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Senate

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Gracious, loving Father, You have taught us to give thanks for all things, to dread nothing but the loss of closeness with You, and to cast all our cares on You. Set us free from timidity when it comes to living the absolutes of Your commandments and speaking with the authority of Your truth. All around us we see evidence of moral confusion. People talk a great deal about values, but many have lost their grip on Your standards.

Help us to be people who live honestly with integrity and trustworthiness. We want to be authentic people rather than studied caricatures of character. Free us from capricious dissimulations, from covered duality, from covert duplicity. Instead of manipulating others with power games, help us motivate them with love. Grant us the passion that comes from committing our lives to You, the idealism that comes from understanding Your guidance, and the inspiration that comes from relying on Your spirit as our only source of strength.

May this be a day for glorifying You through all that we do. Through our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, the Senator from Georgia, is recognized.

SCHEDULE

Mr. COVERDELL. Mr. President, this morning the Senate will proceed to consideration of H.R. 2646, the A-plus education bill, with the time until 10:30 a.m. being equally divided between Senator COVERDELL and Senator DASCHLE or his designee. Following the debate time, the Senate will conduct a cloture vote on the A-plus education bill. Therefore, Members can anticipate the first rollcall vote today at approximately 10:30 a.m. If cloture is not invoked, the Senate will proceed to a cloture vote on a motion to proceed to the Defense Authorization Act conference report. Members can anticipate additional procedural votes on that measure.

In addition, the Senate may consider the District of Columbia appropriations bill, the Amtrak strike resolution, or any additional legislative or executive items that can be cleared.

As a reminder to all Members, the first rollcall vote this morning will occur at 10:30 a.m.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. KYL). Under the previous order, the leadership time is reserved.

EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 2646, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2646) to amend the Internal Revenue Code of 1986 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. The time until 10:30 a.m. will be divided between the Senator from Georgia [Mr. COVERDELL] and the minority leader, or his designee.

The Senator from Georgia.

Mr. COVERDELL. Mr. President, I rise on behalf of H.R. 2646, the A-plus education bill. What has become known as the A-plus account, or education savings account, is a unique instrument that is being designed to help American families across the land to deal with education deficiencies, particularly in grades K–12, kindergarten through high school, although the account may be kept intact and used for higher education if that is the desire of the family.

Simply put, a family could save up to $2,500 every year from the child's birth in a savings account much like an IRA that most Americans have come to understand, a similar instrument. These are after-tax dollars. The interest that would build up each succeeding year would not be taxed if the proceeds of the account are used for virtually any educational purpose. So it becomes a tool that empowers parents to deal with particular or peculiar deficiencies of the child.

As a result, my own view is that the value of these dollars could be as much as three to five times a typical public dollar being spent because the dollar is being directed at the unique deficiency.

Let's say, for example, the child had a learning disability, or dyslexia, that required special attention. The dollars could be put right on that problem. Or perhaps the child had a math deficiency and it required a tutor, or there was a transportation problem to deal with an after-school program, or a learning disability of some form. All of these particular problems, broad dollars cannot necessarily address, but these savings accounts can. They can go right to the deficiency.

A unique feature of the savings account is that the account can receive contributions from sponsors. When you do that, the imagination begins to work at the different kinds of things that could happen to help build this account up for this child. A corporation, an employer, could be a contributor to

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

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these accounts. You can envision matching circumstances, where an employer would say I'll put so much in your children's account if you'll match it. You can imagine a church becoming involved in these types of accounts. I can see a community—recently in Atlanta we lost a law enforcement officer, and people are often trying to find a way to help the remaining family. I can see communities stepping forward in this case and establishing an account for the surviving children. So community, employers, extended family, brothers, uncles, neighbors, grandparents—all of these individuals could become sponsors of these children's accounts.

As a result, a large infusion of enrichment will occur to education in America, one of the largest in 10 years—billions of dollars. The Joint Committee on Taxation has advised us that 14 million families will make use of these accounts—14 million families. A quick estimation there shows you somewhere around 20 million-plus children, approaching half of children in America's schools, will be beneficiaries to some degree of these accounts.

It baffles me that some in the professional system, the National Education Association, oppose this. They want to believe and others to think that—I think the line is that it only will help wealthy people and that it will only support religious schools. Both assertions are utterly false.

I have been stunned by an organization of this character being so misleading about a matter of public policy. You would think that an organization associated with schooling and role modeling for young people could do a little better job of being candid and straightforward about their opposition. It has had some effect, because many people think the savings account is the equivalent of a voucher. A voucher—which I support; they don't—but a voucher is the redistribution of public money. In other words, the money raised from the public for taxes, property taxes or the like, is given to the family and they can move it to any point they would like. That is a voucher. This is a savings account. This is not public money. This is private after-tax money. And we are not taxing the buildup.

Under their definition of public money, I guess the capital gains tax reduction would be a voucher because we have left money in someone's checking account and they can use it some way they choose. But, in any event, the allegation is that it is for the wealthy and that it supports religious schools.

Here are the facts. According to the Joint Committee on Taxation, of the 14 million families that will use these accounts, 10.8 million of them will be in families whose children are in public schools; 70 percent of the funds generated, this enrichment, this additional effort and energy coming behind our school system, private and voluntary, will go to support public schools—70 percent—and 30 percent to private schools.

According to the Joint Committee on Taxation, 70 percent of all these funds will go to support children and families earning $75,000 or less. It is means tested. It is not for the wealthy. It has sponsors, so that we can help those who have a tough time organizing the accounts, and the principal beneficiary will be the public school system of America and the families in it.

Mr. President, I yield at this time.

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

Mr. MOYNIHAN. Mr. President, let me first congratulate my friend and colleague on the thoughtfulness of his remarks and the cogency of his arguments. If I will now speak in opposition, it is first and foremost a procedural opposition and jurisdictional one, having to do with bills sent from the House of Representatives and held at the desk and not referred to the Committee on Finance.

Mr. COVERDELL. I appreciate that.

Mr. MOYNIHAN. And also having to do with the season of the year.

Mr. COVERDELL. I appreciate the general remarks.

Mr. MOYNIHAN. Mr. President, in an op-ed article in the New York Times on Tuesday, Richard Leone, who is the president of the 20th Century Fund, an eminent New York City institution, remarked, ''Last week, the House of Representatives took time out from beating up on the Internal Revenue Service to approve a fresh tax loophole.''

I have had occasion to comment that on July 31, when we voted 92 to 8 to approve an 820-page addition to the Internal Revenue Code, the only copy of the bill in this Chamber was in the possession of our most distinguished tax counsel, Mr. Giordano.

Somewhat furtively, Members would come up and ask if they could just check whether their provision was in the bill. We might have charged for that service. We did not, in the public spirit of the occasion. But it was no way to legislate taxation.

In that spirit, I simply want to say that neither, at this time and in this manner, ought we to be approving a new provision providing for expansion of IRA's that would cost us $4 billion over 10 years. That is in addition to the $38 billion in new IRA's which we passed on July 31. There was an education IRA, and I am happy to say a Roth IRA. Our distinguished chairman is to have the satisfaction, I hope it is, of seeing in bank windows around the country, ''Roth IRA available for purchase,'' which people will be wise to do.

The tax legislation for this session of the 105th Congress is concluded. We will resume next year. I hope we don't resume with too much energy. It is a fact that we impose upon the Internal Revenue Service, and upon the citizenry much more than the Internal Revenue Service, incredibly complex measures which defy assessment in so many cases. And we do it while calling for the repeal of the Internal Revenue Code and the abolition of the IRS. Well, I can understand the calls that issue from the House of Representatives to abolish the IRS, because increasingly its task is impossible. But on the other hand, there is something called the Nation and it does require revenues. Even if they are reduced to that elemental proposition of delivering the mail and defending the coasts, that does require revenues. The choices are for us many and we shouldn't complexify them to the point of plain bafflement.

The President has said he will veto this bill. Our President, in a letter to our distinguished majority leader of July 29, thanked the majority leader and, by reference, the others of us in conference on the Tax Relief Act of 1997, for the bipartisan way in which we were putting that legislation together, but he did say he would strongly oppose the measure of the Senator from Georgia. So, accordingly, that was taken out in conference in order for the whole bill to be approved.

I ask unanimous consent that the President's letter be printed in the RECORD.

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

THE WHITE HOUSE,
Washington, July 29, 1997.

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
Washington, DC.

DEAR MR. LEADER: I want to again thank you for working in a productive, bipartisan manner to develop this bipartisan budget agreement. I feel particularly good about the strong education package that is included in the tax bill. As you know, in working out the final agreement, I strongly opposed the Coverdell amendment. I would veto any tax package that would undermine public education by providing tax benefits for private and parochial school expenses.

Sincerely,

BILL CLINTON.

Mr. MOYNIHAN. I thank the Chair.

One further point. After a very great deal of effort and not inconsiderable amount of pain, we have brought the Federal budget into balance. I stood here in 1993, or rather my good friend, now Ambassador to China, Mr. Sasser, as chairman of the Budget Committee, stood here and I stood there as chairman of the Finance Committee, and in a very close and dramatic moment, we got the required 51 votes to enact what I have since acknowledged to be the largest tax increase in history. But it broke the back of the expectation that we could never handle our finances, that interest rates had to be high, the inflation premium attendant on the probability that we would end up monetizing the debt because we couldn't pay for it. Monetizing is a term by which you inflate the currency and lower the cost of the debt.

We did it, and the deficit has gone down. We have this most extraordinary, unprecedented, somewhat difficult-to-comprehend situation of full

employment, low inflation, low interest rates, high productivity. Fuller employment than we ever thought was compatible with the interest situation. We are in a new economic setting, and by March, I would think, the continued revenues to the Treasury would be such that the deficit will have disappeared.

We have talked about the deficit, not always in the calmest tones, for a decade now. We finally balanced the budget, and what do we suddenly see? More and more proposals for cutting taxes through one form or another, losing revenue so we will get the deficit back again.

Mr. President, the time is at hand, if I may say, to use the deficit to reduce the debt. We now spend almost as much money on interest payments as we do on defense. That is not a proportionate set of values of interests, of priorities. We ought to start reducing the debt. For every dollar of public debt that we reduce, we get $1 of private savings, private investment, which, in turn, will produce revenue, and on one hand, it will reduce costs of interest payments, and on the other hand, it will increase revenue. We are short of savings. I know the concern of the Senator from Georgia is savings, but at this moment, I would like to say we will take this up next year. This has not been referred to the Finance Committee. It is a House measure held at the desk in the last hours of the first session of the 105th Congress. I hope that we will put it off until next year when it will receive a goodly consideration. I can't say I know this to be Chairman ROTH's intention, but I cannot doubt it is his intention, such as it is his manner in all these issues.

But to say again, the measure before us would spend $4 billion over 10 years to increase the contribution limit for education IRA's from $500 to $2,500 per year, provide for tax-free build-up of the earnings in such accounts, and tax-free withdrawals for an array of expenses relating to elementary and secondary education. The bill comes to this floor directly from the House; it has not been considered by the Finance Committee.

With great respect to the sponsor of the bill, the distinguished Senator from Georgia, I do not believe the Senate should take up this legislation at this time. It was just 3 months ago that we passed the Taxpayer Relief Act of 1997, which included a net tax cut of $95 billion over 5 years and $275 billion over 10 years. At a cost of $38 billion over 10 years, that act created the education IRA and the Roth IRA, and significantly expanded existing IRA's and the tax benefits of State-sponsored prepaid college tuition plans. And now, we are asked to expand those recent IRA changes even further.

As well intentioned as this legislation is, surely there are many other priorities that should take precedence if we are serious about doing something for education. Priorities that have been thoroughly considered in the Finance Committee and by the full Senate. One such priority is the income exclusion for employer-provided educational assistance, which is Section 127 of the Internal Revenue Code. It is probably the single-most successful tax incentive for education we have. In the tax bill that emerged from the Finance Committee in June, we made section 127 permanent and we applied it to graduate school. Unfortunately, when the tax bill came back from conference, this provision was limited to a 3-year extension only for undergraduates.

Proponents of the pending legislation speak of a crisis in our elementary and secondary schools. There is no more compelling illustration of this than the state of the infrastructure of these schools. During the debate last summer on the tax and spending legislation, Senators CAROL MOSELEY-BRAUN and BOB GRAHAM brought the issue of crumbling schools to our attention, and they continue to be eager to address it. If we feel we must spend $4 billion, why not spend it to insure that schools have heat this winter?

There are also tax policy concerns with this bill. First, complexity. Even as we hear ever louder calls to scrap the code, we have before us a bill that would create a maze of rules in attempting to define what constitutes a ''qualified elementary and secondary education expense.'' The bill states that qualified elementary and secondary school expenses include expenses for tuition, computers, and transportation required for enrollment or attendance at a K–12 institution, and for home schooling. There is no further definition. For example, would it be possible to withdraw money from these accounts to purchase the family car? I don't know, but you can't find the answer in the text of this bill.

Under the bill, the ability to contribute funds for elementary and secondary education expenses is proposed to sunset after 2002. However, money contributed through 2002 could still be used for such expenses. It will be up to the taxpayer to track—and the IRS to examine—when funds were contributed, and whether they can be used for only elementary and secondary education, only higher education, or both.

The administration estimates that 70 percent of the benefits of the bill go to the top 20 percent of income earners, taxpayers with annual incomes above $93,000. Tax benefits to taxpayers below that level are estimated to be nominal. If the proponents are truly concerned about the middle class, the tax benefits should be targeted there. In order to accomplish this, the income limits that apply to this bill would have to be lowered, and the ability to circumvent those limits would have to be prevented.

Mr. President, I appreciate the good will of the sponsors of this legislation, which we will be happy to consider in the Finance Committee in the next season. But please let us not take up a tax bill, of all things, in the final days of this session. This is no time for this tax bill or any other tax bill. But if our friends in the majority insist on going forward, I believe they will find that Senators on this side—and doubtless on their side, too—will be ready with amendments by the dozens.

I thank the Chair and yield the floor.

I thank the Chair for his courtesy, and I thank my friend.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator for his generous remarks addressed toward me at the initial opening of his statement. I appreciate that very much.

I now yield up to 4 minutes to my good colleague from Connecticut. I want to just say that he, Senator LIEBERMAN, has been at the forefront of education reform for more years than I. He is very dedicated to these proposals, and his support of this measure has been personally and publicly appreciated.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair and thank my friend and colleague from Georgia for his very kind comments. May I say, with his leadership on this issue, he has come right to the forefront of the national movement for education reform.

Let me say first, briefly, how grateful I am, and I know the Senate across party lines, for the bipartisan leadership for the agreement that was achieved yesterday on scheduling the consideration by the Senate of campaign finance reform, which is important in its own right because of the significance of that effort, but also important because it frees us now to approach on the merits issues such as this.

I am proud to be a cosponsor of this Education Savings Act for Public and Private Schools. It is a bipartisan cosponsorship, as will be clear from those who speak on behalf of it.

Mr. President, it seems to me that of all the challenges that we have before us as we try to make this great country of ours even greater and spread the opportunities beyond those who have them best now, the most important place we can invest is in education, the education of our children.

As we look at the education system in our country, I think we can say with some pride that the system of higher education is really doing quite well, but that it is the elementary and secondary schools, in making sure that our children get a good start on the road to education and self-sufficiency, that really need help.

There are a lot of good things happening in our public and private and faith-based schools, but too many of our kids are still being educated in schools that are either in terrible shape physically, schools in which

their personal security is threatened by crime in the schools, or schools in which there is not adequate teaching and innovation going on.

This measure is a classic attempt to create a partnership between the Government and families and businesses to help people better educate their children at the elementary and secondary level. It is a tax incentive, a small one. It is like dropping that pebble into the lake, and it is going to create ripples out for individual children and for our society that I think will be dramatic.

I want to make just a few points.

This recommendation of these educational savings accounts builds exactly on the higher education savings accounts that we adopted just a few months ago with broad bipartisan support. In that case, you could put $500 in. The income would be tax free, particularly if you took it out for years in higher education. It had income limits in it for means testing, if you will.

This proposal of ours takes that idea and simply extends it to K–12 education, with one big change—two, I suppose. One is that you can put in not just $500 but $2,500 in and others can invest in those accounts—grandparents, uncles, aunts, businesses. I wouldn't be surprised, if this is adopted, that labor unions will begin to negotiate with their employers to put matching contributions into the savings accounts for their kids.

The point I want to make is this. A lot of anxiety and opposition has been expressed about this proposal. It is the same proposal that most of us voted for enthusiastically just a few months ago for higher education. So why is it so frightening now and it was so much accepted before? Why was it middle-class-tax relief then and it is now some sort of giveaway to wealthy people?

I think if you focus on the merits of this, understand what independent analysis has told us that 70 percent of those who will benefit from this will be sending their kids to public school, that it can be used not just for tuition payments but for a broad array of support services—transportation, home schooling, purchasing a computer, et cetera.

This is the kind of program that dreams are made of, that dreams are realized from. Parents who are working hard trying to find a better way for their children will be able to put a little money in these accounts or have some relatives put some money in, or convince the employer to put some money in and make it easier for them to take their children and put them in the schools where they want them, public or private or faith-based, or give the kids the support they need to get the better education.

I think this is a good proposal whose time has come, and I am proud to be a cosponsor. I thank Senator COVERDELL for his leadership on this, and I yield the floor.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Georgia.

Mr. COVERDELL. Mr. President, I appreciate very much the remarks of the Senator from Connecticut. He has made excellent points. This has already been passed by 59 votes in the Senate. It has been passed by the House. It is an extension of a proposal that both bodies overwhelmingly passed. I am fearful that we are in the midst of a filibuster attempt by special interests to block it, but we are going to stay at it, filibuster or not.

I now yield up to 4 minutes to the distinguished Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for up to 4 minutes.

Mr. ALLARD. Thank you, Mr. President.

I thank the Senator from Georgia for yielding. And I compliment him on his leadership, particularly on educational issues.

Today, I am here to encourage my colleagues to support legislation which will open doors of educational opportunities to the parents and children throughout our Nation. Education savings accounts are a sensible step toward solving our education crisis in America by allowing families to use their own money—to use their own money—to pay for their child's education needs.

This bill would empower parents with financial tools to provide all the needs they recognize in their children, needs that teachers or administrators cannot be trusted to address in the same way that a parent can.

These accounts would provide families the ability to save for extra fees that they might incur, have to deal with, when they are sending their children to public schools, fees that may be necessary to pay for computers or maybe they want to go down and buy their own computer to help with their child's education, maybe some tutoring needs within the family, maybe they need to prepare for the SAT.

Transportation costs could also be an educational need, particularly in rural areas, or maybe special circumstances that would allow a family to consider some private alternatives as opposed to public education.

Handicapped children, for example, I think could really benefit from this because they do have special needs. This encourages the family of the handicapped to meet those special needs and to pay the costs that they may incur and still send them to a public school.

This kind of tax relief is especially important for parents who are working two jobs with no extra time to help with homework or those who do not feel adequate in their own knowledge to tutor their children.

As parents, I know that my wife and I were the best judges of our children's needs, and I am proud of the way they have developed. As all parents realize, I knew that I was in the best position to address their needs. I would have welcomed an opportunity to accrue tax-free interest to help pay for more opportunities in the education of my children. Far too many parents find that their hopes to provide the best education for their children are crushed as they realize the costs involved in accomplishing this task.

Contrary to popular myth, 75 percent of the children who would benefit from this bill are public school students. The new estimates released by the Joint Tax Committee disprove the claim that public school revenues would be reduced by what is referred to as the A-plus accounts.

The Joint Tax Committee estimates that by the year 2000, 14 million students would be able to benefit from this bill with 90 percent of those families earning between $15,000 and $100,000 a year.

Mr. President, this is an important piece of legislation. It empowers families, and it empowers them to control the education of their family and meet their special needs. So I am absolutely thrilled with the leadership that the Senator from Georgia is showing in this regard. If my time is running out, I yield the remainder of my time back to the Senator from Georgia.

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

Mr. ROTH. Mr. President, the respected historian and biographer, David McCullough, recently reminded us of the importance of education. Quoting John Adams, Professor McCullough wrote: ''Laws for the . . . education of youth are so extremely wise and useful that to a humane and generous mind no expense for this purpose would be thought extravagant.''

Today we consider a law that will go a long way toward helping parents provide educational opportunities for their children—a law that will benefit students, whether they attend public schools or private.

This bill, which is sponsored by our distinguished colleague Senator COVERDELL, and which has broad bipartisan support, expands the education savings IRA. It allows families to save up to $2,500 a year, and to use this money to pay for educational expenses for their children attending school, from kindergarten to 12th grade.

This, as John Adams would say, is a wise bill. It is one that will go a long way toward helping our families meet the rising costs associated with schooling. It will go a long way toward helping our children receive quality educations. And it will pay dividends to America, itself, as these children—better educated and more prepared—become the parents, educators, scientists, businessmen, and businesswomen of tomorrow.

Not too long ago, the Finance Committee held hearings to look into the rising costs associated with education, and the pressure those costs place on parents and families. What we found was rather alarming. Today, parents are under an enormous burden when it comes to paying for education. And the costs continue to rise.

We designed the Taxpayer Relief Act of 1997 to help parents and students offset some of these costs. For example:

We created an education savings IRA to allow parents to save for higher education.

We expanded the tax-deferred treatment of State-sponsored prepaid tuition plans.

We restored the tax deduction on student loan interest.

And, we extended the tax-free treatment of employer-provided educational assistance.

Each of these measures will go a long way toward helping our students and their families handle the burden associated with education. Personally, I would have liked to see stronger measures in each of these areas. The Senate version of the Taxpayer Relief Act actually contained stronger provisions, and I introduced them as a separate bill the very day that we passed the Taxpayer Relief Act.

The legislation we're considering today—which Senator COVERDELL has introduced in the Senate—is in keeping with the spirit and emphasis of our efforts. It expands the education savings IRA that we passed in the Taxpayer Relief Act of 1997. It allows the IRA to be used to help families finance school-related needs for their children beginning in their kindergarten years and covers them all the way through high school. It raises the yearly contribution amount from $500 to $2,500.

It allows savings from the IRA to be used for both public and private schools. For example, money could be withdrawn to pay for tuition, fees and books for children attending private school. It could also be withdrawn to pay for computers, uniforms, instruments, books, supplies, and other educational needs for children in public schools. In addition, Mr. President, this expanded IRA can be used for children with special needs throughout their lives.

This legislation does not engender a public versus private debate. It is fair and good for families and children who elect either form of education. It is focused on middle-income families—those who are most pinched by the rising costs of education. It provides these families with the tools they need to have the freedom to select whichever form of education they feel is best for their children.

According to estimates by the Joint Committee on Taxation, the vast majority of withdrawn funds from these expanded IRAs will go for public school children. Over 10 million families with children in public schools will use these educational savings accounts, as opposed to a little over 2 million families with children in private schools. The expanded education savings IRA's are completely paid for, as revenue loss will be fully offset by repealing an abusive vacation and severance pay accrual technique.

Again, Mr. President, this legislation has strong bipartisan support. It is good for families, good for children, and good for the future of America. It builds on the foundation we set with the Taxpayer Relief Act of 1997. It provides flexibility as well as opportunity, and it is a necessary step toward providing parents with the tools and resources they need to help their children prepare for the future.

Mr. D'AMATO. Mr. President, I rise in support of the A plus Education Savings Accounts Act which will provide families—an estimated 14.3 million families by 2002—with the opportunity to save for their children's education, an investment by parents for their children's future.

Education savings accounts allow parents, grandparents and scholarship sponsors to contribute up to $2,500 a year per child for an account that will be used for a child's education. The interest accrued will be tax-free as long as the funds are used to further the best possible education for their children.

The funds saved by parents must be used for educational purposes—and can include expenses for home computers, tutoring for children with special needs or tuition for a private school. The money will be used in the most efficient manner because it will be the parents who make the decision on how to use the money.

These education savings accounts leave public resources in public schools and let parents use their own money to augment education for their most precious investment—their children.

This is a common sense approach—an education reform that gives control back to parents, improving education for their children.

We must encourage parental involvement in their child's education, and this is an excellent way to allow that involvement, making the education system more responsive to parents.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, as a member of the Senate Finance Committee, I join Senator MOYNIHAN in his objection to this legislation on procedural grounds. As a member of that committee, I can attest to the fact that we have had no hearings at all on this legislation. The issue has not come up in committee. In fact, as far as I know, there is no precedence for bringing a House-passed tax bill to the Senate floor without any committee consideration whatsoever, without a single hearing or markup, and then immediately subjecting that matter to a vote to close off debate.

That is what this is about. If cloture is invoked, it would limit the ability of Senators, those on the Finance Committee and everybody else, for that matter, to offer amendments. Members of the Finance Committee, Members of this body have not had an opportunity to offer amendments, have not had an opportunity to debate this matter, and this vote effectively will shut off that debate.

I have filed two amendments to this tax bill, both relating to the issue of school repair and construction. Our buildings, as many parents know, are literally falling down around our children. They certainly cannot learn in those kinds of environments.

I know of other amendments that have been filed relating to a variety of issues touching on this legislation—all amendments relevant to the consideration of this tax bill—but, again, those Senators who have offered those amendments will not have the opportunity to offer their amendments if cloture is invoked.

Mr. President, I think those reasons should be enough for every Member of this body to vote against cloture, because, if nothing else, this is supposed to be a deliberative body, and we are supposed to have the opportunity to talk about ideas, to really fully explore them, to talk about them in a public way so that the people who listen to these debates have a chance to know what it is that we are voting on. But this bill has not had that. In fact, what it sets up is another set of tax expenditures without any consideration of the implications or the impacts of that expenditure.

To use the term ''tax expenditure''—for the average citizen, the words ''tax expenditure'' do not have a lot of resonance, do not have a lot of meaning.

I want you to think about, for a moment, spending from two perspectives: Spending out of the front door and spending out of the backdoor.

Front-door spending includes appropriations, and everybody can relate to those. You see it on a bill. Bills that we pass, they say: We are going to spend this much for that purpose or this much for that purpose. The appropriations spending, front-door spending, is obvious. It is apparent. The public can understand it. It is simple. Everybody knows what the deal is, whether it is spending for a bridge or somebody's boondoggle. Appropriations for front-door spending is apparent and obvious spending.

This plan we are considering today goes in the other direction, of the non-obvious spending for what is called tax expenditures. We can debate tax expenditures for a while, but the point is, I call it backdoor spending because essentially what it is is it is spending that takes place when you carve out an exception for somebody who otherwise was paying taxes, where you say everybody has to pay taxes, but as to this little group here, taxes will not have to be paid. So that then means that everybody else who is left has to make up that little hole that is created. That is what we mean by loopholes. That is what we mean by tax expenditures. And this is such a tax expenditure. This is not only a tax expenditure, it is $4 billion tax expenditure.

I would have thought at a minimum we would have had a chance to have

this up in committee and have had to have witnesses testify on it and to have at least amendments on this floor. None of that has been made available with regard to this bill.

There are times, Mr. President, when tax expenditures really do make sense, where we take the position that it makes more sense to say, as to this universe of people, this little group should not have to pay taxes, this loophole serves a legitimate function and it is an efficient way to do or to effect whatever policy it is that we are trying to achieve. There are some times when it is efficient.

So for a moment, for purposes of this debate, let us take a look at the efficiency of this tax expenditure, whether or not the taxpayers who are going to have to make up this $4 billion difference, whether or not they will get the bang for their buck, whether or not it makes sense for us to spend money through the back door in this way.

The truth is that this plan will benefit only the wealthy. According to the Treasury Department, which has analyzed this proposed tax scheme and calculated what are called its distributional effects—that is to say, who gets the benefit of the tax benefit; what kind of bang for the buck do you get for this spending out of the back door?—70 percent of the benefits in this proposal would go to the top 20 percent of the income scale, that is to say, families with annual incomes of at least $93,222 would get the majority of the benefits in this bill. Fully 84 percent of the benefits would go to families making more than $75,000 a year.

The poorest families in this country, those in the bottom 20 percent of the income scale, would receive 0.4 percent of the benefits of this spending out of the back door.

Let me say that again: 0.4 percent, less than one-half of 1 percent, of the benefits go to the 20 percent of the population of this country who have the least money.

These bars on this chart here really set this out. These are not my numbers. These are Department of the Treasury's numbers. Quite frankly, we would have had a chance to debate this had the bill come up through committee in the normal and ordinary course of things. But since we did not get that chance, we just were kind of surprised with having to vote for cloture on this bill today. We have not really had a chance to thrash through these numbers.

But anyway, the Department of the Treasury tells us that in this legislation, the lowest 20 percent, as you can see, get the lowest amount out of this legislation. The highest income people get the highest amount. Families in the highest income quintile would reap $96 a year in benefits from this bill, that is to say, families with incomes over $93,000 a year. They would see $96 of benefits in an average year.

Those in the fourth quintile—those earning more than $55,000 a year—would see only $32 in benefits in a given year.

Families in the third income quintile—those earning at least $33,000—would get only $7 per year. So $7 for the middle-class families earning between $33,000 and $55,000 a year—$7.

Families in the first and second income quintiles—those earning less than $33,000—would get virtually nothing from this plan. And you can see that on the chart.

So really what you wind up with is a tax expenditure that creates a loophole, backdoor spending that will benefit rich people.

All of my colleagues who have had doubts about—and we have debated in other contexts the voucher plans, and this and that and the other, and how to approach education finance in these times. We need to have that debate because there is no question but that we have great challenges before us in terms of the reform of schools and providing reform of the schools so that this generation of children will have an opportunity at least as great as the last generation gave all of us in this Chamber.

At the core, this debate is about what kind of educational system are we going to have. I was a product of the Chicago public schools. I am proud to say that, because the public schools in Chicago gave me a quality education in a time when my parents certainly could not afford to send us to private schools. They did, from time to time, choose the private and the parochial schools in the area. And I went to Catholic school myself on a couple of occasions.

But the fact is that the public schools in my neighborhood were good public schools. So it was a legitimate set of choices. We had good public schools, good Catholic schools, good private schools. We could choose between good and good and good. So it was just a matter of the nuances of the educational opportunity that our parents wanted to give us that made the difference in their decisionmaking.

As we have gotten to this time, we are really challenged by the fact that there is not the kind of equal choice among and between educational opportunities for these young people. Very often—all too often—the public schools are troubled. Everybody who has given up on trying to fix public education, fix the public schools, says, ''OK. Fine. To heck with them. Let's go create something else. Let's go support something else. Let's go voucher out over here. Let's send our kids to the Catholic schools. And let's go to the private schools,'' or whatever.

They will come up with alternatives as opposed to confronting and facing what do we do about providing quality public education to every child that will allow every child the same opportunity, will allow every child a chance to climb up the ladder of opportunity. Because, after all, Mr. President, as I think everybody is aware, the rungs on the ladder of opportunity in this country are crafted in the classroom. The kind of education that a child gets not only is important to that child as an individual, but to our community as a whole.

It just seems to me that we cannot afford to lose a single child. We cannot afford to triage our educational system, cutting off the schools that have to deal with the problem cases, that have to deal with the poorest students, and letting everybody else go out and take advantage of tax loopholes to provide themselves education in another venue altogether.

Mr. President, the distributional effects of this tax expenditure really are easily explainable. Again, had we had a chance to talk about this in committee, we would have had that kind of debate. But to talk about why this works out this way, if you think about it, low- and moderate-income families, people that make $33,000 a year are having a hard enough time putting food on the table for their families as opposed to being able to just salt away and save an additional $2,500 a year, which is at the core of this proposal.

It should be apparent—maybe it isn't—the contradiction in this proposal. It calls itself ''an education individual retirement account.'' The fact of the matter is, retirement accounts are supposed to be for people in their sunset years, money put away for retirement when they can no longer work. If you say we are going to use that vehicle to let people use money for a lot of other things, then you are, by definition, defeating the notion that people will be able to save, put secure money away, and let it build up so they can retire on it.

This says, OK, we will use the vehicle for the retirement account model to let people save for private education. Assuming for a moment that made sense, again, what do you do when you have a situation where the people who need it the most get it the least? What do you do when people who are making $33,000 a year who can't salt away $2,500 a year for this, who can't build up the interest in the accounts? That is an important part of this—who can't build up the interest in these accounts. What happens to them in this situation? They wind up being left out in the cold.

If we are thinking about the bang for the buck for tax expenditures, this backdoor set of expenditures, it seems to me, it is the taxpayers who are going to be called on to help make up the difference with the loophole we have created, and they will get the least from it.

Mr. President, there is another whole set of issues in this bill that, again, had we been able to talk about it in committee we could have gone further in understanding the meaning of the actual language of the legislation. The bill defines ''qualified elementary and

secondary education expenses'' as ''tuition, fees, tutoring, special needs services, books, supplies, computer equipment . . . and other equipment, transportation, and supplementary expenses required for the enrollment or attendance of the designated beneficiary of the trust at a public, private or religious school.''

In addition, the bill provides a ''Special rule for home schooling'' so any of the above expenses qualify if the child is home schooled.

I just read it off, and I have the words in front of me, what does any of this mean? What does ''required transportation expenses for home schooled child'' mean? If you are staying at home, do you still get a transportation deduction? Does that mean a new car for mom and dad? What does that mean? We don't have enough information to make decisions about the $4 billion expenditure without having debate in this committee.

Now, given the broad nature of the language of the bill, the possibilities for abuse are almost limitless, except for one caveat: The ability to use these provisions and reap the benefits of this broad statute would be restricted, again, almost exclusively to the wealthiest Americans.

Now, it is OK to say we want to give rich people tax cuts. If that is the argument, that is fine. But it seems to me it is not altogether appropriate to dress it up and say that we are doing this for the poor children of America when, in fact, this is a tax subsidy for wealthy people. And they just got a tax cut. It would be different if they had not just gotten a tax cut.

An argument in the Finance Committee with the last bill—which I supported, the tax bill—was that we were cutting taxes at that time in ways that would benefit the wealthiest Americans. There are some people in the committee that didn't have a problem with that, who said the wealthiest Americans pay the most in taxes, they should get the most back. If that is the argument, that is fine. But it seems to me somebody ought to say that. The people ought to say that instead of wrapping it up in ''education reform terms'' when, in fact, the goal of educational reform, of saving our school system, will not be achieved.

I have other specific concerns with this legislation.

The bill attempts to limit the availability of these educational savings accounts to single-filers with annual incomes below $95,000, and joint-filers with annual incomes below $160,000. During the Ways and Means markup, however, the question was asked whether a wealthy taxpayer could avoid this limitation by making a gift to the taxpayer's child, who would then make the contribution to the education savings account. According to the staff of the Joint Committee on Taxation, the bill would permit such a shell game, as long as the child earned less than $95,000. They described the income limitations on the education savings accounts as ''porous.''

Mr. President, in addition to benefitting only the wealthy and being written in such as way as to be virtually unadministrable, there is yet another problem with this bill which leads me to believe we are considering this bill mostly for symbolic reasons. In order to meet the revenue figures required by the offset that has been chosen, the bill only allows contributions to be made to the new education IRA's for elementary and secondary education for the next 5 years.

Mr. President, the purpose of IRA's is to encourage long-term savings. The proposal before us today makes a mockery of this concept, by allowing contributions for only a 5-year period. In so doing, it also creates a situation where everyone who puts money into these accounts will need to hire accountants to figure out what they are allowed to do and how much they are allowed to various education and education-related activities.

The bill allows contributions of up to $2,500 for the first 5 years. These contributions, and the interest earned on these contributions, could then be withdrawn at any time to meet certain education expenses from kindergarten through college. After the first 5 years, however, the bill limits contributions to $500. These contributions, and the interest earned on these contributions, could then be withdrawn only to meet certain higher education expenses. Over a long period of time, the bill thus creates a situation where some amount of the interest that has accumulated in the accounts could be withdrawn for one purpose, while other interest that has accumulated concurrently could only be withdrawn for another purpose. To say that these accounts would be difficult to manage is an understatement.

Let me say this in closing, I encourage my colleagues to redirect this retreat from quality public education in this country. There is no question but that we have to reform the public school system. There is no question but that the Federal Government certainly needs to do more in terms of supporting elementary and secondary education. We are right now paying less than 6 percent of the cost of the public schools in this country, which is not fair. It is not fair to property taxpayers. It is not fair to local taxpayers. In the main, education funding comes out of the local property taxes all over this country. If you ask anybody what is the tax they hate the most, it is their local property taxes.

We are, for all intents and purposes, tying the ability to fund the schools to people who have fixed incomes and who really don't have the ability to pay more in property taxes. That is one of the reasons why the schools are troubled, frankly, in so many areas of this country. Those communities that have the least property taxes, that have the least ability to expand in that regard, have the most troubled schools. Why? Because you have tied education to fixed incomes or to declining tax bases.

We have a General Accounting Office study, in fact, that shows that the poorest areas in the country make the most tax effort to try to pay for their schools. It seems to me, Mr. President, that with all these issues to take up and with all of the challenges to reform public education so that every child in America can access a quality education, we ought to do that in the context of having open debate, not trying to shut off debate on something that, again, effectively only helps the wealthiest Americans.

I urge my colleagues to reject this retreat from public education, to reject this retreat from education reform, to oppose this measure, and to vote against cloture.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I understand the leadership on the other side and the NEA are endeavoring to filibuster this proposal, but they will not succeed in the long run. This is going to happen.

I do want to respond quickly to several of the remarks of the Senator from Illinois. First, the figures from the Treasury Department have been ridiculed and rejected. They have absolutely no credibility. That is the same formula they used to try to discredit the other tax relief. They used imputed income —if you rent your house, that sort of thing.

The Joint Committee on Taxation says 75 percent of all these proceeds will go to people making $75,000 or less.

Ms. MOSELEY-BRAUN. Will the Senator yield?

Mr. COVERDELL. I cannot yield because of the time. I know the Senator will appreciate that.

I also want to point out that the formula that governs this account is the same one the Senator from Illinois voted for in the tax relief plan when the IRA saving account was set up for higher education. It is identical. The Senator from Illinois has already voted for this account. The distribution of the moneys is identical. In those accounts, like these accounts, 70 percent of it will go to families earning $75,000 or less.

The Senate and House have already expressed themselves on it. It is means tested. It is the same formula your President and my President requested be put in place. The same one that governs those accounts, you and I both voted for, as did the vast majority. It is the same formula on this account.

Now, the Senator has suggested this is something new. This is an IRA. They have been here for 17 years. The Senate already cast 59 votes for this account in the tax relief proposal. The House has passed it. This is not some new idea, snaking through the Halls of Congress. We have been dealing with IRA's for almost two decades.

The last point I make, and I understand the misunderstanding because of

some of the administration views, I want to remind the Senator that 70 percent of all these new resources which would supplement education will go to students in public schools. Public schools are going to be the big winner here. And 10.8 million families with children in public schools will use these accounts—so there will be an enrichment of the public school system—of the 14 million, so that means less than 3 million will be in private schools.

CLOTURE MOTION

Mr. COVERDELL. Mr. President, I now send a cloture motion to the desk to H.R. 2646.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on H.R. 2646, the Education Savings Act for Public and Private Schools:

Trent Lott, Paul Coverdell, Robert F. Bennett, Pat Roberts, Strom Thurmond, Gordon H. Smith, Bill Frist, Mike DeWine, Larry E. Craig, Don Nickles, Connie Mack, Jeff Sessions, Conrad Burns, Lauch Faircloth, Thad Cochran, and Wayne Allard.

Mr. COVERDELL. I yield the balance of my time to the distinguished colleague from New Jersey.

Mr. TORRICELLI. I thank the Senator from Georgia, Senator COVERDELL, for yielding time to me. I am very proud to join with him in offering this proposal today.

Mr. President, I think there is a growing awareness in our country that the status quo in education is no longer good enough, that there is a need for fundamental reform in the financing and the standards and our approach to educating our children in the grade school and high school levels.

This legislation offers the promise of a new beginning in how we approach educational reform. In a time of limited budgets, as we seek to balance the Federal budget, we are marshaling private resources. At a time when families have been separated from the challenge of educating their own children, we are challenging families to get involved again. At a time when some are fighting between private education and public education, we seek to help both.

Senator COVERDELL and I do this in what I think is an imaginative approach, what really is no more than an extension of what President Clinton proposed to do and achieve with his HOPE scholarships for colleges, we do for high schools and grade schools.

We do it in the following fashion: It is a challenge to all families of middle-income status—$95,000 and below. From the time of the birth of your child, you, uncles, aunts, grandparents, can put into a tax-free account, $10, $20, $100 a month, put money aside to prepare for the education of your child. In private school, parochial school, if you choose a yeshiva, or in public schools—indeed, the Joint Tax Committee has estimated 70 percent of this money will go for public school students—by allowing families to plan, recognizing that a public school education, is no longer a matter of 8:30 in the morning to 3 o'clock in the afternoon with just a teacher. The whole family has to get involved.

Use this money to buy a home computer, pay for transportation after school so a student can get tutoring, extracurricular activities, or hire a public school teacher after school or on weekends to get involved in tutoring. It is the marshaling of family resources, family involvement, to help either complement that public education or allow for a private education.

Now, the question becomes, is it wrong to even use these private resources to help with a private education? Unlike Senator COVERDELL, I have, through the years, opposed the use of vouchers, because I thought it was a diversion of public resources at a time when the public schools cannot afford the loss of resources. I had constitutional reservations. On vouchers, we can all differ. This is not a voucher. There is not a constitutional issue because this is private money, not Government money. There is not an issue of compromising current resources for public education because this is private money, and it is new money. Not a single dollar is lost from the public schools by the use of these IRA's. But is it needed? For those who do not want to address the problem of private education, does it really help the 90 percent of American students who go to public schools? Absolutely. President Clinton has put a challenge down to the country: By the year 2000, every American school should be on line. But American students do their homework and research at home. Seventy percent of American students do not have a computer in the home. Eighty-five percent of black and Hispanic students do not have a computer at home. Under Mr. COVERDELL's proposal, that would be allowed from these accounts.

Mr. President, I thank the Senator for yielding the time. I am very proud to join with him in offering the A-plus accounts.

I yield the floor.

The PRESIDING OFFICER. All time has expired.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will report the motion to invoke cloture on H.R. 2646.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on H.R. 2646, the Education Savings Act for Public and Private Schools.

Trent Lott, Paul Coverdell, Robert F. Bennett, Pat Roberts, Strom Thurmond, Gordon H. Smith, Bill Frist, Mike DeWine, Larry E. Craig, Don Nickles, Connie Mack, Jeff Sessions, Conrad Burns, Lauch Faircloth, Thad Cochran, and Wayne Allard.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the quorum call has been waived.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on H.R. 2646, the A-plus education bill, shall be brought to a close?

The yeas and nays are required under the rule, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Montana [Mr. BAUCUS], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Minnesota [Mr. WELLSTONE] are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota [Mr. WELLSTONE] would vote ''no.''

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

The yeas and nays resulted—yeas 56, nays 41, as follows:

[Rollcall Vote No. 288 Leg.]

YEAS—56

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

NAYS—41

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

NOT VOTING—3

Baucus	Rockefeller	Wellstone

The PRESIDING OFFICER. On this vote, the yeas are 56, the nays are 41. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the motion was rejected.

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

The motion to lay on the table was agreed to.

Mr. LOTT. Mr. President, 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. LOTT. 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. LOTT. Mr. President, I ask unanimous consent that I be able to proceed for 5 minutes notwithstanding rule XXII.

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

ORDER OF PROCEDURE

Mr. LOTT. I do this, Mr. President, just so that Senator DASCHLE and I can explain what is transpiring.

As you know, we are prepared now to go to the cloture vote on the DOD authorization conference report. However, the interested parties on both sides of the aisle and on both sides of the issue involved, regarding the depots, wanted a few minutes to talk about what would be the situation beyond this, and so there are a lot of conversations going on now in the back of the Chamber. I would like to give them a few more minutes to discuss the various options. As soon as we then call off the quorum call, we would proceed to a cloture vote.

It is my thinking that we would probably go to this cloture vote, but it is going to be a few more minutes before we can actually proceed to that vote. But we will not let it languish very long. The interested parties asked for a few minutes to talk. That is what we are doing. I realize Members have other commitments. But we will, probably within the next 15 or 20 minutes, have some final decision, and then we will know whether we will have a vote on cloture at that point or not.

Mr. THURMOND. Mr. President, in a few moments, the Senate will vote to invoke cloture on the Defense authorization bill for fiscal year 1998. As all of you know, we have had a difficult time getting to this point. After months of negotiating on the depot maintenance issue, we finally achieved a breakthrough when those Members of Congress who have depots agreed to a compromise heretofore believed to be unachievable.

Those Members who have depots gave up on issues extremely important to them substantively and politically. At that time, those of us who had worked over many months to achieve such a compromise believed that we could finally put this very divisive issue behind us. It was simply unthinkable to us that after those with depots had come so far toward the other side's position that the Senators from Texas and California would oppose this compromise. They have always said they only wanted the opportunity to compete. This compromise gives them that opportunity on what the Armed Services Committee believes is clearly a level playing field.

All 18 members of the Armed Services Committee have signed this conference report indicating their support of the compromise. The ranking member of the committee, Senator LEVIN, supported the Senators from Texas and California up to the point when this compromise was negotiated. He and his staff were totally involved in drafting and negotiating the compromise. Senator LEVIN and I join in total support of this compromise which is fair and equitable to all parties.

This bill is important to the young men and women who serve in our military forces. The bill includes pay raises and increases to special incentive pay including vital aviator bonuses. Provisions in this bill affect every aspect of our national defense including quality of life initiatives, modernization, and readiness. I remind all Senators that all military construction projects require an authorization as well as an appropriation and cannot be executed without this bill.

All members of the committee support this bill. The House has already passed it by a veto-proof majority of 286 to 123. The leaders of the Defense Department have indicated that they can make this compromise work and that they need this bill passed. It is hard for me to believe that any Senator would oppose and delay the entire Defense authorization bill at a time when American troops are deployed in Bosnia and trouble appears to be brewing again in the Middle East.

I strongly encourage all Senators to vote to invoke cloture on this bill. We must send a strong signal to the White House to demonstrate to the President that this bill which is so important to our national security should be passed now. I also ask the support of all Senators to defeat any further attempts to delay this bill. Show the young men and women in uniform serving our Nation around the world that we are strongly behind them.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BENNETT). Is there objection?

Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I move to waive rule XXII to use a couple minutes of my leader time.

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

EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

Mr. DASCHLE. Mr. President, I thought I would just take a moment while we were negotiating here on the next vote and our schedule, to comment briefly on the cloture vote that we have just taken. It is clear that within our caucus there are varying positions with regard to the Coverdell bill. Obviously, it is our desire to accommodate all of our colleagues as we attempt to work through those positions, for we recognize the importance of a good debate about the issue.

The bill, as we all know, was brought to the floor in an unusual set of circumstances. It passed the House and was not sent to the Finance Committee as most tax legislation is. It was sent directly to the desk and pulled from the desk for consideration. And a cloture motion was filed immediately, precluding Senators' rights to offer amendments, including relevant amendments. So it was on the basis of procedure, and our inability to offer amendments, that many of my colleagues have chosen to oppose cloture this morning.

It is my hope that we can work with our colleagues to come up with an agreement that will allow the consideration of amendments. Democrats need to protect their rights to offer amendments regardless of the legislation, but especially on matters relating to tax matters. And that is, in essence, the concern that we express in our opposition to cloture this morning. Let's have a good debate. Let's offer amendments. Let's have an opportunity to consider alternatives. But let's ensure that the normal process, the regular order, is adhered to as we take up matters of this import.

So that is, in essence, the situation we find ourselves in this morning. On the basis of procedure, given our inability to offer amendments to the bill, many of our colleagues found it necessary to oppose cloture. It is my hope that over the course of the next couple of days we can come to some resolution with regard to amendments and therefore have the kind of debate we should have—the opportunity to discuss this issue and consider the bill in more detail. I believe that ultimately we can resolve this impasse.

I thank Senators for giving me the opportunity to provide that explanation. I 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. LOTT. 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. LOTT. I think we are ready to go with the regular order.

CLOTURE MOTION

The PRESIDING OFFICER. By unanimous consent, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.