this immensity.

Mr. President, I ask unanimous consent that Senators KOHL, CONRAD, INOUE, and MURRAY be added as cosponsors to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. And the Senator from North Dakota?

Mr. DORGAN. Mr. President, I will be proud to be made a cosponsor of this amendment.

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

Mr. DORGAN. Let me just take 30 seconds.

Mr. JOHNSON. I yield to the Senator.

Mr. DORGAN. Mr. President, I support fully the comments made by the Senators from South Dakota and New Mexico, and in fact I hope in just a moment to be able to speak off the bill on the Moseley-Braun amendment, and I intend to address a few of these issues with respect to that as well. And I am pleased the Senator offered the amendment and pleased to hear the comments of the Senator from New Mexico as a cosponsor.

Mr. CONRAD. Mr. President, I rise today in support of the Johnson amendment, which expresses the sense of the Senate about the need to address the Bureau of Indian Affairs school construction backlog.

The conditions at the schools on America's Indian reservations are some of the worst in the nation. They are

truly deplorable. In January, I accompanied the Assistant Secretary for Indian Affairs on a tour of the Standing Rock Community School at Fort Yates, North Dakota. I wish every one of my colleagues in the Senate could see the conditions at this school. The school was built in an open-classroom design, without walls between the classrooms. The noise at the school can be deafening at times, and this is not an environment in which students can learn. How is it that we can have a school in which the physical conditions actually prohibit learning from happening? In addition, the heating and cooling system at the school is grossly inadequate, so it can be 50 degrees in one wing of the school, and 80 degrees in another.

As bad as this is, things have recently gotten worse: the lights at this school and the local elementary school have begun to leak an oily substance that has been found to contain PCBs. The Bureau of Indian Affairs is in the process of removing these lights and conducting additional testing for further contamination. They are also testing the ceiling tiles, which preliminary tests show may contain dioxin. To protect the health of the students, the schools were shut down for weeks. The BIA is in the process of reopening the schools' classrooms and other facilities, as clean-up is completed. These conditions pose serious threats to the health of the children of the Standing Rock Reservation. How can we ask families to send their children to be educated in such deplorable conditions?

In looking at conditions at schools throughout Indian Country, the Standing Rock Community is not an anomaly. In January, the GAO released a report on conditions at BIA schools and the costs to repair these schools. The BIA estimates that the costs of total inventory repair need for BIA education facilities is \$754 million.

Data from a 1994 National Schools Facilities Survey conducted by GAO show that BIA schools are generally in poorer physical condition, have more unsatisfactory environmental factors, more often lack key facilities requirements for educational reform, and are less able to support computer and communications technology, compared to other schools nationwide.

Of the conditions found at BIA schools:

62 percent had at least one building in less than adequate condition, compared with 33 percent of all schools.

79 percent had at least one inadequate building feature (such as roofs, floors, foundations, plumbing, heating, electrical power, and life safety codes). Nationwide, 57 percent of all schools had at least one inadequate building feature.

94 percent had at least one unsatisfactory environmental condition, compared with 50 percent of schools nationwide. Environmental conditions include lighting, heating, ventilation, in-

door air quality, acoustics, flexibility of instructional space, energy efficiency, and physical security of building.

These are serious school construction needs—about \$754 million worth—that should be addressed, and should be addressed quickly. The Johnson amendment expresses the sense of the Senate that the BIA school construction backlog should be eliminated within five years. We need a serious, sustained effort to get the job done and provide a safe environment in which Native American children can get an education.

The Johnson amendment also requires the Administration to submit to Congress a plan for how this construction backlog will be addressed. As a member of the Senate Committee on Indian Affairs, I intend to work closely with Kevin Gover, Assistant Secretary for Indian Affairs, to ensure that the job gets done. Assistant Secretary Gover visited North Dakota and quickly grasped the magnitude of the school construction problem. He has made a commitment to me and other members of the Committee to take action on this school construction backlog.

We cannot let these conditions persist. We cannot let the BIA school construction backlog continue to grow out of control. And we cannot continue to ask parents to send their children to school where learning cannot take place and where serious health hazards exist. I hope that all of my colleagues will vote for the Johnson amendment and show their support for the wellbeing of Native American children.

Mr. DOMENICI. Mr. President, today there is a \$1.5 billion backlog of repairs, renovation, and replacement for all federally owned and operated BIA schools, including elementary, secondary, and post-secondary schools.

A December, 1997 report by the General Accounting Office (GAO) concluded that "the cost of the total inventory of repairs needed for BIA education facilities (elementary and secondary only) is \$754 million. This includes \$693 million for repairs to school buildings, including dormitories for students. It also includes \$61.7 million in repairs needed for education quarters such as employee housing.

The footnote to this estimate notes that \$754 million "does not include the costs of replacing school buildings. BIA's priority list for constructing education facilities includes eight unfunded school replacement projects with a total estimated cost of \$112 million."

THE BIA CONSTRUCTION PRIORITY LIST

Mr. President, we in the Senate who pay close attention to this BIA priority list for school construction are well aware that this list has been frozen for several years now. This means that the eight school scheduled for replacement are the ones on this frozen priority list. I am attaching this list of 16 total BIA schools from the Administration's FY 1999 budget request for the RECORD.

Obviously, a school that is replaced would be deleted from the list of school needing repair. The GAO report includes the costs of schools scheduled for replacement. In short, the GAO estimate does not fully estimate the costs of replacement schools.

To get a rough idea of the costs of replacing these schools, including those that are not on the frozen priority list, I have checked with the Assistant Secretary for Indian Affairs, Kevin Gover. His office informs me that 50% of the 185 BIA schools are over 30 years old and fail to meet current codes and standards.

The GAO, has noted that 25% of BIA schools are over 50 years old, and, of course fail to meet the same standards for safety and teaching.

TOTAL BIA SCHOOLS NEEDING REPLACEMENT AND REPAIR

There are 93 BIA schools that should be replaced—well beyond the current priority list of 16. At an average cost of \$180 per square foot, these 93 schools would cost one billion dollars to replace.

Replacing these 93 oldest BIA schools would leave about \$200 million in repair and renovation costs for the remaining 92 BIA schools.

This simple arithmetic gives us a current estimate of about \$1.2 billion to bring all federally operated BIA schools up to par.

INDIAN COMMUNITY COLLEGES

These Indian community colleges fall into two categories: those run by the BIA and those that are tribally controlled community colleges.

In the first category, those run by the BIA, Haskell (Kansas) and SIPI (Albuquerque) are the only two that are fully federally operated by the BIA. The BIA now has 26 tribally controlled community colleges eligible to receive funds through the Tribally Controlled Community Colleges Act, and one more, United Tribes Technical College, funded through the BIA's Community Development funds.

In total, then, there are 29 Indian Community Colleges with direct BIA funding, and one, Crownpoint Institute of Technology, that is funded primarily through the Carl Perkins Vocational Education program of the U.S. Department of Education.

These Indian community colleges have an estimated repair and renovation cost of about \$310 million. Replacement costs, such as the Shiprock branch of Navajo Community College, are not included. The Shiprock branch is estimating the costs for a new campus at about \$28 million. The need for married student housing at Crownpoint Institute of Technology is also not included.

TOTAL BIA SCHOOLS AND INDIAN COMMUNITY COLLEGES

For the sake of simplicity, we can easily estimate that total repair, renovation, and replacement costs for all elementary, secondary, and post-secondary BIA schools and tribal schools eligible for BIA funds, exceed \$1.5 billion.

GAO REPORT ON BIA SCHOOLS

For the benefit of my colleagues, I would like to submit an edited version of the GAO study on Indian school repair needs. Please keep in mind that this report is focused on elementary and secondary schools only.

The GAO finds that 47,200 Indian students are served by 173 schools. The BIA count is 185 schools and over 50,000 students. The BIA schools range in size from 15 to 1,144 students, with about half of these schools enrolling fewer than 200 pupils.

Growth is very high in these schools with an increase in student enrollment of 25 percent since 1987. Most of this growth has occurred in the last 5 years.

About 10 percent of all Indian students attend BIA schools, funded or operated by the BIA. The vast majority or 90% of Indian students in America attend regular public schools.

BIA schools are located in 23 states, but are highly concentrated in 5 states—North Dakota, South Dakota, Arizona, New Mexico, and Washington.

BIA schools are generally in poorer physical condition that even central city schools and lack more key facility requirements than typical American schools.

The BIA schools are older and less able to support computer and communications technology than average American schools.

CONCLUSION (S. RES. 100 ON EDUCATION OF AMERICAN INDIANS)

In addition to the physical needs of our federally operated Indian schools and colleges, there is a parallel crisis in operating funds for Indian schools nationwide.

American Indian students have the highest dropout rate of any racial ethnic group (36%) and the lowest high school completion and college attendance rates of any minority group.

Average annual funding for Indian college students is \$2,900 compared to \$6,200 for Americans as a whole.

Senate Resolution 100, introduced in the First Session of this Congress which I introduced with the cosponsorship of Senators CAMPBELL, INOUE, JOHNSON, DORGAN, and WELLSTONE, discusses the overall situation of Indian education and calls upon the 105th Congress to address these issues through major education bills under consideration.

I urge my colleagues to review Senate Resolution 100, and support its passage by this body in order to draw more needed attention to the major problems we face today in Indian education.

I ask unanimous consent that S. Res. 100 be printed in the RECORD, along with the BIA school construction priority list, and my summary of the GAO report on Indian school repairs.

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

REPLACEMENT SCHOOL CONSTRUCTION

Program Description (\$19,200,000): During fiscal years 1991 thru 1997, \$117.2 million was appropriated to complete construction of schools at Laguna, Choctaw, Dunseith, Pine Ridge, and the Haskell Dormitory, as well as the first eight schools on the Replacement School Construction Priority List (List). Funds appropriated in FY 1998 were used to start construction of the Many Farms School complex. This school is ranked no. 4 on the Replacement School Priority List (List). Funds appropriated in FY 1998 will be used to accomplish site work at both the Sac & Fox Settlement School and the Pyramid Lake High School. These schools are ranked 10 and 11, respectively, on the List. Congress also funded this rebuilding of the Wa-He-Lut School which was completed in seven months and is occupied. The status of each school project on the List is presented below.

Replacement school project	Project status
1. Pinon Community School Dorms	Funded, Construction is Complete, except Employee Quarters for which Public Law 93-638 construction contract due for completion March, 1998.
2. Eastern Cheyenne River Consol. School	Funded, Construction is Complete; school is occupied.
3. Rock Point Community School	Funded, Construction is Complete; school is occupied.
4. Many Farms High School	Funded, Construction anticipated to start in summer of 1998.
5. Tucker Day School	Funded, Construction is Complete; school is occupied.
6. Shoshone Bannock School	Funded, Construction is Complete; school is occupied.
7. Standing Pine Day School	Funded, Construction is Complete; school is occupied.
8. Chief Leschi School	Funded, Construction is Complete; school is occupied.
9. Seba Dalkai School	Design scheduled for completion July 1998; construction funds requested in 1999.
10. Sac & Fox Settlement School	Design 70% complete; requesting construction funding in FY 1999.
11. Pyramid Lake High School	Design completed; requesting construction funding in FY 1999.
12. Shiprock Alternative School	Planning is nearly complete; funded for design; not funded for construction.
13. Tuba City Boarding School	Planning to begin Spring of 1998; funded for design; not funded for construction.
14. Fond Du Lac Ojibway School	Design is underway; not funded for construction.
15. Second Mesa Day School	Design to 40% is underway; not funded for construction.
16. Zia Day School	Planning completion is anticipate in second quarter of 1998; funded for design; not funded for construction.

SUMMARY OF GAO REPORT ON CONDITION OF BIA SCHOOLS

(1) BIA reports that the cost of the total inventory of repairs needed for BIA education facilities is \$754 million; (2) this in-

cludes the cost of repairs to all school buildings, including dormitories for students and employee housing; and (3) data from GAO's 1994 National School Facilities Survey show that, compared to other schools nationally,

responding BIA schools: (a) are generally in poorer physical condition; (b) have more unsatisfactory environmental factors; (c) more often lack key facilities requirements for education reform; and (d) are less able to

support computer and communications technology.

PERCENT OF INDIAN CHILDREN IN BIA SCHOOLS

While most Native American children attend regular public schools, about 10 percent attend BIA schools, which are funded by BIA and operated either by BIA or by various tribes through grants or contracts from BIA.

BIA schools are found in 23 states but are highly concentrated in 5—North Dakota, South Dakota, Arizona, New Mexico, and Washington.

BIA funded 173 schools (including boarding schools) in school year 1996-97, with a total enrollment of 47,214. The schools ranged in size from 15 to 1,144 students, with about one-half enrolling fewer than 200 pupils.

Enrollment in BIA schools is growing and overall has increased 25 percent since 1987. Most of this growth has occurred in the last 5 years.

GAO ESTIMATES ON NATION'S SCHOOLS

We estimated that the nation's schools needed about \$112 billion (+/- 6.6% sampling error) to repair or upgrade facilities to good overall condition. Responses to our survey indicated that about 33 percent of America's schools reported needing extensive repair or replacement of one or more buildings; almost 60 percent reported problems with at least one major building feature, such as plumbing; and about 50 percent reported unsatisfactory environmental conditions.

Furthermore, many reported lacking critical physical capabilities to meet the functional requirements of education reform and key technology elements to support computers and communications technology.

ISOLATION OF BIA SCHOOLS

BIA officials told us that BIA schools are often located in isolated areas and have to provide and maintain extensive campus infrastructures because they are too far from population centers to have access to town or city services. For example, one school we visited had to house and maintain a fire truck on campus because it is too far from the nearest city to use its fire department.

In addition, some schools must provide dormitory space for students and/or housing for faculty and staff because they are so distant from population centers. BIA officials told us that this isolation may also contribute to maintenance difficulties and costs when materials have to be shipped long distances and construction/repair staff have to be housed while on site.

AGE OF BIA SCHOOLS

Officials also told us that about 25 percent of BIA school buildings are at least 50 years old, and many of these buildings are on the National Historic Register. BIA officials told us that this listing often restricts the ability to make education-related renovations and improvements.

BIA TO UPDATE REPAIR INVENTORY

BIA reports that, as of October 1997, the cost of the total inventory of repairs needed for education facilities at all BIA schools is \$754 million. This includes \$693 million for repairs to school buildings, including dormitories for students. It also includes \$61.7 million in repairs needed for education quarters such as employee housing.

BIA's inventory of repairs needed—the facilities backlog—is an amalgam of information collected by architects, engineers, and BIA staff over the years. The inventory describes in detail individual work items required by national standards and codes such as the Uniform Building Code, National Fire

Codes, and National Electrical Codes to repair the facilities. The facilities backlog contains the repair cost for deficiencies identified in a building or at a site.

The deficiencies may involve safety and health, access for persons with disabilities, or noncompliance with other building codes. BIA is currently developing a new Facilities Management Information System and will be validating and reassessing the entire facilities backlog and inventory. The validation will include professional estimates of the cost of all backlog repair items and a determination of the relative economic values of repair versus replacement. The system development and validation projects are scheduled for completion in fiscal year 1999.

Our 1994 survey asked school officials to estimate the total cost of all repairs, renovations, and modernizations required to put their school buildings in good overall condition. The amounts reported by the 71 BIA schools responding to our survey were generally in agreement with BIA's estimates of the costs required to address the inventory of repairs needed at these schools.

S. RES. 100

Whereas there exists a unique legal and political relationship between the United States and tribal governments and a unique Federal responsibility to American Indians and Alaska Natives;

Whereas, under law and practice, the United States has undertaken a trust responsibility to protect and preserve Indian tribes, Indians, and tribal assets and resources;

Whereas the Federal Government's commitment to Indian education has been recognized, reinforced, and carried out through most treaties with Indian tribes, Congressional legislation, numerous court decisions and Presidential executive orders;

Whereas this Federal responsibility includes working with tribal governments and their members to improve the education of tribal members;

Whereas the 1990 census shows the poverty rate for American Indians and Alaska Natives was nearly twice the national average—31 percent of Indians live below the poverty level, compared to 13 percent of the total population. Nearly 38 percent of Indian children above the age of 5 were living below the poverty level in 1990, compared with 11 percent of non-minority children;

Whereas the development of tribal economies is dependent on physical infrastructure, capital investment, and highly developed human capital and an educated labor force;

Whereas excellence in educational facilities and services is a key to building the skills necessary for Indian people to develop vibrant tribal economies;

Whereas ever-increasing regional, national, and international economic competition demands that Indians have every competitive advantage accruing from achieving excellence in education;

Whereas there are approximately 600,000 American Indian and Alaska Native children attending schools in this country. An estimated 87 percent of these children attend public schools located on or near reservations and in urban areas; another 10 percent attend schools funded by the Bureau of Indian Affairs (BIA) and an estimated 3 percent attend private schools;

Whereas these schools have experienced an increase in student population of 3-4 percent

in the past 5 years, however, annual funding for the education of Indian children has not increased proportionately;

Whereas United States census data shows that the Indian and Alaska Native population has increased significantly in the past three decades. Primary growth concentrations are at ages 5 through 19;

Whereas the 1994 National Assessment of Education Progress (NAEP) showed over 50 percent of American Indian fourth graders scored below the basic level in reading proficiency, compared with 42 percent of all students;

Whereas American Indian students have the highest dropout rate of any racial ethnic group (36 percent) and the lowest high school completion and college attendance rates of any minority group. As of 1990, only 66 percent of American Indians aged 25 years or older were high school graduates, compared to 78 percent of the general population;

Whereas the demonstrated need for improvements to Indian schools and colleges is acute as reflected in the great disparity between average annual college funding per student of \$2,900 for Indian students, and \$6,200 for non-Indians in America, and the Federal Government should assist in bringing the Indian schools and colleges up to parity with the rest of America;

Whereas tribal scholarship programs nationally are only able to serve an estimated 40 percent of the eligible college student population and funding for graduate scholarships has been cut in half in the past 2 years;

Whereas there is a major backlog of \$680 million in funding need for facilities constructions, maintenance and repair for the 185 BIA-funded schools as well as for public schools located on and near Indian reservations;

Whereas there exists an alarming decline in the use of Native languages indigenous to the United States. A 1969 Senate Committee report stated that in 1969 there were 300 separate languages still being spoken. In 1996, the number had dropped to 206 still being spoken. These languages are spoken nowhere else in the world; and

Whereas, despite these alarming statistics, funding for the education of American Indian and Alaska Native students has been reduced substantially in the past 3 years. The United States Congress in fiscal year 1996 eliminated discretionary education programs in the Office of Indian Education budget which had funded adult education, research and demonstration programs, the Indian Fellowship Program and teacher training and professional development projects. At the same time, funding for reservation-based education programs in the BIA budget was reduced by more than \$100 million in the fiscal year 1996 budget. Now, therefore, be it

Resolved, That it is the sense of the United States Senate—

(1) that the Senate recognizes and supports the Federal Government's legal and moral commitment to the education of American Indian and Alaska Native children, which is a part of treaties, Executive orders, court decisions and public laws which have been enacted by the House and Senate of the United States Government;

(2) that funding for all bills, including reauthorizing legislation in the 105th Congress with specific programs for American Indians and Alaska Natives be funded at levels sufficient to meet the ever-increasing educational and economic demands facing Indian people on reservations, urban communities and Alaska Native villages;

(3) that the Senate recognizes the adult literacy needs of American Indians and Alaska Natives through the inclusion of tribal provisions in the administration's proposal to reauthorize the Adult Education Act;

(4) that the administration's bill for reauthorization of the Higher Education Act of 1965, Public Law 102-325, preserve the original purpose and intent of the Tribally-Controlled Community Colleges Act and promote access to higher education opportunities for American Indians and Alaska Natives;

(5) that during the 105th Congress' reauthorization of agricultural research programs, the needs of tribal colleges as designated land-grant institutions must be given close attention, through amendments to the Educational Equity in Land-Grant Status Act of 1994;

(6) that early childhood programs such as Head Start (Public Law 103-252) and Healthy Start contain resources needed to meet a growing number of American Indian and Alaska Native children whose rate of growth exceeds the national average; and

(7) that the Senate recognizes the need for development and implementation of a Government-wide policy on Indian education which addresses the needs of American Indian and Alaska Native people.

Mr. DOMENICI. Mr. President, from what I understand, we have no objection on this side, and I understand there are no objections on the Democratic side. Therefore, I believe if we yield back our respective times, we can accept this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON. I yield back my time.

Mr. DOMENICI. If there was time in opposition—I don't know what it is—we yield it back.

The PRESIDING OFFICER. Without objection, the Johnson amendment is agreed to.

The amendment (No. 2210), as modified, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. 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. LAUTENBERG. 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. LAUTENBERG. Mr. President, I yield 10 minutes, or such time as may be needed, to the Senator from North Dakota. The time is to come off the resolution.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for such time as he may consume.

AMENDMENT NO. 2175

Mr. DORGAN. Mr. President, I very much appreciate Senator LAUTENBERG yielding me the time. I am going to visit a bit some of the items that were just discussed about Indian schools and schools generally. I wanted to come and talk about the Moseley-Braun amendment.

We talk a lot about family values in this Chamber. It seems to me that

every family that sits around in the evening and talks about their lives must certainly talk about the schools their kids are going to. We have 14 million students who attend schools in this country now, schools that are in need of extensive repair—extensive repair.

This afternoon, we sit in a nice Chamber. We have people here who enjoy their lives, and they are well dressed. We talk about education and theory in the abstract. In Cannonball, ND, today there is some little kid sitting in school, and I bet you that child is smelling sewer gas backed up from the pipes, because that is the way the school is down in Cannonball. That school is 70 years old. There are 150 kids attending that school with two bathrooms and one water fountain, and that school is in serious disrepair.

I just mention that one, but I could mention thousands of schools across this country that are in desperate need of repair. Senator MOSELEY-BRAUN has proposed an amendment that says in this Budget Act let us make room for school construction, for the Federal Government to provide some incentive, some small incentive to State and local governments to help repair and rebuild our schools.

I have two children in public school this afternoon. Last year in public school, one of those children was in a classroom with 30 students. That is too big. This year, one of them is in a temporary classroom or an expanded mobile home. That is too bad. It is a good school, and both of them are getting a good education. The fact is, we can do better in all of these areas, especially with respect to school construction. We know what the problem is and we know how to fix it. The issue of the budget on the floor of the Senate is a matter of priorities. What do each of us think is important for this country.

I watched last week during consideration of the supplemental appropriations bill someone come into this Chamber and offered an amendment that went just like that, just that quick, for \$170 million for missile defense. It wasn't debated, it wasn't discussed, it was just added. And there it was, \$170 million.

Let me talk about these schools for a moment, and let me talk specifically about the Indian schools, because while we are talking about the 14 million students who are in school today in schools that need extensive repair, let me talk just for a moment about the students in the Indian schools run by the BIA. These are schools owned by the Federal Government. They are owned by us. We have no one else to blame if we don't fix those schools, and it doesn't take a rocket scientist to figure out how to fix it. You can look at the school, find out what is wrong and spend the money to invest in that school to help those children.

Let me tell you about the Ojibwa school. That is up on the Turtle Mountain Indian Reservation. Those chil-

dren walk between portable classrooms in the middle of the winter up to six times a day in bone-chilling weather. A health and safety inspection of that school and temporary classrooms in 1995 found 156 violations—fire hazards, broken windows, roof leaking, wooden stairs and landings for portable classrooms had deteriorated so much to the point they were no longer safe, wires hanging exposed from some classrooms.

The Cannonball School is a public school. It is not a BIA school. It is on the Standing Rock Indian Reservation for grades K through five. The school is 70 years old. It has been condemned as a fire hazard, but the local tax base cannot support building a new school. The second level of the school isn't used because the stairs are unsafe. The water and sewer systems are old and regularly back up.

Last week, when we talked to the Cannonball School superintendent, she said two classes had to be moved in with other classes because the smell of sewage got so bad in the classrooms of these young children. One wing of the school doesn't have running water. Mr. President, 145 students and 40 staff share two bathrooms and one water fountain. The electric wiring is so old that it cannot support computers in the classrooms, but it doesn't matter, because there can't be computers in these classrooms. The classrooms are 8 foot by 12 foot. The music classes take place in what used to be the janitor's closet, 8 foot by 10 foot.

Standing Rock Reservation: Standing Rock School has PCBs leaking from the light fixtures. PCB, as we know, is a carcinogen. It is very dangerous. Federal law says that PCB levels over 50 parts per million are unsafe. In the Fort Yates school, the PCBs leaking from the light fixtures measured not 50 parts per million, which is unsafe, but 143,000 parts per million. That is in our school. That is with kids attending school.

What happened? They shut the school. They took the kids out of the school and placed them around town in portable classrooms, some in a home. Six classes have been meeting in the school gymnasium. The others have been meeting in portable trailers and a private home. The extra classes, like physical education, music and art, of course, have been suspended, and the school officials don't yet know when the students will return to their classrooms.

PCBs leaking from light fixtures in a school that is in disrepair—this happens to be on an Indian reservation where, incidentally, in 9 months, 48 teenagers attempted suicide. In the last 9 months, 48 attempted suicides, 6 of which were successful.

If I sound a little angry about this, I am. Every single year I have come to the floor of the Senate to talk about this problem, and these kids go to school in conditions for which we ought to be ashamed. This Congress can do something about it, and the

budget process is a process in which we make decisions. If someone stands up here and says, "No, school construction doesn't count because we have other priorities," I ask them, "What is your priority if it is not your children?" By "your children," I mean this country's children.

All across this country, when our kids go to school, I hope every parent wants their child to walk into a school that is safe, secure, and in good repair. I defy anybody in this Chamber to stand up and say to me that kids who go to school where sewer gas leaks into the classrooms and they have to move kids out of those classrooms because of the stench of sewer gas, I defy anybody to say it is a good thing for kids. If it is not a good thing for kids, and we know it is going on around this country—and anecdotically we see it in a GAO report and other investigations—then let's decide we want to do something about it. The question isn't whether, the question is what.

Senator MOSELEY-BRAUN has made a proposal. Her proposal is modest. I suspect it will be voted down. It will be voted down because we have people who construct the budget and say, "Here are our priorities; this is what we want to spend money on, and it doesn't include this."

The amount of school repairs necessary in this country last year—3 percent of the funds available to meet the needs of school repairs was allocated to the State and local governments last year. If this Congress doesn't have the nerve and the will to say on behalf of our kids that you matter, this is a problem we know we can fix and we are going to put in our budget the provisions that allow us to say to kids, "We're going to invest in your young lives," if this Congress doesn't have the capability to do that, then there is something, in my judgment, fundamentally wrong with the priorities we have established for public spending.

I said yesterday that everybody in this Chamber will be dead in 100 years. Everybody. Nobody will be around here feeling good, working. They will all be dead. We will all be dead. Only historians will evaluate through our budget, by looking back at the budget process in this Congress, the 105th Congress, what were our values; what did we think was important; what did we decide to invest in; what did we think would improve this country.

I hope historians will not look back at us and say, "Well, oh, they had discussions about a terrible deplorable condition in some schools in their country, but they decided not to invest in schools, because, somehow, schools took a backseat, schools were in second place to a range of other priorities, some of them very strange priorities."

I hope historians will say that this Congress, yes, in tight fiscal times decided that one of the most important investments they could make in America was to make a good investment in the education of our kids.

No kid in this country can go to school and learn the way we expect children to be able to learn unless those schools are in decent repair. They must be safe, in decent repair, good places of learning. You have to have a teacher who knows how to teach, a student who is willing to learn, and a parent involved in that education. When you have that at work and have invested in good school facilities that are necessary to make that take place, then we will have done our job as a country.

I wanted to come and say Senator MOSELEY-BRAUN has offered an amendment that is very, very important. I can think of a thousand reasons why people will stand up and say they are against it. None of them are good. Mark Twain was once asked to debate—I have told my colleagues this before. He said, "Of course."

"We've not told you the subject."

He said, "Doesn't matter, as long as I can take the negative side; that takes no preparation."

It takes very little preparation to oppose. The Senator from Illinois has proposed something that ought to rank right at the top of the list of what is important for this country. When we vote today, I hope the American people who listen to this debate will call the offices and say, "We agree that this represents the first priority for the Congress, the first priority for this country, to invest in the lives and education of the American children."

Mr. President, I yield the floor, and 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. LAUTENBERG. 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. LAUTENBERG. Mr. President, I yield such time as needed to my colleague from Illinois so that she may discuss her amendment. And until such time as my colleague is ready—

Ms. MOSELEY-BRAUN. I am. I thank the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from Illinois is recognized for such time as she may consume.

Ms. MOSELEY-BRAUN. I thank the Senator from New Jersey for his indulgence, for allowing additional time to talk about this issue because it is such an important issue and we were limited by virtue of the agreement on this budget discussion so we did not get the time to really go through all the details. But I did want to pick up on a couple points that were made while the Senator from North Dakota spoke. He was so eloquent in his support of the legislation. But he touched on two themes that I would like to touch on or respond to now.

The first one goes to, whose job is it? Whose responsibility is it to see to it that our children go to school in envi-

ronments that are suitable for learning? Whose fault is it? Whose fault is it that we have crumbling schools, that we have schools that fall below building codes? We have schools where the ceilings are falling in because of faulty plumbing. We have schools where the wiring is insufficient to maintain a computer. We have schools with broken windows in this country.

Almost fully a third of the schools, according to the General Accounting Office, fall below the code standards, decent environments for learning, just basic kinds of facilities requirements. This is not bells and whistles. This is not anything exceptional, just the basic level of facilities and infrastructure. Almost a third of the schools in this country fall below that level.

So as you go through the debate, a lot of this debate really comes down to, whose fault is it that it is this way? And what the sense-of-the-Senate amendment proposes is that we stop playing the game, the blame game, that we stop trying to pass the buck, that we stop trying to point the finger to assess the blame, to make it somebody else's problem, because, indeed, the children of this country are all of our problem.

We will not be able to maintain the standard of living that we all talk about and maintain as the American dream, we will not be able to maintain that American dream into the next century if we do not give every one of our children an opportunity to learn, if we do not give every child the best access to education that we can possibly make available to them. Quite frankly, we cannot give quality education to children in school buildings that are literally falling down.

It should be intuitive to everybody in this Chamber, but beyond intuition, the fact is that the studies actually have confirmed that performance is directly related to the condition of the environment in which learning is supposed to take place.

Children who go to schools that are falling down consistently score below children in quality facilities, across the board, on all the tests. We should have gotten a warning call as a nation just a couple weeks ago when the results came in on the international tests in math and science. What those results said to us was that the United States has fallen behind most industrialized countries.

The United States scored below Slovenia. I do not mean to disparage Slovenia, but we scored below Slovenia in math and in science. How can we possibly expect to compete in this global economy with this kind of laissez faire attitude, this kind of neglect, this kind of, I would even suggest, triage of our children, that leaves their education up to how much their parents happen to be able to afford?

That gets to the point of—there was a chart over there, and it has kind of fallen. I do not know where it went. I actually would like to use it for a second. It was on the opponents' side. It

was a quote from one of the White House assistants in 1996 when this proposal got cut out of the budget. In spite of the fact that the White House said at the time they were in support, the fact is—and everybody in this room knows; and I am not embarrassed about it anymore—that the White House said, “Well, we have some other priorities. We can’t afford to do this now.” So they punted on the school construction proposal. They essentially let it get cut out at the table because there was opposition on the other side of the aisle, and the majority objected to it. The White House said, “OK, fine. We’ll let it go.” So the proposal fell once again that time just under the circumstances of that debate.

But that loss, in my opinion, should have just been temporary because, if nothing else has happened, I think in the ensuing years people have had a chance to take a look at the whole question of whose fault it is and whose responsibility it is. The truth is, we cannot just expect to pay for rebuilding our crumbling schools based on the local property tax.

Right now our school finance structure proceeds from the local property tax. That is one of the reasons why we have this patchwork of schools across the country. In much the same way General Eisenhower, when he set up the Interstate Highway System, concluded that the only way we were going to serve the national interest in transportation from one end of the country to the other was to have a system that had some congruence and some core communication and some networking, if you will, to it. So we were able then to get around the wealth of a specific community by saying we are going to have one good road that takes us from one end of this country to the other.

Well, so it is with facilities. If we just rely on the local property tax, we will be forced then to have a school system where in wealthy communities there will be good faculties, in middle class communities there will be a patchwork of full school facilities, and in poor communities there will be school facilities with broken windows and falling bricks and leaky roofs. That is the situation we are in. And that is the situation we have come to.

Let me suggest this debate and this sense of the Senate does not say that State and local governments do not have a role to play or that we should take this up as a new program for the Federal Government. Indeed, we should not. If anything, this calls on all levels of government to go into a partnership, to work together, to collaborate, to get beyond the blame game and the finger pointing and the skirting of responsibility, to say let us work together to make this happen, to fix these crumbling schools.

The property taxes have already—already—been rising. In fact, State and local taxes as a share of income have risen nearly 10 percent—nearly 10 percent. And the increase in State and

local taxes has been greater than the increase in Federal taxes. It is stunning. People think, “Oh, taxes are terrible.” Well, most of the tax hikes have come at the State and local level. This is going to dawn in the general conversation fairly soon, I suspect, because the problem is not coming from here, it is coming because we are pushing off to State and local governments a lot of responsibility that we could help them with. That is the point, not that we are going to take it over; we can help them.

Indeed, if we do not create a more equitable partnership to modernize our schools, the local property taxpayers will have to come up with an additional \$153 billion—\$153 billion. This sense of the Senate suggests that we have that partnership, that we work together, that we provide some financial assistance to local governments, that we provide an opportunity for them to give some relief of the local property taxes, that we support State efforts to rebuild the schools, that we work together for our children, because they are all our children and we have a stake as citizens of this great country in the education of each and every one of them.

It seems to me that if we form this partnership, we will be able to meet this challenge, we will be able to provide our children with decent facilities, we will be able to give them the tools they need to take up the challenges of this technological age of their time.

I thank the ranking member for giving me this time. It appears that the majority is prepared to take the floor. But I yield back to the Senator from New Jersey. I thank the Senator so much for his support of this. He has been a builder. I have to say one thing about the Senator from New Jersey. He likes and he understands the importance of infrastructure; of the basics; of making certain that our roads are good in this country, because that is how business gets done; of making certain that we have infrastructure with the bridges so we do not have accidents, so that people can get from one place to the other, can get to work; of making certain that our children have the quality education and that the infrastructure is adequate to that end.

It seems to me that there can be no more fundamental priority for us. And this is an opportunity for us to provide for educational excellence, again, in collaboration and cooperation and in partnership with State and local governments on ways in which they retain control. There is not a lot of bureaucracy with the proposal. Actually, this is not a proposal. The sense of the Senate is so general, I would expect it to have unanimous—it could very well, if it were not so partisan an issue, it could very well have unanimous support in this Senate. It should have. It should have.

The politics, frankly, should stop at the schoolroom door, and it should stop on something like a sense of the Senate

that just says, look, this makes sense for us to do. It does not legislate, it does not mandate, it does not dictate anything. A sense-of-the-Senate amendment, as the Presiding Officer knows, is just a statement of what we think is the right thing to do.

And I hope that we could have unanimous support for the right thing to do by our children, by our school facilities. I hope to have 99, if not 100, votes. It would be very nice. But I am a realist in this matter. I know that it is going to fall prey to partisan politics. I think that is a shame too, because I really think the time when we have to just have these partisan divides on these kinds of issues, that time has passed.

I think the American people have gotten to the point where they are tired of the blame game, they are tired of the finger pointing, they are tired of the argument, the argument of, “This is what’s wrong with America, and isn’t this a shame?” Let us move to the constructive, to the positive, and talk about what is right with America, what is right with our generation. Our generation is as capable as any of the generations that have gone before us of meeting the challenges of our times. I submit to you that this crumbling school initiative is precisely such a challenge.

When I went to school, we were in schools largely my parents’ generation built, my grandparents’ generation built. What is our generation going to leave as its legacy to the kids? Schools based on whether or not your parents are wealthy? Schools based on whether or not you live in a community that has a big shopping center so there are a lot of property taxes? Are we going to just leave it to an accident of geography whether or not a youngster has a chance to be educated in a decent facility? I hope not.

I hope we take advantage of this opportunity and see this sense-of-the-Senate amendment as an opportunity—as an opportunity—for us to come together as Americans for something that we all believe is the right thing to do.

I want to again thank the Senator from New Jersey. I yield to the Senator from New Jersey and thank him again for his indulgence and for all of his great support in this matter.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I wonder if I might ask a couple questions.

Ms. MOSELEY-BRAUN. Absolutely.

Mr. DOMENICI. How much is the program that you envision going to cost the Federal Treasury?

Ms. MOSELEY-BRAUN. \$3.3 billion.

Mr. DOMENICI. \$3.3 billion?

Ms. MOSELEY-BRAUN. Yes.

Mr. DOMENICI. Can you explain how we will get so much for so little?

Ms. MOSELEY-BRAUN. In the first instance, this sense of the Senate does not prescribe a level. The sense-of-the-

Senate amendment is conceptual; it does not go to \$3.3 billion. That is the underlying legislation that has that figure in it.

How do we get so much for so little? That is a very good question. I will tell you how. What we do is provide the issuers of the zero coupon bonds with the ability to give, basically, a tax break to purchasers of the bonds. So instead of having even an interest rate buydown, an individual will get a tax credit when they buy one of these instruments. They will get a tax credit instead of interest. That will allow for the leveraging to the \$22 billion or thereabouts of the bond issue.

Mr. DOMENICI. Let me make sure I understand a couple more things.

Ms. MOSELEY-BRAUN. \$21.8 billion. The \$3 billion I mentioned will leverage into \$21.8 billion worth of these bonds over the next 2 years. Again, it is calling for a partnership. It calls for private-sector investment—private-sector investment—in helping to rebuild these schools. It is not all out of the Treasury. It is largely the private sector stepping forward and saying, "As purchasers of these instruments, we want to help achieve a national goal."

Mr. DOMENICI. In a sense, if this sense of the Senate is ever carried out, the Finance Committee would have to find room on the tax side for \$3.3 billion of tax cuts; is that correct?

Ms. MOSELEY-BRAUN. We have the tradition of paying for those things that are authorized out of the Finance Committee.

We passed a bill last night that wasn't fully paid for, as I know the distinguished Senator from New Mexico is aware. However, yes, we would have to find the "pay for." There is no question about it. Whether or not that would come out of some of the various revenue streams mentioned in connection with the bill we passed out last night or some other—we can be innovative. The chairman of the Finance Committee is sitting here, and he is one of the most innovative persons I know in coming up with things like that. We can work together to find the revenue stream to support the \$3.3 billion. It is a small price to leverage \$21 billion of private-sector investment to achieve the goal of helping to start down the path of meeting this \$112 billion worth of deferred maintenance.

Mr. DOMENICI. I don't have any further questions. I think there are some other Senators on our side that do, and in due course they will come down. I have nothing further.

Are you finished on your side?

Ms. MOSELEY-BRAUN. I yielded for the Senator from New Jersey.

AMENDMENT NO. 2209

Mr. ROTH. Mr. President, I ask unanimous consent that the pending amendment be set aside, and I ask for the immediate consideration of amendment No. 2209.

The PRESIDING OFFICER. That will be the pending question.

Mr. ROTH. Mr. President, this amendment deals with a vital national issue—Social Security reform. This

amendment is cosponsored by Senators BREAUX, GREGG, ROBB, HATCH, NICKLES, GRAMM, GORDON, SMITH, and SANTORUM.

Let me say first that as the chairman of the Finance Committee I am acutely aware of Social Security's future financial problems. I am sure these problems are familiar to most members, but nonetheless they bear repeating.

In just 14 years, in 2012, revenues to the Social Security trust funds will no longer cover benefits. Social Security will then cash in Treasury bonds that are now accumulating in the trust funds. This will place major pressure on the Federal budget and crowd out other important spending.

By 2029 the bonds will be gone. Social Security will then be able to cover only 75 percent of benefits directly from revenues. The long-term debt of the Social Security system—the difference between revenues and benefit through 2075—is estimated to be an astounding \$121 trillion.

The purpose of my amendment is simple. Nevertheless, it is important and urgent. The amendment instructs the Finance Committee to dedicate the budget surplus to establishing Social Security personal retirement accounts.

Despite its simplicity, I know that many of my colleagues will have at least two questions about this amendment. First: "Why establish personal retirement accounts this year, rather than wait until next year?" And second: "Why not begin with comprehensive Social Security reform, rather than start with personal retirement accounts?"

Mr. President, the easy course would be to wait until next year to begin Social Security reform. But the fact is, Social Security reform will be a big job. I am very concerned that trying to do it all in one year—in 1999—will simply not be possible.

Americans have learned that big, comprehensive proposals, with many parts, often run into problems in Congress and can easily take several years to enact. Particularly proposals that deal with an important, sensitive program like Social Security.

The place to start with Social Security reform is to establish a program of personal retirement accounts—funded by the budget surpluses. Dedicating the surplus to personal retirement accounts allows us to get started on reform without running into controversies over changes to the traditional program.

Personal retirement accounts themselves would be a big, new feature of Social Security. We will need to explain these accounts to the American people, and writing a bill will require thoughtful action by the Finance Committee.

Mr. President, let me note for the record that there is a growing bipartisan consensus that personal retirement accounts must be an essential feature of Social Security reform. And I want to emphasize the word "bipartisan."

In the Senate, Senator BOB KERREY, another member of the Finance Com-

mittee, was an early and vocal advocate of personal retirement accounts. In the last Congress, he and Senator Alan Simpson, now retired, introduced a ground-breaking Social Security reform bill with personal retirement accounts that grew out of their experience on the 1994 Bipartisan Commission on Entitlement and Tax Reform.

Other Democrats support this concept. For example, Senator ROBB, another cosponsor of my amendment, proposed a sense-of-the-Senate to last year's budget resolution that would have funded Social Security retirement accounts.

And just two weeks ago, Senator MOYNIHAN, the ranking Democrat on the Finance Committee and a recognized expert on Social Security, introduced a comprehensive Social Security reform package that included personal retirement accounts.

On the Republican side of the aisle, there is strong support as well. Senators JUDD GREGG, DON NICKLES, PHIL GRAMM, RICK SANTORUM, and ROD GRAMS, among others, have been enthusiastic advocates of Social Security personal retirement accounts.

Let me explain why Social Security personal retirement accounts find so much support—not only in Congress, but among the American people. While proposals differ, the basic objective of this program is to provide each working American with funds to be deposited into personal retirement accounts.

With even conservative investment, such accounts have the potential to grow to provide a secure and generous retirement nest egg. Indeed, for the first time Americans could look forward to having real personal wealth in old age, not just enough to keep body and soul together.

A recent report by the Congressional Research Service provides many illustrations of what Social Security personal accounts may offer. For example, for an individual who is 28 years old today and earns an average wage—about \$27,000, just 1 percent of an amount equal to his or her wages invested over the next 37 years in the S&P 500 would grow to \$132,000, which would be worth about 20 percent of his or her Social Security benefits. By the way, CRS assumed a 10-percent rate of return for the S&P 500. In fact, over the past 10 years, the compounded annual return on the S&P 500 has been 18 percent.

Mr. President, using the budget surpluses to create retirement accounts represents an opportunity to get these accounts up and running. Once in place, we can then begin looking at Social Security benefits for the long run. It will help insure that Social Security benefits continue to provide a secure foundation of retirement income. Establishing these accounts this year—as a new program in addition to the current Social Security program—would allow us to demonstrate their value in

providing retirement benefits for working Americans in the years to come.

Creating these accounts would also give the majority of Americans who do not own any investment assets a new stake in America's economic growth, because that growth will be returned directly to their benefit. More Americans will be the owners of capital—not just workers.

Creating these accounts will help Americans to better be prepared for retirement, generally. According to the Congressional Research Service, 60 percent of Americans are not actively participating in a retirement program other than Social Security; this, in spite of the fact that Social Security was never intended to be the sole source of retirement income.

Mr. President, could there be a more important use of the budget surplus? Some may believe that the budget surplus should be used to reduce the debt, not dedicated to personal retirement accounts. That is exactly what we will do by using the surplus to create these accounts. Social Security, a \$121 billion unfunded liability over the next 75 years, is a huge debt and we need to recognize it as such.

Retirement accounts and other solvency proposals would be a critical first step in reform. At the same time, it would tackle that debt and protect benefits. Most observers expect a surplus upwards of \$60 billion this fiscal year, enough to get started on retirement accounts and to begin reducing the Federal debt. Some may be concerned that the President and others have called for a year-long national dialog on Social Security reform. They may be erroneously believing that doing reform this year might undermine the national dialog. On the contrary, I can think of no better way to focus it than with specific proposals and action by a U.S. Senate committee.

Mr. President, Congress has talked for a long time about the need to do something to shore up Social Security. The time has come for action. It is indeed a blessing that we have a surplus to work with. Now let's put that surplus to work. The Finance Committee must get started on Social Security reform this year. The place to start is by dedicating the budget surplus to fund personal retirement accounts. This amendment will get the ball rolling. I urge Members to support it.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I rise in support of the Roth amendment. Clearly, there is a long way to go before we have rendered Social Security solvent way into the next century. But it is even more obvious that this is the era when part of what a citizen who is working should have for retirement should be a personalized savings account or an annuity that comes from that personalized savings account. There can be no doubt that it can be

structured in such a way that it will turn out to be better for the senior citizen. They will be assured of the benefits that they are getting now and, in most cases, will come out far, far ahead.

In the meantime, if it works right, the surpluses of the U.S. Government, if used partially for this, will be invested in a safe way, not solely in IOU's from the Federal Government, which is where they go now, which is the law now; rather, they will be invested where they can, without much risk, yield significantly more and, when compounded, the power of compounding is enormous.

So in a very real sense I come here today saying to the distinguished Senator, Senator ROTH, chairman of the Finance Committee, that the time has come for some significant reforms that will not put in jeopardy the Social Security system, but rather in the long run make sure that it is not short of money, that its liabilities will not be there to destroy the system, but rather that in years to come, it will be more solvent, and that ultimately, with part of it being compounded because of the annual return that will come from safe investments, it is clear that everyone gains. The seniors gain, the 21-year-old paying into the system today gains, and the American economy is the beneficiary of individuals investing in this economy across the board so that the working people of the United States will own an interest in the American companies that produce our wealth.

Frankly, I am delighted that we are going to discuss this today. If we discuss it for a long time, that is fine with me. If we discuss it for a short time and it passes, that is fine with me. But clearly, we discuss a lot of things that are not nearly as important to our future, and we adopt sense-of-the-Senate resolutions that are, in many instances, not even important to the fiscal policy of our Nation and the future well-being of our people.

This is moving in the direction of reform and personalized accounts, and is a very appropriate thing to be doing on a budget resolution. It has everything to do with what we do with our surpluses, if we have them, what we do with capital needs in the future, and how we assure senior citizens that they are going to be guaranteed a Social Security check or better, because they will have invested some portion of it in personalized accounts.

I yield the floor.

Mr. SANTORUM. Mr. President, may I have some time under the bill?

Mr. DOMENICI. How much time does the Senator want?

Mr. SANTORUM. Fifteen minutes.

Mr. DOMENICI. I yield Senator SANTORUM 15 minutes, and then Senator NICKLES needs 15 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I rise in very strong support of Chairman ROTH's amendment. There is nobody in

this Chamber who has done more to look out for the retirement security of Americans than Senator ROTH from Delaware. It is with his Roth IRA and other kinds of innovation in his work on the Finance Committee that he has helped to provide for retirement security for millions of Americans, which is legendary. I commend him for that and for firing, if you will, here on the floor of the Senate, the first salvo in what I believe will be a long debate, and I hope will not be a hostile debate, on the issue of transitioning Social Security.

What we have seen is now a bipartisan agreement that personal savings accounts must have a very significant role in transitioning Social Security. Why is that? Social Security is in trouble. It is not in trouble next year or the year after, but Social Security, which was "saved" back in 1983 with the most recent revision—it was supposed to save it for generations to come, but it is now scheduled to go bankrupt some 30 years sooner than originally expected. That number is not set in stone either. It is now 2029 when the system goes bankrupt. In the year 2013, the system starts running a deficit, paying out more than it takes in. Now is the time, before that bulk of the population, the baby boom generation, goes into retirement, to begin to look at how we can begin to solve this problem. Well, there are things you can do within the current structure, like changing benefits—when I say "changing," I don't mean raising them, I mean cutting benefits—increasing taxes, and do a whole lot of things to try to preserve a pay-as-you-go system that will not work over time because of very simple demographics, the most important of which is that people are living much longer, which is a good thing, and also we have very low birth rates in this country. You have people living longer and fewer people to pay for them. So you are looking at dramatic increases in taxes or cuts in benefits, and that is a mindset of a finite, fixed pie.

What Senator ROTH is suggesting here is, let's grow the pie. So when he says let's grow the pie, let's invest this money, not, as Senator DOMENICI said, in Treasury bonds that earn a very small rate of return—in fact, if you are entering the work force now, the rate of return on Social Security taxes you are going to pay is below zero. That is not a good deal for young people in this country. But what we have to do is transition the system using the ideas of growth in producing more retirement income for people who are just entering the work force, or who have been in the work force a relatively short period of time, but at the same time, make sure that we do not change what has been promised to those at or near retirement.

That is our challenge. But with challenge comes tremendous opportunity; in crisis comes a tremendous will to be innovative in using the private market

systems that work so well in this country to provide wealth. As the Senator from Delaware said, our modest amount of money being paid on Social Security was never intended to be the sole source of retirement. As a result, it is a very modest amount. People living on Social Security today will tell you that if that is their only income and they have no other pension income or savings income, they are hard pressed to make a living. This is not an adequate savings system. What we need to do is enhance that, create an opportunity for more growth in people's wealth and, at the same time, protect those who are in the system or have been in the system such a long period of time, so that they will keep at least what we have promised in the past.

We can do that, but we must use the power of the marketplace, the power of investment and savings. In so doing, we will not only open up the opportunity for wealth and a better retirement income for generations to come, but open up huge economic benefits for this country with the amount of money that is going to be poured into the capital markets and the debt markets, to be able to finance future economic expansion and growth, better jobs, and higher standards of living and real wage growth. I heard earlier today from Jose Pinero, who was the Secretary of Labor during the time Chile went to a private personal saving system there, some 17 years ago. He said that 30 years prior to Chile going to that system, they had a real wage growth of 1 percent a year, on average. Since they passed the personal savings accounts in Chile, they have had a real wage growth of 7 percent a year, for almost 15 years, in that country.

What they have done is dramatically increase—over double; two and a half times—their savings rate. People now understood. Senator ROTH said a very important thing, that only 40 percent of the people in this country have some investment in the marketplace and understand the dynamics of how the market works, how our economy works. That is a disability, if you will, for millions of Americans who don't have that advantage. The average, ordinary Chilean has that knowledge now and understands the marketplace and uses that knowledge to their own benefit—and not only their own benefit in their personal savings account, but in their life and in their savings and other skills of interacting in the economic marketplace. It creates such synergy that it will have a dramatically positive impact on the future of this country.

This is the opportunity that is before us, and what I am so excited about is what I see is a real chance for a bipartisan solution to this problem. With Senator MOYNIHAN's proposal of putting 2 percent aside in private savings, I think that is a very healthy initiative. We want to build, in my opinion, from that as to how we can transform this system to provide the security for those at or near retirement, put it in

the law, which is not the case today, so that those benefits will be there as long as they are alive, that we will not change the benefit structure as long as they are alive—there is no law that says that right now—guarantee it. Then we can create opportunities for those, frankly, who have very little expectation that Social Security will be there.

I talk to a lot of young people. I have been to over 110 high schools in my State since I have been in office. I can tell you, when I ask the question, "How many believe Social Security will be there when you retire?" if anybody raises their hand, the other kids in the crowd look at them and laugh at them. They have no expectation that Social Security will be there. They think it is, in fact, a pyramid scheme, a ponzi scheme, some sort of thing that the folks who are in power right now are just going to make them pay and then slash the heck out of Social Security when it comes their time.

Well, what we are going to do here is create hope. One of the things I hear so much about is how young people are cynical in this country and they don't believe in our institutions and our culture, and what we are doing here is, in fact, giving them something they can hold, they can have a passbook with their money in it so they can track it every day and see how it grows, and they can say, "This is my money," from the first day they worked flipping that first hamburger at a fast food restaurant. That money goes into their account and is building for their retirement security. They can see that happening with them at work. They can see hope. They can see the potential for wealth and for a good life. They will understand the dynamics that are so important for all of us to understand that have to survive economically in this country and in the world that is out in front. This is truly not something we should be looking at and saying, how are we going to fix Social Security? Such a problem, such a crisis. What are we going to do and have money? But to walk hand in hand and jump at the opportunity to create a whole new way of looking at providing opportunities for millions of Americans upon their retirement and energizing and uplifting an economy through that process, this is a great opportunity for all of us.

What the chairman of the Finance Committee has done today is to lay down the first mark on the budget where it should be laid down, because what we will be doing by allowing private investment is dramatically lower—not everyone talks about how we are going to use the surplus in transition. That is a big concern we have to worry about—how we transition these costs. That is the big nut we have to crunch. But at the end, what will happen is that budget deficits and the huge unemployment liability in \$7 trillion or \$8 trillion of unfunded liability in the Social Security trust fund today

will in effect over time vanish because of the dynamics of allowing private savings to occur.

This is in fact a multifaceted solution to many problems that are out there, one of which is the long-term problems of the budget deficit in the outyears when the baby boomers are beginning to take retirement—not only Social Security but Medicare as well—when the budget deficit comes back again. You hear so much about surplus. It comes back again. That is the era, that is the time that we can, by acting now, keep surpluses coming long into the future and grow the economy, create stability, create hope for those who now do not have it.

Mr. President, I yield the floor.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I compliment my colleague from Pennsylvania for his statement. I also compliment Senator ROTH for his resolution. I am happy to cosponsor this resolution. I hope we will have overwhelming bipartisan support for it, and hopefully everyone can understand what we are talking about doing. We are talking about saving Social Security.

The President during his State of the Union speech says we want to save Social Security; we don't want to spend one dime of the surplus. Senator ROTH is trying to save Social Security. Because we do not just save Social Security by not spending the surplus either in the form of additional outlays—frankly, the President is violating that as we speak because he wants to have a supplemental appropriations bill and doesn't want to pay for it. He is already violating what he said in the State of the Union Address.

But I agree. We should save Social Security. This resolution says that we should take the surplus and allow individuals to set up personal savings accounts. I think that is the way to save Social Security. I think that is the way to fund Social Security. Right now we don't fund Social Security. It is an unfunded paying system. One generation pays for retired generations, or working employees today pay the Social Security tax. Social Security taxes are enormous. They have grown, and they have exploded in cost.

As a matter of fact, somebody paying Social Security today is paying a total—if you look at Social Security taxes, their contribution today is a total of \$10,465 if they have the maximum amount of income, which is \$68,400. That is a lot. That actually includes Social Security and Medicare, I might mention. So that is a lot. Social Security is 12.4 percent of \$68,000. That is a lot of money. That is over \$9,000 that people are paying. If somebody happens to be making \$68,000, they are paying a lot. What do they have to show for it? Nothing. They can't open up a bank account and say, "Here is

my money for an investment." Basically they are funding a previous commitment.

Senator ROTH is saying we should take the surplus and allow people to set up their own individual retirement accounts, let them be able to invest in the marketplace, let them be able to enjoy the rewards of compounding interest. Right now the rate of return on Social Security as an investment—some people say 1 percent, some people say 1.2 percent, or 1.3 percent. That is not a very good rate of return. It is pathetic if you consider what the market has done in the last several years. The marketplace—the Dow Jones or Standard & Poors 500—has been compounding in the 20 and 30 percent range for the last 4 years. But to have individuals be able to enjoy this? The answer is no, not in Social Security.

Senator ROTH has done something else. I really appreciate it, because it is important. He said not only should they be able to invest a portion, but also we should be able to use that money to reduce the unfunded promises that we now have in Social Security.

I want to do this proposal for two reasons.

One, I want millions of Americans to become millionaires. If we let them take—some people say 2 percent. I think it should be up to maybe 5 or 6 percent, maybe half of their Social Security tax. Of the Social Security tax of 12.4 percent of their income up to \$68,000, you would let them put 6.2 percent of their income in for 40-some-odd years before they retire, and you will find that we will have lots of people who started out maybe making \$20,000 a year who are going to be millionaires.

Senator ROTH's example is they put in 1 percent at age 28, and they can have over 100-some-odd thousands. That is 1 percent. Let's get it up, and it can really compound, and individuals can have hundreds of thousands of dollars, if not over a million dollars.

I want those individuals to be wealthy, whether they are on the lower end of the income scale or in the higher end. We want them to be independent.

Likewise, I want to reduce the unfunded promises that we don't have the money to pay for. I am really concerned about what our kids are going to have to pay for 20 years from now. If we do not do something, as Senator ROTH is proposing—Senator MOYNIHAN, Senator BREAUX, and Senator KERREY, and others of us have been working on it—our kids are going to be inheriting a debt that is twice as large as our national debt. Everybody is bragging around here. We are patting ourselves on the back. "Hey, we balanced the budget." We are balancing the budget on using a great deal of Social Security surplus. That debt right now has accumulated, the Federal debt—usually people say about \$3.3 trillion or \$4 trillion. The unfunded vested promises that we have in Social Security today

is almost \$10 trillion, twice as large as our national debt.

What this change by going to a capitalist-funded retirement system would do would provide security, provide retirement funds for individuals, and likewise could reduce the Government's obligations in the future—to me that is a very positive thing—so future generations won't have to have a payroll tax that is maybe twice as high as the payroll taxes we have today. I think it is a very positive thing.

I might mention—I see a couple of colleagues on the floor who talked about how we should not use Social Security funds to balance the budget. Today the Social Security trust fund, this year 1998, \$101 billion more will go in than goes out. That is a surplus. Yet, we are using that surplus just like every administration has used it since we have had Social Security.

What I would like to see it do—I might mention the Budget Committee has already passed it. I was interested. I was going to introduce a resolution that says we should pass in 2 or 3 years—3 years, let's say—the budget resolution that doesn't use one dime of Social Security trust funds to balance the budget.

I tell my colleague from North Dakota, who has talked about this on more than one occasion, that I am willing to do it. It won't be easy, but we should do it. I tell my colleague that in 10 years the Social Security surplus will be \$197 billion, almost \$200 billion. I don't think we should use these Social Security revenues to balance the budget. If we balance the budget without that, we can make these moneys available for personal security accounts. Now you are talking about real money. You are talking about \$200 billion in the year 2008 alone that can go into personal security accounts that can be invested in the stock market, that can be invested in mutual funds, that can be invested in bonds, that can be invested in T bills. Let the individual decide how he wants to invest it. We allow Federal employees to invest in the stock market, in bonds, and in T bills. Federal employees are able to do this. My colleague from Pennsylvania mentioned that they do it in Chile. They make investments. Surely Americans are capable of making these investments. I think it would be exciting to allow people to be able to invest their own money. It is their money. It is not the Government's money. We have been taking it from them. Shouldn't we allow, out of that 12.4 percent, the individuals to take maybe 4 percent or 5 or 6 percent and be able to invest it for themselves? In exchange for that, they will be a lot more dependent on themselves and a lot less dependent on the Government.

This is a mandatory tax. Shouldn't we allow them to have part of that for themselves so they can have an account and look at it on a monthly basis, so it is there, and it is something they can count on, not for an unfunded

Government promise that we hope will be there. Demographically, everybody who has ever looked at this problem says we have a real problem. Some people say we don't have problems until 30 years. That is hogwash. We have problems, as Senator ROTH mentioned, in 12 years.

It is estimated that by the year 2010 or 2012, for Social Security that line of more money going in switches. More money goes out. No later than 2012, more money goes out than in. We will start drawing on the trust fund. What is in the trust fund? Nothing but Government IOUs. That is the promise. The way we finance those—you say they are the same things as T bills or the paper equivalent. It is just an IOU. The way we pay for these is we issue more T bills. In 12 years we have a big problem. We will have enormously high payroll taxes and a lot of debt. You have to issue more debt. I think that is a bad solution. This is the right solution, and I will tell you that millions of people in the private sector have done this. We did it in my company. We went from a defined benefit to defined contribution plan. Our employees love us. I think we should give every American an opportunity to do this for at least part of their Social Security. It doesn't have to be for all of it. Some people say 2 percent. I said maybe it should be half of it—maybe 6.4 percent, 6.2 percent. The Government, the employer portion, can still go to meet current obligations. But, likewise, we would be reducing current or future obligations. I think that is very important.

What Congress has done in the past—we have had problems with Social Security—is raise taxes. We raised the base. We raised the tax rate.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart showing payroll taxes—Social Security taxes and employer taxes combined. For the record—my colleagues can see this—if you look at Social Security and if you look at disability, Medicare, if you add those taxes together, in 1998, for a person making maximum of the base, the base amount, which is \$68,000, it shows they are paying in payroll taxes alone \$10,465. That is a lot of money. I am saying we should allow individuals to take part of that, a few thousand dollars of it, and be able to put it into their own account and likewise reduce Government's obligation at the same time. I think it is awfully important.

I ask unanimous consent to have printed in the RECORD a chart that I have prepared that shows the budget deficits and Social Security and how that equates. It shows that we are becoming more and more reliant over the next several years on Social Security surpluses that I mentioned before, which disappear by the year 2012.

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

BUDGET DEFICITS & SOCIAL SECURITY

	On-budget deficit	Social Security deficit/surplus	Unified budget deficit/surplus ¹
1962	(5.9)	(1.3)	(7.1)
1963	(4.0)	(0.8)	(4.8)
1964	(6.5)	0.6	(5.9)
1965	(1.6)	0.2	(1.4)
1966	(3.1)	(0.6)	(3.7)
1967	(12.6)	4.0	(8.6)
1968	(27.7)	2.6	(25.2)
1969	(0.5)	3.7	3.2
1970	(8.7)	5.9	(2.8)
1971	(26.1)	3.0	(23.0)
1972	(26.4)	3.0	(23.4)
1973	(15.4)	0.5	(14.9)
1974	(8.0)	1.8	(6.1)
1975	(55.3)	2.0	(53.2)
1976	(70.5)	(3.2)	(73.7)
1977	(49.8)	(3.9)	(53.7)
1978	(54.9)	(4.3)	(59.2)
1979	(38.7)	(2.0)	(40.7)
1980	(72.7)	(1.1)	(73.8)
1981	(74.0)	(5.0)	(79.0)
1982	(120.1)	(7.9)	(128.0)
1983	(208.0)	0.2	(207.8)
1984	(185.7)	0.3	(185.4)
1985	(221.7)	9.4	(212.3)
1986	(238.0)	16.7	(221.2)
1987	(169.3)	19.6	(149.8)
1988	(194.0)	38.8	(155.2)
1989	(205.2)	52.4	(152.5)
1990	(277.8)	58.2	(221.2)
1991	(321.6)	53.5	(269.4)
1992	(340.5)	50.7	(290.4)
1993	(300.4)	46.8	255.1
1994	(258.8)	56.8	(203.1)
1995	(226.3)	60.4	(163.9)
1996	(174.0)	66.4	(107.3)
1997	(103.3)	81.3	(22.0)
1998	(92.0)	101.0	8.0
1999	(104.0)	113.0	9.0
2000	(121.0)	123.0	1.0
2001	(117.0)	130.0	13.0
2002	(72.0)	139.0	67.0
2003	(94.0)	148.0	53.0
2004	(88.0)	158.0	70.0
2005	(96.0)	170.0	75.0
2006	(64.0)	179.0	115.0
2007	(59.0)	189.0	130.0
2008	(59.0)	197.0	138.0
Totals for 1999–2008	(874.0)	1,546.0	671.0

¹ The unified budget deficit/surplus includes the on-budget deficit, the Social Security surplus, and the Postal Service deficit/surplus.

PAYROLL TAXES

TAX RATE AND WAGE BASE

(Employee and employer combined)

	Tax rates (in percent)			Wage base		
	Social Security (OASI)	Disability (DI)	Medicare (HI)	Total (in percent)	OASDI	HI
1950	3.00	n/a	n/a	3.00	3,000	n/a
1955	4.00	n/a	n/a	4.00	4,200	n/a
1960	5.50	0.50	n/a	6.00	4,800	n/a
1965	6.75	0.50	n/a	7.25	4,800	n/a
1970	7.30	1.10	1.20	9.60	7,800	7,800
1975	8.75	1.15	1.80	11.70	14,100	14,100
1980	9.04	1.12	2.10	12.26	25,900	25,900
1985	10.40	1.00	2.70	14.10	39,600	39,600
1990	11.20	1.20	2.90	15.30	51,300	51,300
1995	10.52	1.88	2.90	15.30	61,200	No limit
1996	10.52	1.88	2.90	15.30	62,700	No limit
1997	10.70	1.70	2.90	15.30	65,400	No limit
1998	10.70	1.70	2.90	15.30	68,400	No limit
1999	10.70	1.70	2.90	15.30	70,800	No limit
2000	10.60	1.80	2.90	15.30	74,100	No limit
2001	10.60	1.80	2.90	15.30	76,800	No limit
2002	10.60	1.80	2.90	15.30	79,800	No limit
2003	10.60	1.80	2.90	15.30	82,800	No limit

TOTAL PAYROLL TAX CONTRIBUTION¹

(Employee and employer combined)

	Social Security (OASI)	Disability (DI)	Medicare (HI)	Total
1950	90	0	0	90
1955	168	0	0	168
1960	264	24	0	288
1965	324	24	0	348
1970	569	86	94	749
1975	1,234	162	254	1,650
1980	2,341	290	544	3,175
1985	4,118	396	1,069	5,584
1990	5,746	616	1,488	7,849
1995 ¹	6,438	1,151	1,775	9,364
1996 ¹	6,596	1,179	1,818	9,593
1997 ¹	6,998	1,112	1,897	10,006
1998 ¹	7,319	1,163	1,984	10,465

TOTAL PAYROLL TAX CONTRIBUTION¹—Continued

(Employee and employer combined)

	Social Security (OASI)	Disability (DI)	Medicare (HI)	Total
1999 ¹	7,576	1,204	2,053	10,832
2000 ¹	7,855	1,334	2,149	11,337
2001 ¹	8,141	1,382	2,227	11,750
2002 ¹	8,459	1,436	2,314	12,209
2003 ¹	8,777	1,490	2,401	12,668

¹ The Medicare (HI) contribution shown above is based on the OASDI wage base. The HI wage base was eliminated beginning in 1994, making the maximum HI contribution unlimited.

Mr. NICKLES. Mr. President, we need to wean ourselves and get off of this addiction to this and take that money and allow people to put it in their own account. That to me is a challenge. We shouldn't be sitting back and saying, "Oh, we balance the budget. Aren't we proud of ourselves? We are doing good. We have a unified budget."

I think we should have a unified budget. But I think we should go back and let's balance the budget without using Social Security. Then let's allow people to take that amount of money and be able to put that in their own account.

I might mention that in the 10 years, if we did that, there would be over \$1.5 trillion that could go into individual accounts and we would have more constituents that would be happier with us than anything else we would do. We would do more to secure their retirement and their future than anything else we could do.

I have even told the President's representatives. I said, if the President really wants to go down in history and show that he has done something significant, this change, this evolution of allowing at least part of Social Security to be funded as a defined contribution in a personal savings accounts would be an astronomically positive impact for not only this generation; I think it would be a positive impact for future generations, which history will record as having truly been a great thing to do for seniors, a very positive thing to do for future generations as well.

So I compliment my colleague from Delaware, the chairman of the Finance Committee. I tell him that, as a member of that committee, I will work energetically to try to see that we can make this happen as soon as possible.

Mr. President, I yield the floor.

Mr. GREGG. Mr. President, I wish to join my colleague, Senator JOHN BREAUX, in delivering a statement as to why we support the sense of the Senate language put forth by the chairman of the Finance Committee, Senator ROTH.

For the past year, Senator BREAUX and I have co-chaired the National Commission on Retirement Policy, convened by the Center for Strategic and International Studies. Our task is to review the situation facing our Nation with respect to retirement income in the 21st century.

We will soon be releasing a final report of our findings and recommenda-

tions, and we need not preview them here in detail. Suffice to say that each of the major sources of retirement income—Social Security, employer-provided pensions, and personal savings—will be under severe strain in the 21st century, as a consequence of the aging of our population, and the declining ratio of workers to retirees.

The situation facing Social Security is sufficiently dire to command our immediate attention. We, as co-chairs of the NCRP, wrote to President Clinton last December, urging him to make this issue a priority in his state of the union address, and we were extremely pleased that he did so. Social Security will begin running operating deficits in the year 2012 under current law, and even if the \$2.89 trillion that the Federal Government will owe Social Security is repaid in full, the Trust Fund would still run dry in the year 2029. The unfunded liabilities of the Social Security—the gap between projected outlays and projected revenues—is on the order of \$3 trillion. The true "unfunded liability," however, is much greater, because those taxes haven't been collected yet, and therefore all of the future liabilities of the program are in a sense unfunded, to be financed from tax revenue at the time that they are paid.

We have carefully studied this problem for a year, and we believe that there are several problems that must be solved simultaneously. The actuarial soundness of Social Security is but one of these. There is also a huge problem residing in the size of the tax burden that is awaiting the future economy if we do not advance fund some of Social Security's future liabilities. A solution to this problem is no solution at all if it achieves actuarial soundness at the price of an unfair tax burden on tomorrow's economy, or at the price of further worsening the quality of the deal that today's young workers will receive from the Social Security program.

It is for this reason that Senator BREAUX and I believe that personal accounts must be a component of the Social Security solution. Tough choices will need to be made in order to bring the outlays and the revenues of Social Security back into balance, and we believe that personal accounts should be established within this context. Creating a funded savings account component within the Social Security system is perhaps the only way to give something back to today's young workers to improve their treatment by the Social Security system relative to a set of traditional solutions alone. This is one way that we have found to prevent the income provided by the Social Security system from declining below the level that we expect from the program.

Before turning to Senator BREAUX, let me also note the flexibility of Senator ROTH's language with regard to the administration of such accounts. This language does not commit the Senate to any particular method of administration. Senator BREAUX and I,

after a year of study, have reached the conclusion that the best way to administer personal accounts is through the existing payroll tax collection system. That money is already being paid in a timely way by employers on behalf of individual employees, and is a structure that we can practicably work through to set up accounts in every wage-earner's name through a refund of some portion of the payroll tax. The Roth language is flexible enough to permit a variety of approaches to administering the accounts, as it should be. I hope that Senators who differ as to the best administrative mechanism will be able to unite behind it.

Mr. BREAUX. I thank Senator GREGG for his unwavering leadership on this issue. It has been a pleasure to work with him over the past year. I also want to thank Chairman ROTH for his leadership. Times have certainly changed since the days when no one would even talk about Social Security reform. Today, we have key members of the Senate presenting innovative ideas about how to address the looming liabilities of the Social Security program. I applaud Chairman ROTH's efforts because he is moving this debate forward.

This is critical because the motto must be "sooner rather than later". There is no better time to tackle entitlement reform than during good economic times. While SS's financing is projected to pay full benefits until 2029—the strain on the Federal budget will begin much earlier, only 10 years from now. The Social Security Advisory Council could not agree on an approach to reform Social Security; however, they all agreed that early action should be taken. This call has been echoed time and time again by the General Accounting Office, Alan Greenspan, Chairman of the Federal Reserve Board, as well as most other experts.

The budget resolution already contains Sense of the Senate language regarding the budget surplus and Social Security reform. It reads as follows: "Congress should use unified budget surpluses to reform Social Security for future generations . . ." I support Chairman ROTH's Sense of the Senate because it takes this language a step further. It suggests that individual accounts are the direction in which Social Security reform should move. I agree with this.

The American people will hear again and again over the next several months about the financial instability of Social Security—about the promises made that we can no longer afford to keep. Americans will also hear about what is necessary to put Social Security on sound financial footing—the difficult sacrifices and the tough choices. This dialogue will only compound the already low level of confidence most Americans have in our nation's public retirement system. I adamantly believe we must do something to reverse this trend. We must provide some good news in the middle of this

debate. If we include individual accounts within Social Security reform we are giving all Americans a new chance to provide substantial retirement savings for themselves—that is the good news.

This Sense of the Senate does not dictate or even suggest how these individual accounts should be administered or that they be done independently of fundamental Social Security reform. Senator GREGG and I have our own ideas about how Social Security should be reformed and, specifically, how individual accounts should be set-up and administered. I look forward to our ideas being discussed and debated during the coming weeks and months, along with all the other ideas being put on the table. The Aging Committee, which I am pleased to serve as Ranking Member, is looking at this issue closely. I hope the Finance Committee will hold hearings as soon as May.

In looking to Social Security reform we cannot lose sight of the larger budget picture and the difficult steps we have taken in this Congress to get our country's books in order. What we tried to do with the balanced budget—and what we should be trying to do with the surplus—is reduce this country's overall financial liabilities. As stated in the budget resolution, Social Security's unfunded liability stands at around \$3 trillion. Obviously, Social Security is a large part of this country's debt and must be addressed. Again, it must be addressed sooner rather than later. In conclusion, I want to again thank Chairman ROTH and Senator GREGG for their efforts in moving this debate forward.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, a few moments ago I had an opportunity to discuss with the chairman of the Budget Committee how we might proceed, because one of the things we are running into is that, although we had agreed to have a half-hour limit on amendments equally divided, as a result of courtesy, we have extended time on the resolution. It, thusly, then challenges whether or not we are ever going to get done here, because we have almost 30 amendments. If we take 30 amendments, you have 2 hours each, 7 or 8 hours of votes to accompany that, that is another, who knows, 7, 8, 10 hours.

So what we are going to do, unless there is a difference in the conversation as I remember it from what the distinguished Senator from New Mexico agreed, we are going to permit approximate time on this side equal to the two speakers that we just had. Then we are going to eliminate further time off the bill itself for amendments.

With that, I yield some time to the Senator from North Dakota, as he sees fit.

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

Mr. CONRAD. Mr. President, I thank the Chair and I thank the ranking member. We have just seen a proposal unveiled on the floor of the Senate which has some interesting aspects. I must say some of the concepts here are ones that I am interested in. But I am concerned about the specifics of the proposal that is before us in this regard. The chairman of the Finance Committee suggests we ought to devote the budget surpluses to building private accounts in Social Security. I am on record as one member of the Finance Committee who favors moving towards private accounts over time. But I must say, I am concerned about the specifics of the proposal of the Senator from Delaware in that it is based on, I think, a false assumption. I see the false assumption as being that we have budget surpluses.

I am certain there are people listening here, here in the Senate Chamber and people listening at home, who wonder what is this talk about budget surpluses and Social Security surpluses? What does this all mean? It is confusing. Unfortunately, the language we use here in Washington, I think, contributes to that confusion. We talk about budget surpluses but what we do not tell people is the way we have calculated their surpluses is that we have included the Social Security trust fund surpluses. This year that amounts to over \$100 billion. And by throwing that money into the pot, by, in effect, raiding Social Security, we say there is a \$8 billion surplus in the budget.

There is not a surplus in the budget. The truth is there is a significant deficit. Oh, yes, on a unified basis—if you take all the funds of the Federal Government and throw them into the pot and look at all of the expenditures of the Federal Government, we are in balance. That is what they call the unified budget. But the problem with that is, and the little dirty secret here, is that \$100 billion of the Social Security surplus is being put into that calculation.

If any private company tried to balance their books in this way, they would be headed for a Federal institution all right, but it would not be the Congress of the United States. They would be headed for a Federal facility all right. It would be a Federal prison, because that is fraud. That is fraud. To take money for one purpose and use it for another is fraud. Unfortunately, that is the pattern and practice here and has been for 30 years. We are taking Social Security trust fund surpluses, throwing those into the pot, and this year we are saying we have balanced the budget.

If any company tried to take the retirement funds of its employees and throw those into the pot and say they balanced the operating budget of the company, they would be in violation of Federal law. So I think we want to be cautious when we have a proposal that

in many ways is attractive. I want to say to the Senator from Delaware, I am on record as favoring a partial privatization. I like the idea of individuals being able to have several percentage points of Social Security trust fund payments that they make be reserved in private accounts that they could invest. I like that basic concept.

But how do you fund it? How do you fund it? It seems to me the first thing we have to do is stop the practice of looting Social Security. If we are going to secure the long-term prospects for Social Security, we ought to stop raiding it. We ought to stop looting it. And we ought to stop the talk that we have a budget surplus. Because the only way we got a budget surplus is by counting those Social Security trust fund surpluses, which we are going to need for the day when the baby boom generation starts to retire.

We have a demographic time bomb just over the horizon, and it is the baby boom generation. When they start to retire in the year 2012, all of a sudden everything that looks rosy now is going to change and change quickly. In fact, by the year 2029 we anticipate the Social Security fund will have run through these massive surpluses that are being built now. They are not built up in terms of money actually in the bank, but built up in terms of IOUs that are being registered and accumulated based on borrowing by the other parts of Government that are spending those moneys, even though we know we are going to need those funds when the baby boomers start to retire.

I think the basic concept the Senator from Delaware has merit. But I am very concerned about the specifics that he has proposed, because to take these so-called budget surpluses that we have on paper that only exist because we are raiding Social Security and use those funds before we use them to preserve and protect Social Security, has the prospect of undermining our first responsibility and our first obligation. Our first responsibility and our first obligation is to keep the promise to the tens of millions of people who are relying on that Social Security check.

Before we go off and raid the Social Security trust fund surpluses in order to claim we have a budget surplus, we ought to stop that practice. We ought to clean up our act, stop raiding Social Security, stop looting Social Security, and then we can move in the direction proposed by the Senator from Delaware. But I think the proposal that he has before us at this moment is based on a misnomer. And the misnomer is that there are budget surpluses. There are only budget surpluses because we are taking \$100 billion a year from Social Security surpluses and throwing those into the pot when we make the calculation of budget surpluses. So we say we have a budget surplus next year of \$8 billion, but we are taking \$100 billion from Social Security surpluses in order to make that claim.

So I just say to my colleagues, I favor the notion of having some por-

tion of Social Security in an account where people control their own investment. I like that idea. But we have to work through the transition costs of this very carefully or we will undermine and threaten the solvency, the long-term solvency, of the Social Security trust fund itself. That should not be anything that we do.

Our first obligation, I believe, is to stop raiding the Social Security trust fund, stop raiding those funds, and move to secure the long-term solvency of Social Security and then have a chance to move in the direction the Senator from Delaware has asked for.

Mr. President, I will be happy to yield back my time so the distinguished Senator from New York has a chance to comment on the issue before us.

Mr. LAUTENBERG. Mr. President, I yield up to 15 minutes to the Senator from New York, Senator MOYNIHAN.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank my friend and neighbor from New Jersey, the manager on our side, and my friend Senator CONRAD of the Finance Committee, for his remarks.

Mr. President, I rise not so much in opposition to the proposal by the esteemed chairman of our committee, as to see if it is not possible to clarify some of these issues. And to welcome the Senate to what should be a substantive, constructive debate over the next 6 months—pending the time when our distinguished Director of the Office of Management and Budget, Mr. Franklin D. Raines, has indicated the administration plans to begin to have legislation on this issue, in the first session of the next Congress. In my view, we ought to take up such legislation as a first order of business in that session.

May I take the presumed responsibility of this body, which tends to have long tenure, to give a bit of history? In 1935, we established the Social Security system on a pay-as-you-go basis. It was no time, in the midst of a great economic depression, to take more money out of the economy than was being put back, even if it was only a nominal process.

This went on until 1977 when we moved from a pay-as-you-go system to a partially funded system. I was a member of the committee of conference between the Senate and the House which adopted that change, and I can say there was very little attention paid to it. We put in place a huge surplus to provide for the baby boom retirement, as the phrase was. But we did not put in place any mechanism to save that surplus.

Indeed, if I look around the horizon of political economy, I do not think there is any such mechanism. You can strengthen an economy by paying down debt such that the private sector grows. Theoretically you could build warehouses and fill them with cans of Campbell soup to be opened in 30 years time. But in a system of this kind, a

defined benefit arrangement for retirement and for survivors and the disabled—only 62 percent of persons receiving Social Security benefits are retired persons; the rest are spouses and children of persons who have died, and the disabled—there is no way to save a surplus.

The result was that for 21, now 22 years, we have had each year a large surplus from the payroll tax. This is what Senator CONRAD was speaking about. And we have used it for other reasons altogether. We have abused it because at a minimum we have never let our debt be paid down so our private savings and investment would rise as an absolute reciprocal, as mathematicians say. For every dollar of debt you pay down you get a dollar of savings that will be used for private investment.

Instead, we used this money to conceal the enormity of the deficits we ran in the 1980s and which we now have gotten past. We are now down to a stable situation, not yet one of surplus, because we still have this money coming in from the partially funded system we put in place in 1977 with a very regressive, high payroll tax, 12.4 percent of payroll, paid on the first dollar of income and up to \$68,400 this year.

But this is no longer much of a surplus. The numbers are approximately this, and I say approximately because we won't know for another year or so, but next year the combined costs of old age and survivors and disability insurance, plus hospital insurance, will be roughly equal to the combined payroll tax revenues for these two programs; thereafter you are in deficit. Technically, there are Treasury bonds that can be cashed in, but then you have to get general revenue or borrow more to convert them into benefits.

By about the year 2010, there is no longer any surplus in the primary OASDI, Old Age, Survivors, and Disability Insurance. We have 11 years until there is nothing left there either.

Senator KERREY of Nebraska and I have introduced legislation that we think accommodates the situation we are in which, first of all, does not save Social Security. Social Security does not need to be saved. What it does not need is to be destroyed. There is now abroad a powerful ideological movement to turn the system of retirement benefits and survivors benefits over to personal savings in the market. This is a legitimate idea, but I am not sure, if it were understood, it would be a very popular idea.

It puts at risk much more than we would ever wish to do in terms of the entire population. It translates the experience of successful entrepreneurial people in an age of great economic growth into a proposition that this is something that the whole of the population can and ought to want to do.

We have a plan which does two things: One, it secures Social Security as a defined benefit for retired persons, for disabled persons, for survivors indefinitely. Simultaneously, it provides

for lowering payroll taxes and allowing the difference to be used for just the kind of personal savings accounts, investment accounts, that our friend from Delaware would like to do.

Specifically, we move from the current 12.4 percent payroll tax—half of it by the employee, half by the employer—to 10.4. That will pay your benefits for more than 30 years; thereafter the payroll tax is gradually increased to a combined 13.4 percent thereby, with some other adjustments I will mention, securing the system for more than a century. Then we say give the employee the option of taking his or her 1 percent as income—some will do that; young persons will do, no doubt—or having the 2 percent deposited into some kind of thrift savings plan.

We have such an arrangement in the Federal Government. You can contribute part of your salary, which the Federal Government matches. There is a booklet, and you pick the kind of investment you would like. Some people like index funds, bonds, mutual funds—there are a whole range of these products, as they are called, and you can pick what you wish, and from time to time you can change, if you wish.

The prospect for the average earner with a 2 percent investment is that, after contributing for 45 years into the system, the worker would have a nominal asset from that 2 percent contribution in the range of \$400,000. This would mean Americans would have an estate. They could leave something to their grandchildren, who might even be more attentive given that prospect.

We have an idea of an America very different from the world of the 1930s and the system we put in place, which was put in place in Europe in the 1880s. We have an idea of a retirement system in which persons begin to have a three-tiered system: You have your Social Security, a fixed amount, an annuity. You have benefits from private pensions that you earned with your employer. About half of American workers now have such. And then you have income, if you wish it, from your savings and investment accounts.

That requires a few other changes. It requires that we get an accurate cost-of-living index by which to adjust the benefits for changes in the cost of living. We do not now have one. There is a small group of economists who dissent, but the overwhelming judgment of the profession is that the Bureau of Labor Statistics' Consumer Price Index is not a cost-of-living index, which the Bureau of Labor Statistics insists it is not. They do not misrepresent their product; it is we who misuse it.

I will say that again. The Department of Labor does not misrepresent its Consumer Price Index; it is we who misuse it. We began the practice in 1972 at a time when Social Security benefits were the object of a biannual auction on the House and Senate floors as Members rose to say, "I propose we raise benefits 5 percent," then 10 percent, then 15 percent. I think on one

occasion we went up 20 percent. We had to stop that. The nearest thing at hand was the CPI. We can make a correction.

A committee of distinguished economists, headed by Professor Michael Boskin, the former chairman of the Council of Economic Advisers under President Bush, reported to the Committee on Finance a year and a half ago recommending a correction of 1.1 percentage points.

Different economists, different Government officials, have different judgments, but they are almost all in the same range. And just at this moment, the principal economic planners of the U.S. Government do not use the CPI as a measure of inflation. They just don't; they know otherwise.

We have to gradually increase the age of retirement to 70, as we do in our bill, way into the next century. Under current law, we are already approaching an increase to 67. The majority of beneficiaries, Mr. President, retire at age 62 at a reduced benefit, which is actuarially sound.

We get rid of that dumb earnings test. It wasn't dumb in 1935 when we were encouraging people not to be in the labor force. Right now, if you work between ages 62 and 70, you lose some or all of your benefits. At age 70 and above, you would then get increased benefits. That is, you receive the same benefits over the course of your retirement. Under our bill, you can decide when to collect your benefits, regardless of whether you are working. You don't have to fool around.

We would tax these benefits at the rate at which ordinary pension income is taxed. May I say, Mr. President, for a very, very large number of our present recipients, particularly the old ones, their Social Security benefit and any other income they might have is so low that they pay no Federal taxes of any kind and would not pay any taxes under this new proposal.

But I say that this can be done, but it won't be done if we don't understand that we are dealing with a group, a body of respectable opinion, that basically thinks Social Security is a failed plan, perhaps never should have been put in place and now should be transitioned out. This is not the view of the Senator from Delaware. He would like to see a basic annuity for all Americans continue. But it is the view of many more people than we know, or perhaps are aware of, or perhaps are collected in a coherent manner.

This morning in the Committee on Ways and Means, Mr. GINGRICH spoke very much in these terms. Typically, Senator Dole, who appeared as a witness, did not. The problem is, right now there are groups who are so attached to the present system that they will not make the changes necessary to maintain the present system. It is painful. They know who they are. If I may say, the White House knows who they are. I daresay there aren't many of us in the Finance Committee who do not know.

But they must recognize that the alternative is the loss of everything we have developed over 60 years, 60 years in which the system has never been a day late or dollar short on any payment, but which has somehow lost the confidence of the public. I ask my distinguished friend for another 2 minutes to conclude.

Mr. LAUTENBERG. I will be happy to yield up to 5 minutes, as needed, by the Senator from New York.

Mr. MOYNIHAN. Mr. President, I want to make this point. I want to shout this point at the American people: They are trying to scare you out of your Social Security. You don't think you are going to get it now. Why, I am not sure. But ask anyone on the streets at home. Ask someone in their thirties or in their forties. The polls are clear. People do not expect to get it. Partly this is bad management at the Social Security Administration. It got lost in the HEW and then HHS.

In 1994, we re-created it as an independent agency with an independent Administrator, but the SSA never tells people that the agency knows their name, what they are going to get in benefits, and that they are on top of this.

I say it right now, there are people who would like to scare you into thinking you are not going to get Social Security, so don't worry about it when they take it away, and what they are going to make you instead is a millionaire in the stock market. I don't think that will happen. I don't think it should. I think we should allow the accommodation of both. I think we should begin, if I can use a term from the academy, to demystify some of these claims, not by Senator ROTH, who is loyal to this institution. He has been on the Finance Committee for 30 years and has helped maintain the system.

But there are those who are out to do away with it. Why, I do not know. They take as their model the system in the Nation of Chile, a nation of some 12 million people, I believe, a system developed under General Pinochet, which does not immediately suggest sound social policy or equity. I don't say there is anything wrong with their system, but there is nothing wrong with ours either. It is ours to maintain. We should do it, and we should not let our people be frightened into giving up something so important to them and to their children and to their parents.

I thank my friend for giving me this time. I regretfully have to say that while I very much endorse the idea of personal savings accounts, right now we should use the surplus money we have to pay down the debt, increase investment, and get on with the simple changes we need to make this system permanent and stable.

Mr. President, I yield the floor, and I thank the manager for his courtesy.

Mr. KENNEDY. Mr. President, this amendment sounds innocuous, but it is a direct assault on Social Security, and

it deserves resounding rejection by the Senate.

Millions of senior citizens depend on Social Security. In fact, Social Security benefits comprise more than 75% of the income of half of the nation's 28 million recipients. It is a sacred compact between citizens and their government that says, "pay into Social Security during your working years, and we will guarantee you a decent retirement income during your golden years."

Social Security is one of the most popular programs ever enacted. It is also one of our nation's most successful anti-poverty programs. In 1959, 35% of the nation's elderly lived in poverty. Today, that number has dropped to 9%.

We all recognize that legislative action is necessary to assure that Social Security will be solvent throughout the 21st century. There is no crisis—but there is a problem, and the sooner we take action to solve it the better. All of us know that Social Security will run out of money in 2030. All of us know that the single highest priority of the American people is to see Social Security preserved.

All of us know that the President has said that none of the budget surplus should be spent until we solve the Social Security problem—and the American people strongly support this approach.

But this amendment takes a different approach. It says: "Let's forget about preserving Social Security. Let's go ahead and spend the surplus on a risky and untried experiment with individual retirement accounts."

We all know what is going on here. There are a number of members of this body who want to throw Security on the scrap heap of history. They think it ought to be privatized. They think the concept of Social Security is wrong. They think individuals, instead of relying on the tried and true and guaranteed support that Social Security provides, should take their chances by speculating in the stock market. If they do well, they can become rich. If they do poorly and are impoverished in their old age—so be it.

I reject that philosophy. The American people, I believe, also reject that philosophy. And the Senate should reject that amendment.

Mr. LAUTENBERG. Mr. President, just to be certain, if we combine the time that was yielded off the resolution and off of the amendment, the proponents used a total of?

The PRESIDING OFFICER. Forty minutes.

Mr. LAUTENBERG. We to this point have used a total of?

The PRESIDING OFFICER. Thirty minutes.

Mr. LAUTENBERG. Thirty. So I will yield myself some time off of the amendment, which I understand is the time that remains to respond to the proposal by the distinguished chairman of the Finance Committee, the Senator from Delaware, whose proposals we always take seriously. This is a man who

is intelligent, who is committed to the proper procedure of getting things done. We have great respect and regard for the Senator from Delaware. But we can nevertheless disagree.

On this particular proposal, I do disagree because I see things in perhaps a different light. When I think of the prospect—and I thank the Senator from New York because, as usual, he has a grasp of issues that goes way beyond the capacity of the average human being. And, boy, do we learn, and we learn in a hurry here. But nevertheless, I listened carefully to what the Senator from New York said. He talked about the possibilities of some investment on the private side, and I respect that, when combined with other changes that have to be made. I think otherwise we are rushing almost willy-nilly into a change, if this proves to be law at some time, that would rock the timbers of our society.

When we think of Social Security, we think of the foundation that it holds for senior citizens. I kind of ask myself, well, would we recommend to the elderly across this country that they go ahead with some investment adviser, or make a decision on their own, whether it is to buy fund X, A, B, or C? We saw what happened to this investment club that was doing so well, according to the papers, and finally they admitted they made a few accounting mistakes. Would anyone want to have to face that widow who perhaps gets \$700, \$800 a month and say, "Sorry, there's an error; you don't have \$800 a month, you have \$400 a month or \$500 a month"? Or would you rather say, "Listen, what you have is guaranteed. It may not have provided the kinds of things that your husband and you had when you were living together, but you will not be chased out of your room or your house. You will have a chance to continue to live at some scale, modest as it may be."

But when I look at companies like the Prudential Insurance Company, one of the great companies of the world, one of, if not the largest company in the world—it was among the top five—it had some inappropriate management problems there. And they are good friends of mine, so I do not knock the company. But they, nevertheless, had to reduce the interest they were paying on policies, on cash reserves on their policies. This giant company, the Rock, the Rock of Gibraltar was their trademark, and they had to reduce their interest rates.

In October, a few years ago, 1987, the market lost a substantial portion of the holdings. I was at a meeting in Boston and people up there were shaken to their foundation to see their investments, their growth in investments, suddenly whittled away by some 15-plus percent. While I am excited about the market and where it is going, just like everybody else, I know one thing: That going down is always faster than going up when there is any velocity attached to it.

I think that without full deliberation about what the consequences might be, pro and con, with this kind of investment, it is excessively hasty. I would not want to be talking to people who suddenly decided they wished they had had Social Security IOUs, as they were described here. I do not know about you, but I know that I still feel pretty good about an IOU owed by the U.S. Government, by the people of America. Those are, as they say in the movies, as good as it gets, not high-paying but everybody pretty much feels that, listen, the worst that happens, we are going to get paid. We may even have it monetized a little bit with inflation, but the fact is we know it is there.

So when I look at the proposition that is offered, I say that I hope my colleagues will vote against it. When you cast your vote, you must look or try to look in the eyes of an elderly parent or grandparent, or perhaps, at some of our ages, a brother or sister, who are totally dependent on Social Security for their survival—for their survival.

I tell you, I would not recommend on a personal basis—and I have had a lot of experience. I ran a big company. And I managed, as part of my responsibilities, the company's investments. I managed acquisition. I had a lot to do with the financial side of things. I could hardly imagine myself recommending to someone whose principal asset, exclusive asset in some cases, was Social Security, that they invest in the market a little bit, buy a hedge fund maybe or, gee, your adviser—I remember when one of the great unions, I say to Senator MOYNIHAN, sued a bank in New York, who I will not identify here, for the poor performance that this bank had with hundreds of millions of dollars that belonged to this union's pension funds because it underperformed.

Who, with an investment of a couple thousand dollars a year or a thousand dollars a year or less, is going to be able to pick just the right adviser? There is some genius sitting there waiting to take your \$1,000 a year and monitor it and watch it? Come on, what do we think this is? The guys who get that kind of attention are the guys who hit the new scales on the heights—\$500 million in net worth, \$1 billion in net worth, the people who are outside.

I know of one university fund, common among investments, being made today by university endowments, who wants to get into investments that they can be out of in 5 years. They do not want to be stuck in investments that carry them indefinitely. And you will find that true in place after place.

I say also that everyone is aware today that capital is not a problem in this country. Capital is chasing investment all over. I know people in the real estate business. I know people in the investment business and merchant banks. And people are coming to them—institutions, universities, companies, individuals—with money saying, "Please help me invest it properly."

Please help me place it securely. Please help me make sure that it's safe."

So how is a person who has a modest Social Security income going to have the security to know that they have the right person advising them or whether they know how to read a financial statement? It is an interesting idea, but an idea, in my view, whose time has not come. I hope that we will stand securely against it, give it a chance, led by the leadership that the chairman of the Finance Committee can so aptly provide, and have a full review of what it means.

We have discussed it. We have discussed it in the Budget Committee, and we have discussed it with other committees, with Alan Greenspan and with other distinguished economists: What does it mean? What about privatization? Some say yes, some say no. I tell you this, I would far rather be one who said no, just leave it where it is, than take the risk that we have to face someone who is depending on Social Security and not finding the reserve there when they need it.

So I hope this amendment does not pass. I urge my colleagues to vote against it. No disrespect to the chairman of the Finance Committee or those who are supporting it, but it just needs more time than we have.

Mr. President, as I stated, I must oppose the proposal to allocate the surplus for personal savings accounts. In my view, this proposal has serious ramifications for the future of Social Security. And we shouldn't endorse it without first carefully examining all of its implications.

Mr. President, let me just discuss a few of the concerns raised by this amendment.

First, this proposal represents a major step toward privatizing Social Security. And privatization, in my view, is directly inconsistent with the fundamental purpose of the program.

Social Security is supposed to guarantee that all American seniors can avoid poverty and live their lives with a basic level of dignity. It is a social insurance program. It is not supposed to be the only source of retirement income for most seniors.

Moving to a system of private accounts represents a dramatic shift in risks. Away from government. And onto the backs of individual senior citizens.

Under a privatized system, seniors would lose: protection against declines in stock prices; protection against inflation through cost of living adjustments; and protection against outliving their assets.

Mr. President, protections against these kinds of risks—which are completely beyond the control of any individual—are why we need social insurance in the first place.

Let me be clear. I'm all for private retirement savings. I support IRAs and 401(k)s, and believe Americans need to save more. But private savings should

supplement, not replace, social insurance. Otherwise, most Americans will spend their old age walking a financial high wire, without a safety net. And as someone who lived through the Great Depression, that is not what I want for my children and grandchildren.

If we use a surplus to roll back payroll taxes and force people to put this money into private accounts, money would be drained from the Social Security trust funds. That would accelerate the date when the program will go bankrupt. And that is the opposite of what we should be doing.

There are many other points I could make about this proposal, but I will not get into great detail here. Let me just say again that this is not the kind of change that we should endorse without a great deal of careful and thoughtful debate. That discussion is only now just getting underway. And it would be premature to rush to judgment on such a fundamental change in our system.

So I hope my colleagues will oppose this proposal. Let us fix Social Security. But let us do it carefully. And let us do it right.

I ask unanimous consent to have printed some editorials in the RECORD. The Senator from New York has asked us to do that, and I put them forward.

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

[From USA Today, Mar. 17, 1998]

SOCIAL SECURITY NEEDS REPAIR, BUT POOR SHOULDN'T PAY FOR IT—MOYNIHAN'S PLAN ISN'T PERFECT, BUT AT LEAST HE'S GOT PEOPLE TALKING

(By Michael Tanner)

Before the nation can solve its \$15 trillion problem of financing 70 million baby-boomer retirements, people need to start talking about it. On Monday, Sen. Daniel Patrick Moynihan, D-N.Y., gave them a place to begin.

His conversation starter: a 15% cut in the Social Security payroll tax that could all go into a personal retirement account.

In a speech at Harvard, Moynihan tacked that concept on to his long-standing plan to put Social Security on a pay-as-you-go basis. That's a small step, perhaps, but one that could help break a political stalemate over Social Security reform.

It bows to GOP plans to give people more control over Social Security contributions while keeping the safety net Democrats favor.

To pay for these enticements, Moynihan proposes some hard medicine members of both parties have balked at swallowing.

Neither party has shown enthusiasm for Moynihan's plan to end their balanced-budget charade. Payroll tax cuts now would take away revenue that's used to mask government's \$100 million operating deficit.

And even those who embrace budget honesty aren't likely to enjoy the senator's proposals for making up the money and ensuring Social Security's fiscal soundness.

He'd reduce cost-of-living adjustments for both tax deductions and benefit increases. He'd also subject more income to the payroll tax, raise the retirement age to 67 more quickly than now planned, and raise payroll taxes higher than today's levels after 2025.

Trade-offs like those are inevitable if Social Security is to be saved. But the real problem with Moynihan's plan is the risk

that it may not go far enough to protect the poorest workers in their old age.

That is Social Security's fundamental goal. And it has almost been achieved.

In 1935 when the program was initiated, more than half of all elderly were supported by their children. Today, most are independent. In 40 years, poverty rates among the elderly have plummeted from 35% to under 11%, with Social Security providing the bulk of income for 40% of elderly households.

Unlike most plans to privatize all or part of Social Security, Moynihan's would not make savings mandatory. So low-income families, squeezed for pennies, likely would spend the \$4 a week they'd get from the payroll tax cut.

That permissiveness is counterproductive. If the money were saved for 40 years at 7% interest, it would generate more than \$40,000. The income from those savings—about \$2,800 a year at the same 7% rate—combined with other Social Security payments would keep recipients out of poverty. Such savings are essential for laborers who may not be able to work into their late 60s as Moynihan's higher retirement age would require.

Congress needs to start moving soon on Social Security reform. Time is the great enemy of affordable answers. And enabling people to invest some Social Security themselves may be part of the answer.

But the test for any changes is whether they'll assure all Americans of an adequate retirement. Social Security shouldn't be saved or altered by robbing the poor.

[From USA Today, Mar. 17, 1998]

TINKERING WON'T DO THE JOB—THE ONLY SENSIBLE SOLUTION ALLOWS PRIVATE INVESTMENT

(By Michael Tanner)

From President Clinton on down, there is now a national consensus that Social Security is in trouble. Indeed, the retirement program will begin running a deficit by 2012, just 14 years from now. The program's total unfunded liabilities top \$9 trillion.

Yet, in the face of the coming crisis, some still resist serious change. They will suggest that a little tinkering around the edges will be enough to fix Social Security.

Some want to raise taxes. But payroll taxes have already been raised more than 38 times since Social Security began. Even after accounting for inflation, payroll taxes are 800% higher than at the program's inception. Three out of four American workers now pay more in payroll taxes than they pay in federal income taxes.

Others want to cut benefits. But young workers are already going to receive less back in benefits than they pay in Social Security taxes. Reducing benefits will only make Social Security a worse deal for these young workers.

Tinkering will not fix Social Security's most basic flaw. Social Security is a pay-as-you-go program, similar to the type of pyramid scheme that is illegal in every state.

Taxes paid by today's workers are not saved for their retirement, but rather are spent immediately to pay benefits for today's retirees. When those workers retire, they have to hope that the next generation of workers will be large enough to support them. But with people living longer and having fewer children, the number of workers supporting each retiree is shrinking.

What we really need is a new Social Security system based on the power of private investment and individual savings.

Under such a plan, benefits to current retirees would be guaranteed, but workers would be given the option of shifting their payroll taxes to individually owned retirement accounts, similar to IRAs or 401(k) plans.

Those accounts would be privately invested in real assets such as stocks, bonds, annuities, etc. Because private investment brings much higher returns, individuals could expect to receive much higher retirement benefits.

It's time to stop tinkering and get on with the fundamental reform necessary to preserve retirement security for future generations.

[From the Wall Street Journal, Mar. 18, 1998]

PUBLIC TRUST BUSTING

When Senator Pat Moynihan speaks, liberals listen. So it just might mark a watershed in the Social Security reform debate that the New York Democrat this week embraced private investment retirement accounts.

Mr. Moynihan's welfare state credentials are impeccable. He helped to expand it during the Johnson and Nixon years and he's been its most intellectually nimble defender since. He bitterly opposed President Clinton's decision to sign a welfare reform law. And only last year, writing in the New York Times, he seemed to rule out any significant change in Social Security.

Well, he's now revising and extending those remarks. On Monday at Harvard, he said Social Security can be saved only by changing it. And not merely with the usual political kamikaze run of raising taxes and slashing benefits. He's also endorsing a redesign that would allow individuals to invest two percentage points of their payroll tax as they please, presumably in stocks, bonds and other private investments.

This is a big breakthrough, ideologically and politically. The idea of a private Social Security option has until recently been the province of libertarians and other romantics. When Steve Forbes talked up the concept in 1996, he was demagogued by fellow *Republicans*. Even such a free-marketeer as Ronald Reagan was forced to accept a Social Security fix in 1983 that relied mostly on tax hikes.

What's changed? Only the world, as Mr. Moynihan admits. The weight of the looming Baby Boom retirement has caused a loss of public faith in Social Security's sustainability. Few Gen-Xers even expect to receive it. More and more Americans also began to see the virtue of private retirement vehicles like IRAs and 401(k)s, which grew like Topsy as the stock market boomed.

"In the meanwhile the academic world had changed," Mr. Moynihan also told the mostly liberal academics at Harvard. "The most energetic and innovative minds had turned away from government programs—the nanny state-toward individual enterprise, self-reliance, free markets." (No, he wasn't quoting from this editorial page.) Privatizing Social Security suddenly became thinkable, in many minds even preferable.

In short, the same economic and political forces that have remade American business are now imposing change on government. Global competition and instant information have forced industry to streamline or die. Now those forces are busting up public monopolies—the public trusts, to adapt a Teddy Roosevelt phrase—that deliver poor results.

In the U.S. that means breaking a public school monopoly that traps poor kids in mediocrity or worse. And it means reforming a retirement system that gives individuals only a fraction of the return on their savings that they know they'd receive if they invested the money themselves. These are ultimately moral questions, because in the name of equity these public trusts are damaging opportunity for those who need it most.

The rich have known for years how to exploit the magic of compound interest, for ex-

ample. Why shouldn't working stiff have the same chance? Mr. Moynihan shows that a worker earning \$30,000 a year can, at a modest 5% annual return, amass \$450,000 in savings over 45 years by shifting just 2% of the payroll tax into a private account. Thus do even liberals become capitalists.

Now, let us acknowledge that "privatizing" Social Security is not what Mr. Moynihan desires. His political goal is to reform Social Security just enough to be able to save its universal guarantee. He fears, sensibly enough, that if liberals oppose any change they may find the debate has moved on without them. "The veto groups that prevented any change in the welfare system," he says, "looked up one day to find the system had vanished."

No doubt many conservatives will want to go much further than the New Yorker, us among them. If investing 2% of the payroll tax rate is desirable, why not more? Workers ought to be able to decide for themselves if they want to trade lower taxes now for a lower Social Security payment at retirement.

We also disagree with Mr. Moynihan on some of his details. To defray the cost of reducing the payroll tax, he would increase the amount of wages subject to that tax—from \$68,400 now to \$97,500 by 2003. This is a large increase in the marginal tax rate for many taxpayers that would defeat reform's very purpose. He'd also raise the payroll tax rate down the line as the Boomers retire—something that needn't happen if the reform were more ambitious than the Senator says he wants.

Yet for all of that, Mr. Moynihan moves the debate in the direction of more individual control and more market sense. Along with his pal and co-sponsor, Nebraska's Bob Kerrey, he has broken with liberal orthodoxy. Maybe their daring will even give courage to Republicans.

[From the New York Times, Mar. 29, 1998]

WRONG WAY ON SOCIAL SECURITY

Proposals from archconservatives to chip away at a gargantuan Government program like Social Security shock no one. But when an influential moderate like Senator Daniel Patrick Moynihan proposes to divert Social Security taxes into private retirement accounts, a flawed idea gains ominous support. Mr. Moynihan's rationale is complex. But it is also misleading and unwise.

Mr. Moynihan exaggerates the financial predicament by pointing to 2029 as the date that actuaries say the Social Security trust fund will empty out. But actuaries also say that annual revenues will continue to cover almost all of each year's outlays. Indeed, the financial gap amounts to only about 2 percent of payrolls and can be eliminated with modest benefit trims, changes in retirement rules and small tax increases. Instead, Mr. Moynihan proposes a cut of up to 30 percent in future benefits, larger even than what is needed to balance the trust fund's books. He does so because his plan includes a second agenda—partial privatization.

Mr. Moynihan would temporarily cut payroll taxes and invite workers to deposit the money saved into individual tax-sheltered retirement accounts. Some will accept the invitation and, depending on the outcome of a risky investment, replace some or all of the 30 percent benefit cut. But based on past behavior, most workers will not save for their future. Mr. Moynihan's reasons for cutting revenues of a program that he depicts as near bankrupt are political. He wants to stop Congress from frittering away the current temporary surpluses in the program to support other programs in the Federal budget. He also proposes partial privatization to

ward off a more sweeping privatization assault by conservatives.

Private accounts are popular because, if invested in stocks, they can grow faster than money deposited in the trust fund, which is invested in low-yielding Treasury bonds. Mr. Moynihan warns that liberals who oppose his partial privatization risk having the entire Social Security program scrapped, along with its magnificent record in redistributing money from the rich to poor and thereby lifting millions of retirees out of poverty each year.

But Mr. Moynihan refuses to acknowledge the harm his partial privatization scheme would do. Small savings accounts are expensive to administer, threatening to burn up a quarter of a low-wage worker's annual deposit in commissions and bank fees. Besides, the seemingly small return on money turned over to Social Security is partly an optical illusion.

Social Security has promised to pay millions of retirees benefits that far exceed the amounts they pay into the trust fund. Part of the payroll tax that workers turn over to the Social Security system covers these unfunded benefits. If part of the money that workers would deposit in private retirement accounts under the Moynihan plan were siphoned off to pay their fair share of unfunded benefits, then the yield on these accounts would look puny too.

By reinforcing the false notion that private accounts are far superior to public accounts, Mr. Moynihan risks setting off a political process that would feed the conservative goal to replace virtually the entire public program with private savings.

Mr. Moynihan's warning that Social Security looks like a lousy deal for workers should be heeded. The best way to increase retirement funds is to invest payroll taxes in stocks. But rather than having a hundred million workers invest itty-bitsy amounts on their own, the trust fund itself, through a process insulated from politics, should invest in equities on behalf of everyone. The Social Security problem is modest. So too are the right solutions

[From the Christian Science Monitor, Mar. 19, 1998]

SOS FOR SS

Always pungent Sen. Daniel Patrick Moynihan has gotten to the heart of America's Social Security problem. In a speech at Harvard this week he offered a specific, tough-minded formula for saving Social Security from the demographic collision it faces in future decades.

Moynihan, long an expert on Social Security, shrewdly weds (a) a conservative plan to allow workers to invest a portion of their SS payroll tax in a private nest egg to (b) a return to a Rooseveltian pay-as-you-go pension system.

As ranking Democrat on the Senate Finance Committee, he plans to propose such a reform immediately.

Compare that with the official Washington crawl on Social Security.

In his state of the union speech last month, President Clinton claimed to be concentrating mightily on Social Security, but then sent it out for yet another scrutiny by commission. Mr. Clinton also cast himself as a latter day Horatius telling politicians to keep their hands off federal budget surpluses. He said he was earmarking those surpluses to save SS.

Good theater. Poor economics. The best way to preserve those surplus revenues for a need starting two decades hence would be to use them now to reduce the national debt. That would trim those huge interest bills on the debt for years to come. And that, in turn,

would allow more pay-as-you-go money for SS.

Instead, Clinton announced a clutch of new programs that would eat up the surpluses—despite iffy funding from tobacco revenues.

Hence the appeal of Moynihan's approach. It would allow Americans to voluntarily use as much as 15 percent of their SS payroll tax for personal pension savings accounts. Because that's optional and restricted to a modest percentage, it would minimize the danger that at retirement a pensioner might suffer from a market drop. And the upside—higher compounded returns over decades of savings—would compensate for increased risk.

Meanwhile, Moynihan would seek to ensure that the basic SS pension remains rock solid by assuring its yearly pay-as-you-go integrity. To make bearable the tax burden borne by next generation workers paying for their retiring baby boom parents, he adapts two existing ideas: (1) Speed the move to a standard retirement age of 70, reflecting longevity statistics. (2) Trim the rate of indexing for inflation.

There will be battles to come. But at least one of our most thoughtful political statements has gotten a realistic mix of elements on the table. Now it's up to his colleagues.

Mr. LAUTENBERG. With that, Mr. President, I yield back the time on our side and hope that we can proceed forthwith.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. DOMENICI. The Senator wants to ask for the yeas and nays on his amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. I also ask unanimous consent that Senator BROWBACK be added as a cosponsor.

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

Mr. LAUTENBERG. I have a request.

Mr. DOMENICI. Did you have a request?

Mr. LAUTENBERG. I do.

Mr. President, the Senator from Iowa has asked for some time to discuss something, and I would give him 5 minutes off of the resolution to do that, unless there is an objection.

Mr. DOMENICI. Let me just see if we can get an agreement that you and I have spoken to.

I say to the Senator, are you going to speak on the subject that is before us? Or do you just want consent to speak on a subject not pertaining to the budget for 5 minutes?

Mr. HARKIN. It has something to do with the budget.

Mr. DOMENICI. But it is not a proposal?

Mr. HARKIN. No.

Mr. DOMENICI. We are going to be able to arrange that for the Senator.

Mr. President, I want to suggest that when we entered into the unanimous consent agreement, the idea was that we would expedite the voting on amendments and minimize the number perhaps that was going to be voted on in the so-called "votarama" with 1 minute on a side by amending the

statutorily allotted amount of time for amendments and second-degree amendments. And we did so agree. But we were not specific in saying that there shall be no time yielded off the bill to those new time agreements. So I just ask, with the concurrence of my friend from New Jersey, unanimous consent that there be added to the unanimous consent agreement regarding the time allotted on amendments and second-degree amendments, the following language: And that no time, no additional time, shall be allotted from time remaining on the bill by either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

I say to the Senator, did you want to do something?

Mr. LAUTENBERG. If we can let our friend from Iowa make his statement.

Mr. DOMENICI. I say to the Senator, we will yield you 5 minutes off the bill.

Mr. HARKIN. I thank the Senator. I appreciate it.

The PRESIDING OFFICER. The Senator from Iowa.

THE AGRICULTURAL RESEARCH CONFERENCE REPORT

Mr. HARKIN. Mr. President, I want to speak for a couple of minutes about a conference report that is now before the Senate which is of the utmost urgency that we proceed to and pass yet today. I am hopeful we can do it. That is S. 1150. It is the agricultural research bill which we passed here last year by unanimous consent. What happened is, the House passed it also last year but the House, for one reason or another, refused to go to conference, and then the session ended last year.

About 3 weeks ago, the House finally consented to go to conference. We went to conference. We worked out our agreements on a very important bill. And that bill now is before the Senate.

In the ag research bill, there are at least three very important parts: The ag research; crop insurance, to work out the problems in crop insurance so we can have a disaster crop insurance program for the next 5 years; and there is also a food stamp provision for refugees and the asylees that were inadvertently left out of the welfare-to-work reform bill that we passed in August of 1996.

We need to pass this bill today. It is of the utmost urgency. We have over 717,000 catastrophic crop insurance policies in America today, farmers all over this country, from California to Maryland, from North Dakota to Texas. All rely upon this crop insurance program.

If we don't pass this bill very soon, those policies will start to lapse and those farmers who have to plant in the summertime for winter crops will not be able to get their crop insurance. That means if they were to have a natural disaster that would wipe them out completely, they would be in here to

Congress again begging us to bail them out. That is why it is so important we pass this today.

Now, why today? Because we have a very strange parliamentary situation. If we don't pass it today and this budget passes tomorrow, which it will, then we lose all the money that we have for crop insurance to help out our farmers. I might also add, we lose the money that is in there to meet a need for refugees and asylees who are legal immigrants in this country. Some of them, like the Hmong who fought alongside our American troops in Laos during the Vietnam war, were inadvertently cut out of the welfare reform bill. This is in the bill before us, S. 1150.

As I said, S. 1150 had bipartisan support in conference, Republicans and Democrats, House and Senate. We worked out all the differences. There are no objections in our committees to this. That is why it is so vitally important that we pass it today.

I guess I ask here on the floor, the majority leader, and to the staff who are here, if they could possibly bring up S. 1150 today, sometime by the end of the day. I don't know if the managers of the bill would mind if we set it aside for 15 minutes—I don't think it would take longer than that; after all, it passed by unanimous consent last year—and pass it today. I don't think it would take much time. As I said, I am sure Senator LUGAR, being the chairman, and I, the ranking minority member, don't need more than 15 minutes on this bill. It is vitally important, because if we don't pass it, we will lose the crop insurance for our farmers, especially those who need to plant summer crops.

I yield to Senator CONRAD from North Dakota.

Mr. CONRAD. Mr. President, I want to add my voice to the strong voice of the Senator from Iowa, Senator HARKIN. We are now facing an emergency with respect to the research bill. The research title is a bit of a misnomer because much more is involved here than agricultural research, although that is critically important. That is critically important because we have been hit all across the country with a set of diseases because we are in a wet cycle. That wet cycle has been devastating in my State. We lost 30 percent of the crop last year, over \$1 billion of economic loss because of scab and vomitoxin, and those losses continue.

Now we are in a situation where we desperately need research into those diseases, but it goes much beyond that. It goes to the heart of the crop insurance system in America. As the Senator from Iowa has indicated, there are 700,000 policyholders in America. They are about to get a notice that there is no crop insurance available for them. That is the danger that we risk if we fail to act, and act today.

The crop insurance shortfall may result in farmers across the Nation receiving cancellation notices. This is a dire emergency.