trading enterprises, the Canadian Wheat Board and the Australian Wheat Board control over one third of the world's wheat and wheat flour trade. As the Senator just explained, those negotiations are kept secret. Those trading enterprises buy the grain from farmers at the going market price. Then when they sell it, they do not report it. If they are to sell it well below the cost of the market, to get it into another country for purposes of sale, they sell it, and they are subsidized accordingly. If they can make money, they make money. But the point is, those kinds of transactions are not transparent. They are not reported.

In my State of Idaho, you can get a truckload of barley out of Canada to an elevator in Idaho cheaper than the farmer can bring it from across the street out of his field to that elevator. Why? Because that was a sale conducted by that particular trading enterprise, and it was sold well below the market, and, of course, that was not reported. You do not have marketplace competition. You cannot even understand it and compare figures, if you have no transparency in the marketplace. State trading enterprises are known for that, and we have asked our Secretary of Agriculture and our trade ambassador to go directly at this issue. Even the farmer of Canada now recognizes that this is also disadvantaging the producer in Canada, to have this kind of a monopolistic power controlling the grain trade of the world.

Mr. DORGAN. Mr. President, I have been pleased to work with Senator CRAIG and others in establishing this caucus. I will be in Seattle at the trade talks, as are many of my colleagues. We are determined this time to make sure that, at the end of these trade talks, we do better than we have done before on behalf of family farmers and ranchers.

Will Rogers said, I guess 60 years ago, the United States of America has never lost a war and never won a conference. He surely would have observed that if he had observed the trade negotiations that have occurred with Republican and Democratic administrations over recent decades. We are determined to try to change that. That is the purpose of this caucus.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Massachusetts.

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

The PRESIDING OFFICER. Morning business is closed.

BANKRUPTCY REFORM ACT OF 1999—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative assistant read as follows:

A bill (S. 625) to amend title 11, United States Code, and for other purposes.

Pending:

Grassley amendment No. 1730, to amend title 11, United States code, to provide for health care and employee benefits.

Kohl amendment No. 2516, to limit the value of certain real or personal property a debtor may elect to exempt under State or local law.

Sessions amendment No. 2518 (to amendment No. 2516), to limit the value of certain real or personal property a debtor may elect to exempt under State or local law.

Feingold (for Durbin) amendment No. 2521, to discourage predatory lending practices.

Feingold amendment No. 2522, to provide for the expenses of long term care.

Hatch/Torricelli amendment No. 1729, to provide for domestic support obligations.

Leahy/Murray/Feinstein amendment No. 2528, to ensure additional expenses and income adjustments associated with protection of the debtor and the debtor's family from domestic violence are included in the debtor's monthly expenses.

Leahy amendment No. 2529, to save United States taxpayers $24,000,000 by eliminating the blanket mandate relating to the filing of tax returns.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as I remember, the consent request was that this hour was to be used for debate on bankruptcy prior to 3. Is the time evenly divided, or how is the time designated?

The PRESIDING OFFICER. There is no division of time until 3.

PRIVILEGE OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent that the following be granted the privilege of the floor for the bankruptcy bill: Kathy Curran, Jennifer Liebman, Lisa Bornstein.

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

Mr. KENNEDY. Mr. President, for over 100 years, Congress has supported a bankruptcy system that balances the needs of debtors in desperate financial straits and creditors who deserve repayment. Today, however, the tide is changing. Too often the complexity of the problems facing debtors is ignored. Critics, using the unfair rhetoric supplied by the credit industry, call bankruptcy an undeserved refuge for those who can't or won't manage their finances. Honest, hard-working, middle class families are unfairly characterized as dead-beats who abuse the bankruptcy system to avoid paying their debts. The result is the excessively harsh bankruptcy reform bill presented to the Senate.

During this debate, every Senator must ask one essential question—who are the winners and who are the losers if this bill becomes law. A fair analysis of the bill will lead members of the Senate to the same conclusion reached by House Judiciary Committee Chairman HENRY HYDE, who counted dozens of provisions that favor creditors. But, decency and dignity need not be victims of reform. Balanced bankruptcy legislation is our goal. Though we must address the needs of creditors, we must also consider the specific circumstances and market forces that push middle class Americans into bankruptcy.

Let's take the basic facts one by one.

Fact No. 1: The rising economic tide has not lifted all boats. Despite low unemployment, a booming stock market, and budget surpluses, Wall Street cheers when companies—eager to improve profits by down-sizing—lay off workers in large numbers. In 1998, layoffs were reported around the country in almost every industry—9,000 jobs were lost after the Exxon-Mobil merger; 5,500 jobs were lost after Deutsche Bank acquired Bankers Trust; Boeing laid off 9,000 workers; Johnson & Johnson laid off 4,100. Kodak has cut 30,000 jobs since the 1980s and 6,300 since 1997.

Often, when workers lose a good job, they are unable to recover. In a study of displaced workers in the early 1990s, the Bureau of Labor Statistics reported that only about one-quarter of these workers were working at full-time jobs paying as much as or more than they had earned at the job they lost. Too often, laid-off workers are forced to accept part-time jobs, temporary jobs, and jobs with fewer benefits or no benefits at all.

Fact No. 2: Divorce rates have soared over the past 40 years. For better or for worse, more couples are separating, and the financial consequences are particularly devastating for women. Divorced women are four times more likely to file for bankruptcy than married women or single men. In 1999, 540,000 women who head their own households will file for bankruptcy to try to stabilize their economic lives. 200,000 of them will also be creditors trying to collect child support or alimony. The rest will be debtors struggling to make ends meet.

Fact No. 3: Over 43 million Americans have no health insurance, and many millions more are underinsured. Each year, millions of families spend more than 20 percent of their income on medical care, and older Americans are hit particularly hard. A June 1998 CRS Report states that even though Medicare provides near-universal health coverage for older Americans, half of this age group spend 14 percent or more of their after-tax income on health costs, including insurance premiums, co-payments and prescription drugs.

Fact No. 4: The credit card industry has engaged in a massive and unseemly nation-wide campaign to hook unsuspecting citizens on credit card debt. Credit card issuers logged 24 million telemarketing hours in 1996 and sent out 3.45 billion—billion—credit card solicitations in 1998. In an average month, 75 percent of all households in the country receive a credit card solicitation. In recent years, the credit card industry has also begun to offer new lines of credit targeted at people with low incomes—people they know can not afford to pile up credit card debt.

Facts such as these have reduced the economic stability of millions of American families, and have led to the sharp increase in the number of bankruptcy filings. Two out of every three bankruptcy filers have an employment problem. One out of every five bankruptcy filers has a health-care problem. Divorced or separated people are three times more likely than married couples to file for bankruptcy. Working men and women in economic free fall often have no choice except bankruptcy.

The bankruptcy system provides a second chance for these large numbers of Americans who would otherwise hit financial bottom. It offers an indispensable opportunity to stabilize their households after an economic crisis.

Clearly, we must deal with those who take advantage of the system and abuse it. Reform is necessary to stop repeat filers, eliminate the loophole provided by the homestead exemptions in several states, and prevent wealthy Americans from abusing the system to avoid paying their debts. But the credit card industry is abusing the system, too. Congress needs to deal with their abuses realistically and fairly, in a way that protects millions of struggling middle class and low-income families. It would be irresponsible for Congress to act only in ways that reward the credit card industry for its cynical manipulation of these families.

The drop in filings this year is ample indication that a harsh bankruptcy bill is not needed. Without any action by Congress, the number of bankruptcy filings is decreasing. It is estimated that there will be 100,000 fewer filings this year than in 1998—filings have dropped in 42 states. Leading economists believe that the bankruptcy crisis is self-correcting. As economics professor Lawrence Ausubel states,

> Lenders respond to an unexpected increase in personal bankruptcies by curtailing new lending to consumers teetering closest to bankruptcy, with or without new legislation. The high rates of default at the peak of the bankruptcy crisis began to impinge on the profitability of lending and—as a result—lenders tightened their underwriting standards. This is the non-legislative, free-market response which made the crisis abate.

Despite these facts, the Senate is pursuing legislation that is a taxpayer-funded administrative nightmare for struggling debtors.

Mr. President, I will include in the RECORD a list of the States that have seen a significant—and some not so significant—drop in the bankruptcy filings, comparing the second quarter of 1999 to the second quarter of 1998. It dropped more than 62 percent in the State of Oklahoma. It was down 1.19 percent in Arizona. Eight States have had some increase. It was two-tenths of 1 percent in Indiana, three-tenths of 1 percent in Utah, six-tenths of 1 percent in Wyoming. It was up nine-tenths of 1 percent in Montana, 3.3 percent in Oregon, 6 percent in South Dakota, 12 percent in Alaska, and 144 percent in Delaware.

I ask unanimous consent that this list be printed in the RECORD.

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

CHANGES IN BANKRUPTCY FILINGS, 2D QUARTER 99, V 2D QUARTER 98

Oklahoma, −62.1%; N. Hampshire, −23.9%; Nebraska, −15.85%; Connecticut, −14.67%; Minnesota, −14.19%; Colorado, −13.87%; California, −13.76%; Massachusetts, −13.62%; North Dakota; −13.33%; Kansas, −13.25%; Tennessee, −11.64%; Kentucky, −10.59%; Idaho, −10.27%; New York, −9.82%; Texas, −9.69%.

Michigan, −9.63%; Georgia, −8.28%; New Jersey, −7.95%; W. Virginia, −7.3%; Maryland, −7.23%; Vermont, −7.18%; Maine, −7.09%; Alabama, −6.49%; Nevada, −6.02%; Mississippi, −4.98%; Washington, −4.76%; Pennsylvania, −4.21%; Arkansas, −4.2%; Rhode Island, −3.97%; Florida, −3.89%.

Wisconsin, −3.76%; Missouri, −3.22%; Illinois, −3.19%; So. Carolina, −3.19%; Ohio, −2.67%; No. Carolina, −2.35%; Virginia, −2.24%; Louisiana, −2.21%; Arizona, −1.19%; Indiana, +.28%; Utah, +.38%; Wyoming, +.66%; Montana, +.9%; Oregon, +3.3%; So. Dakota, +6%; Alaska, +12.63%; Delaware, +144.29%.

Mr. KENNEDY. Mr. President, coming back to the basic and fundamental issue about who is supporting the legislation, who the winners are and who the losers are, I will include in the RECORD at this point the various organizations that are opposed to the legislation.

I ask unanimous consent that this list of organizations be printed in the RECORD.

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

ORGANIZATIONS OPPOSED TO S. 625, THE BANKRUPTCY REFORM ACT

AMONG THE ORGANIZATIONS THAT HAVE VOICED THEIR OPPOSITION TO S. 625 ARE:

AFL–CIO, Alliance for Justice, American Association of University Women, American Federation of Government Employees (AFGE), American Federation of State, County and Municipal Employees (AFSCME), American Medical Women's Association, Association for Children for Enforcement of Support, Inc. (ACES), Business and Professional Women/USA, Center for Law and Social Policy, Center for the Advancement of Public Policy, Center for the Child Care Workforce, Church Women United, Coalition of Labor Union Women, Communications Workers of America, Consumer Federation of America, Consumers Union, Equal Rights Advocates, Feminist Majority, Hadassh, International Assocication of Machinists & Aerospace Workers (IAM), International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers, International Brotherhood of Teamsters, International Women's Insolvency & Restructuring Confederation, Ralph Nader, National Association of Commissions for Women.

National Black Women's Health Project, National Center for Youth Law, National Consumer Law Center, National Council for Jewish Women, National Council of Negro Women, National Council of Senior Citizens, National Organization for Women, National Partnership for Women and Families, National Women's Conference, National Women's Law Center, Northwest Women's Law Center, NOW Legal Defense and Education Fund, Public Citizen, Union of Needletrades, Industrial & Textile Employees (UNITE), United Automobiles, Aerospace and Agricultural Implement Workers of America/UAW, United Food & Commercial Workers International Union, United Steelworkers of America, U.S. Public Interest Research Group, Wider Opportunities for Women, The Woman Activist Fund, Women Employed, Women Work!, Women's Institute for Freedom of the Press, Women's Law Center of Maryland, Inc., YWCA of the U.S.A.

Mr. KENNEDY. Mr. President, this list represents virtually all of the children's protection groups—those groups that have been most identified with protecting women's economic and political rights, those groups that have been looking after workers' interests, and small business groups as well. Virtually every one of them are opposed to the underlying legislation.

As I mentioned in the Senate Judiciary Committee, I would like to hear those who are in favor of it point out one single group representing children, workers, women, or consumers who are for this bill. Just bring those names to us. Let's debate it. But we have none, zero.

It comes back to what we ought to be asking ourselves when we have this kind of a situation. Isn't it worthwhile that we find out who the winners are and who the losers are? If common sense is any indication, we will try to make a case that in justifies these comments. Virtually every one of the groups representing hard-working Americans—the men and women who work hard and play by the rules; and, in many instances, women who have been discriminated against for a wide variety of reasons and issues; children's groups who understand the importance of making sure that children's interests and their financial security will be protected—are universally opposed and say ''no'' to the bill. But we have others. The credit card companies say yes.

So it is interesting, as we are coming into the final hours of this session, we have another one of those situations where the Republican leadership is putting out on the floor of the U.S. Senate a bill the special interests—in this case, the credit card companies—are strongly in favor of, but threatens the economic interests of women and working people and children.

We have little time this afternoon to debate a minimum wage, which we have been virtually prohibited from doing before the Senate over the period of the last year. We are not even going to have an opportunity to debate something that could protect consumers, women, children, and workers on a Patients' Bill of Rights. That is being put off. But we have time to debate this issue. Why? Because the credit card companies have a very important and direct interest in the outcome of this particular legislation.

Mr. President, I want to take a few moments of the Senate's time to run through some of these charts that show, I think, very effectively, what this case is all about.

This chart shows that the U.S. median family income is $42,769 this year. Now these are constant dollars. If we look over at what the income was for those who went into bankruptcy, in 1981, 1991, 1995, and 1997, you find out there has been a gradual decline—$23,000, $18,000, $17,000, and in 1997 it was somewhat below what it was in 1995.

We have the greatest economic boom in the history of this country, with the lowest unemployment and rates of inflation. We saw an increase in the numbers of bankruptcies. But who are these people who are filing for bankruptcy? It is actually those in the lower incomes. That is who we are affecting with legislation that is dealing with bankruptcy. Who are these people down here in 1997? Let's look back in 1981. The red indicates joint filings. The yellow indicates men filing. The blue is for women filing.

Going back to 1981, we find the greatest number of filings for bankruptcy were joint filings, with some single men and some single women. Look what happens in 1991. Joint still goes up, and there are increasing numbers of women and of men. In 1999, those at the top are women. They are at the bottom in 1981 and at the top in 1999. Do you see the very dramatic increase in the number of women. Why is that so?

The reason that is so is women are being denied alimony and child support. That is why it is so. That is why it is so, Mr. President. Every indicator demonstrates that is why it is so. We are passing a major piece of legislation to protect not those who are being adversely impacted by these economic forces, but to protect the credit card industry. It is women who are facing challenges because of alimony and in terms of child support.

If you wanted to do something about this line here, you would do more to make sure the deadbeat dads are going to pay up as they should in terms of alimony and child support. You would see this number go down dramatically. Nonetheless, no, no, we are not going to deal with that issue. We have this other kind of formula that is going to hurt these people—not protect them so they might have a second opportunity. The fact is, the number of people who are working who go into bankruptcy is virtually identical to those who are working generally anyway.

Isn't that interesting? The fact is, these are not men and women who are dogging it, these are men and women who are out trying to make it. Nonetheless, are we considering a piece of legislation that is going to help them get back on their feet a second time and perhaps pay off their debt? No, no; we are thinking about the credit card companies and looking out after their interests.

So we see that the great expansion and explosion in the number of people who are going into bankruptcy are primarily women. Now it is interesting that bankrupt debtors are reporting job problems. Sixty-seven percent of those who are going into bankruptcy are reporting job problems, a direct result of downsizing, direct result of merging, the direct result of being able to go down to Wall Street and cut back in the total number of employees and see a bang in that stock going right up. Extraordinary economic growth and expansion—all of which are very fine and good—doesn't mean that you have to come down with a hammer on workers who, through no fault of their own, are being merged out and are having difficulty in finding jobs to try to meet their responsibilities, especially women.

This indicates what has been happening with regard to people who have been going into bankruptcy. More than 67 percent of them are showing that it is basically and fundamentally an issue in terms of their employment. These other colors indicate what those particular matters might be in terms of downsizing and the rest. We have some idea now.

We have the numbers I mentioned earlier. We have the growth in the number of men and women who are separated, become divorced, and the economic implications and burdens women are faced with in terms of credit. We find that.

Now let's look to see if there are other indicators. Yes, there is another very important indicator. That is the fact that we are seeing the total number of uninsured in our society growing at a rate of over a million a year. Make no mistake about it, that is going to increase and escalate. We are not doing anything about it. That is going to increase and escalate.

Isn't it interesting that health care-related problems driving individuals into bankruptcy are the No. 1 reason besides job related reasons. Individuals being dropped from the health care system are individuals at the lower end of the economic ladder who don't have the protections and don't have the health insurance in the first place.

We all know what is happening out in the job market with the increasing number of temps. So you do not have pensions and you do not have health insurance. Here we have the individuals who are losing out and falling further behind—women on credit, women on alimony, and women with challenges they have in terms of payments. Then you have the problems with downsizing.

Now we have one of the other major issues reflected in the bankruptcies that are taking place all across this country.

We know what is happening across the country in terms of many of the major companies and corporations that had good health care protection for retirees. Those numbers are going down in terms of coverage. We know the costs and what is happening in terms of prescription drugs. They are going up and escalating dramatically.

When we passed Medicare in 1964, the private sector didn't have prescription drugs, so Medicare didn't have it. Now 90 percent of those policies have it, but we can't even get that issue up before the Senate to debate it. We haven't got the chance to debate whether we ought to have prescription drugs. We don't get a chance to debate whether we ought to try to accept the House bill that provides protection for consumers from the arbitrary rulings of accountants in health maintenance organizations. No, we can't deal with any of that. Let's just look out after the credit card industry. They are the ones who need protection—not the men and women who have lost their health care. No, sir; we don't have to worry about them—not the men and women who have been downsized. No, sir; we don't have to worry about them; and not women. Alimony and child care support—let's not worry about them. Let's worry about the good old credit card industry.

Let's see what we have to worry about with them. What do you know? Here is a facsimile of a letter, Mr. President, which I ask unanimous consent be printed in the RECORD.

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

AMERICAN BANKRUPTCY SERVICE,
St. Paul, MN, December 18, 1998.

Re Fresh Start VISA® Distributorship.

DEAR COUNSELOR: We offer a unique opportunity that could be of great benefit to your firm and your clients. By becoming a distributor, you will have the ability to market an unsecured VISA® credit card (the ''Fresh Start'' card) to your clients who:

Have filed a Chapter 7 bankruptcy;

Have completed the 341 meeting of creditors (with no outstanding issues with the Trustee);

Have not yet received their discharge;

Have attached a copy of the bankruptcy notice to their VISA application.

Several law firms specializing in representing consumer debtors in bankruptcy have requested the ability to distribute the ''Fresh Start'' VISA application to their clients. In light of this, we thought perhaps your firm would be interested also in a distributorship. For each credit card issued, your firm will receive $10.

There is absolutely no deposit required. This is an unsecured VISA card. The credit limit will be $500 or $1,000 depending on income. The annual fee is $49.00. Many debtors have immediate credit needs even during a bankruptcy. Some are approached either by secured credit card companies but cannot apply due to lack of the cash deposit required or by current creditors offering a new card only with a reaffirmation. This new card offer solves these problems. (See sample application enclosed.) Furthermore, our SuperSettlements program (brochure enclosed) provides an additional method for avoiding reaffirmations with small redemptions.

This program is intended to create a fresh start for your clients and an opportunity for your firm. We realize that many debtors may have to file a bankruptcy due to excessive credit card debt. If you feel that this is not a program for them or for your firm, please disregard this letter.

For more information, please fax or mail this form back to us. Please call if you have questions.

Yes! Our firm is interested in distributing the ''Fresh Start'' VISA card applications to

our Chapter 7 clients. Please send us detailed information on how we can become a distributor as soon as possible. The name of the person at our firm to contract is:

Mr. KENNEDY. Mr. President, here is the letter that is being sent by the ''American Bankruptcy Service,'' ''Re: Fresh Start VISA distributorship'':

Dear counselor:

Do you know who the counselors are? Do you know who those counselors are? They are counselors for the people who have gone bankrupt—the lawyers for people who have gone bankrupt. Here is their friendly ''American Bankruptcy Service.''

We offer a unique opportunity that could be of great benefit to your firm and your clients. By becoming a distributor, you will have the ability to market unsecured VISA credit cards. We call it the ''Fresh Start'' card to your clients who:

Have filed a chapter 7 bankruptcy;

Have completed the 341 meetings of creditors;

Have not yet received their discharge;

Have attached a copy of their bankruptcy notice.

No deposit required.

This industry is out soliciting from attorneys who have represented women and workers who have been downsized, those who have gone bankrupt and belly up because of health care bills they just can't afford to pay.

Now you have the credit card industry writing to the attorneys and saying: Look, you can get in on the goody trail, too, because if you represented one, you probably represented others, and you can get on and be part of our credit card distributorship as well.

That is what they are saying here. You can read this letter right through.

Our firm is interested in distributing the Fresh Start VISA.

And we will just show you how to do it. You can also be a part of this.

Here is their advertising.

If you have filed for bankruptcy, you can get a Fresh Start with First Consumers National Bank VISA card today. If you file bankruptcy, that qualifies you. There is no need to wait for a bankruptcy discharge. Rebuild a good credit card fast with monthly accounts reporting to all major credit card business.

They have got you once. They want to get you again, and again, and again. How many times do they want to get these people? How many times?

We are out here debating this bill in the final couple of days. We are not debating a patients' bill of rights. We had a heck of a time trying to get a debate on minimum wage for the whole session—trying to make a difference for consumers. We haven't got time to do prescription drugs—no way, too difficult, too complex. But we have all the time in the world to debate this particular legislation that is looking out after the credit card companies.

That gives you some idea about what the Republican leadership's priorities are here in the Senate.

We will have a chance later on to talk about the minimum wage. We have gone ahead and voted ourselves a $4,600 pay increase this year and we still won't vote a pay increase of 50 cents next year for men and women who are at the bottom rung of the economic ladder.

What is this, Mr. President? We have to ask ourselves, Why?

I can tell you, Mr. President. These issues ought to be addressed. A number of our colleagues have offered amendments to try to address some of these issues. It is going to take a lot of doing to try to make the difference. We are talking about real people.

Take for example, Mr. and Mrs. M who live in the suburban community of East Longmeadow, Massachusetts. Although Mr. M. makes about $60,000 per year, the family suffered when Mrs. M lost her job, and the household income dropped by $15,000. Since then, the family has struggled to make ends meet. The $14,775 loan for their 1996 Toyota and the $1,520 monthly mortgage payment that once seemed reasonable became difficult to meet.

Even after cutting recreation expenses to zero, the family's expenses exceed their income by several hundred dollars a month. They fell behind on their credit card payments, which they had hoped to resume paying when Mrs. M started working again. The balance they owed to their credit card company ballooned to $27,500. The balance increased by $600 to $800 each month in finance charges and penalties. Mr. and Mrs. M saw no alternative to filing for relief under the bankruptcy laws. Their discharge in bankruptcy gave them a fresh start. They will continue to struggle to make ends meet, but they have relief from the pressures of harassing calls from collection agents and mounting debts they had no hope of paying.

If this bill—S. 625—had been law, they would have had no such relief. The means test—which uses IRS expense standards to calculate living expenses and ability to repay debts—would probably force them out of the bankruptcy system, completely.

Longmeadow is in Hampden County, where the IRS housing and utility allowance for a family of four is $1,235 a month. Although the family's mortgage and monthly utility expenses exceed this amount, it would not matter. Under this bill, they would face a statutory presumption that their case is abusive. The arbitrary means test—not the reality of their plight—dictates that Mr. and Mrs. M can afford to file a Chapter 13 debt repayment plan, and it is highly unlikely that the family has any ''special circumstances'' that would allow a judge to find differently.

They will be selling their home, possibly all their assets.

This is unduly harsh. It should not pass in its current form. I will work with a number of our colleagues to address many of these serious abuses, without which it should not become law.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, we are on legislation we started Thursday night. We had discussion this Friday, although we had no votes on any amendments to the bankruptcy reform bill. I hope we can move forward with this legislation and get it passed before we adjourn.

This is the same piece of legislation that passed the Senate by a 97–1 vote in 1998. It was conferenced with the House. The conference committee report passed the House of Representatives by a very wide margin. The bill came to the Senate in the last 3 or 4 days of the session with a threat of long debates and filibusters against the conference report. Consequently, a bill that passed 97–1, probably coming out of the conference more favorable to the point of view of those who still had some questions about it. Yet a lot of those Members did not want that bill to go to final passage. Therefore, the last Congress ended with the bankruptcy conference report not passing.

We started over again in the new Congress. Since the first of the year, Senator TORRICELLI of New Jersey and I have been working on this legislation to bring our colleagues a bipartisan approach to bankruptcy reform that we hope will end the situation of some people who have the ability to repay some debt getting off scot-free. We think this legislation is a big step in that direction.

In my earlier statements on the Senate floor on Thursday and Friday, I alluded to the role that overly aggressive bankruptcy lawyers play in the current crisis of our bankruptcy system. Although I cannot statistically support it, when I refer to the role of overly aggressive bankruptcy lawyers I really think, in my heart, we are talking about a very small minority of bankruptcy lawyers. Still, there are those who play a role in people going into bankruptcy who I do not think the bankruptcy laws were ever intended to help, or, in any case, harming people who have a debt owed to them which is not paid.

One of the major problems with the bankruptcy system is the mind-set of some of the lawyers who specialize in bankruptcy. Many lawyers today view bankruptcy simply as an opportunity to make money for themselves with a minimal amount of effort. And this profit motive causes bankruptcy lawyers to promote bankruptcy even when a financially troubled client has the obvious ability to repay his or her debts. As one of the members of the National Bankruptcy Commission noted in the Commission's 1997 report, many who make their living off of the

bankruptcy process have forgotten that declaring bankruptcy has a moral dimension. Bankruptcy lawyers shouldn't counsel someone to walk away from his or her debts without pointing out the moral consequences of making a promise to pay and then breaking that promise. As I have said before, it cannot be good for the moral foundation of our nation if people learn that it is okay just to walk away and not pay your bills because that's easier and more convenient, and obviously better for somebody's pocketbook.

All across America some of the more unsavory bankruptcy lawyers have created high-volume law offices that herd people into bankruptcy as if they were cattle instead of individual human beings in need of advice and counseling. These offices are known as bankruptcy mills. These bankruptcy mills are nothing more than large scale processing centers for bankruptcy—there is little or no investigation done as to whether an individual actually needs bankruptcy protection or whether or not a person is able to at least partially repay their debts. For example, one bankruptcy attorney from Texas was sanctioned by a bankruptcy court for operating a bankruptcy mill. According to the court, this attorney had very little knowledge of bankruptcy law, but advertised extensively in the yellow pages and on television. Apparently, his advertising worked, because he filed about 100 new bankruptcy cases per month. Most of the work was done by legal assistants with very limited training. The court concluded that the attorney's services

Amount to little more than a large scale petition preparer service for which he receives an unreasonably high fee.

The practices of bankruptcy mills are so deceptive and sleazy that the Federal Trade Commission went so far as to issue a consumer alert warning consumers of misleading ads promising debt consolidation.

I refer you to this Federal Trade Commission Consumer News Bulletin, right here on this chart. It refers to a question,

Debt Got You Down? You are not alone. Consumer debt is at an all-time high. What's more, record numbers of consumers—more than 1 million in 1996—are filing for bankruptcy. Whether your debt dilemma is the result of an illness, unemployment, or simply overspending, it can seem overwhelming. In your effort to get solvent, be on the alert for advertisements that offer seemingly quick fixes. While the ads pitch the promise of debt relief, they rarely say relief may be spelled b-a-n-k-r-u-p-t-c-y. And, although bankruptcy is one option to deal with financial problems, it's generally considered the option of last resort. The reason: Its long-term negative impact on your creditworthiness. A bankruptcy stays on your credit report for 10 years, and can hinder your ability to get credit, a job, insurance, or even a place to live.

I think that there is a widespread recognition that bankruptcy lawyers are preying on unsophisticated consumers who need counseling and help with setting up a budget, but who do not need to declare bankruptcy. It is not surprising, Mr. President, that bankruptcy lawyers are leading the charge against bankruptcy reform.

Now, we have heard complaints from some on the Senate floor about protecting child support and alimony during bankruptcy proceedings. I want to point out that some bankruptcy lawyers actually advertise that they can help deadbeat dads get out of paying their child support and other marital obligations. One bankruptcy lawyer has even written a book entitled ''Discharging Marital Obligations in Bankruptcy.'' Some things about that book are displayed on this chart.

I think that it is outrageous that bankruptcy lawyers are helping deadbeats to cheat divorced spouses out of alimony and to cheat children out of child support. This is a recipe for promoting poverty and human misery. Those who are concerned about protecting child support should join with me in condemning this sort of amoral conduct. Bankruptcy was never designed for the purpose of helping deadbeat spouses escape their financial obligations. Not only are the current practices of bankruptcy lawyers a disservice to their clients, they also cheat society as a whole.

Mr. President, I ask consent to have printed in the CONGRESSIONAL RECORD an article from the Los Angeles Times dated August 12, 1998.

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

2.5% RISE IN PERSONAL FILINGS PUSHES BANKRUPTCIES TO NEW HIGH

[From Times Staff and Wire Reports]

Total bankruptcies nationwide hit a record high in the second quarter, apparently boosted by a flurry of personal filings by people who fear imminent changes in the bankruptcy law.

Business bankruptcies continued to decline, but personal bankruptcies, which account for 97% of the filings, edged up 2.5% from the second quarter a year earlier. That pushed the total number of bankruptcy filings to 373,460 in April, May and June, surpassing by nearly 2% the previous high posted in the second quarter of 1997, federal court officials said this week. California's figures mirrored the nationwide trend.

Although a 2% rise is not large, given the steady and previously sharper increases in bankruptcies in recent years, analysts were still surprised by the continuing uptick in personal filings. The economy remains relatively strong and consumer delinquencies in general have come down in recent quarters while some lenders have tightened their credit standards.

But bankruptcy attorneys and other experts said some consumers were being prompted by pending bankruptcy reform legislation, which could take effect as early as the fall and is expected to make it tougher for consumers to extinguish their debts.

Indeed, attorneys are advising their clients that they may want to take advantage of the current law while it is still available.

''I'm telling clients that it might very well end up being harder to file for bankruptcy,'' said Joseph Weber, a bankruptcy lawyer in Costa Mesa. Weber added that he also thinks a ''false optimism'' is adding to the number of bankruptcy petitions. ''When they perceive the economy to be better, some spend beyond their means,'' he said.

Mr. GRASSLEY. In this article, bankruptcy lawyers are advised to send out letters to anyone who has visited them recently asking about bankruptcy. This form letter encourages people to declare bankruptcy because, if Congress passes bankruptcy reform, ''Bankruptcy will be much more difficult, more expensive, and probably embarrassing.'' I hope this bill makes bankruptcy more embarrassing and more difficult. Opinion polls clearly show that the American people want those who voluntarily incur debts to pay those debts as agreed. Bankruptcy should be difficult, and the moral stigma that used to be associated with bankruptcy should be resurrected.

I have reviewed the conduct of bankruptcy mills and bankruptcy lawyers to illustrate the need for Congress to hold bankruptcy lawyers accountable for unethical and dishonest conduct. In the bill before us, we have tried to do this by codifying rule 11 penalties for lawyers who needlessly steer people into the bankruptcy system. It's my hope that these penalties will cause lawyers to think twice before they willy-nilly cart off their clients to bankruptcy court without asking a few questions first. I would have preferred tougher penalties, as we had in last year's Senate Bill, But I understand that many on the other side of the aisle strongly object to tougher penalties. So, in an effort to work with the other side, this year's penalties aren't as tough as they were last year.

As I've said many times, the bankruptcy crisis is partly a moral crisis. And bankruptcy lawyers who push bankruptcy play the role of carnival barkers who promise an easy way out to anyone who will listen.

As it stands now, this bankruptcy reform bill, S. 625, merely requires attorneys to investigate the financial resources of their clients before putting them into bankruptcy. That is not too much to ask and, it seems to me, something basic when advising people according to the tenets of the legal profession.

Our bankruptcy system needs to be reformed in a balanced way. We need to address abuses by debtors who do not need bankruptcy. We need to address abuses by creditors who use coercive and deceptive practices to cheat honest debtors. And we need to address abuses by bankruptcy lawyers who exploit bankruptcy laws for financial gain.

As I said before, I prefer tougher penalties against bankruptcy lawyers, but this bill is a step in the direction of addressing the problems of fast-talking bankruptcy lawyers.

Does the Senator from Minnesota seek the floor?

Mr. WELLSTONE. Mr. President, I know we are going to start on the minimum wage amendment. May I have 1 minute to call up two amendments and then lay them aside?

Mr. GRASSLEY. Yes. I yield the floor.

AMENDMENTS NOS. 2537 AND 2538

Mr. WELLSTONE. Mr. President, I call up amendments Nos. 2537 and 2538.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes amendments numbered 2537 and 2538.

The amendments are as follows:

AMENDMENT NO. 2537

(Purpose: To disallow claims of certain insured depository institutions)

At the appropriate place, insert the following:

SEC. ___. DISALLOWANCE OF CLAIMS OF CERTAIN INSURED DEPOSITORY INSTITUTIONS.

Section 502(b) of title 11, United States Code, is amended—

(1) in paragraph (8), by striking ''or'' at the end;

(2) in paragraph (9), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(10) such claim is the claim of an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act) that, as determined by the appropriate Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act)—

''(A) has total aggregate assets of more than $200,000,000;

''(B) offers retail depository services to the public; and

''(C) does not offer both checking and savings accounts that have—

''(i) low fees or no fees; and

''(ii) low or no minimum balance requirements.''.

AMENDMENT NO. 2538

(Purpose: To make an amendment with respect to the disallowance of certain claims and to prohibit certain coercive debt collection practices)

At the appropriate place, insert the following:

SEC. ___. DISALLOWANCE OF CERTAIN CLAIMS; PROHIBITION OF COERCIVE DEBT COLLECTION PRACTICES.

(a) IN GENERAL.—Section 502(b) of title 11, United States Code, is amended—

(1) in paragraph (8), by striking ''or'' at the end;

(2) in paragraph (9), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(10) such claim arises from a transaction—

''(A) that is—

''(i) a consumer credit transaction;

''(ii) a transaction, for a fee—

''(I) in which the deposit of a personal check is deferred; or

''(II) that consists of a credit and a right to a future debit to a personal deposit account; or

''(iii) a transaction secured by a motor vehicle or the title to a motor vehicle; and

''(B) in which the annual percentage rate (as determined in accordance with section 107 of the Truth in Lending Act) exceeds 100 percent.''.

(b) UNFAIR DEBT COLLECTION PRACTICES.—

(1) IN GENERAL.—Section 808 of the Fair Debt Collection Practices Act (15 U.S.C. 1692f) is amended—

(A) in the first sentence, by striking ''A debt collector'' and inserting the following:

''(a) IN GENERAL.—A debt collector''; and

(B) by adding at the end the following:

''(b) COERCIVE DEBT COLLECTION PRACTICES.—

''(1) IN GENERAL.—It shall be unlawful for any person (including a debt collector or a creditor) who, for a fee, defers deposit of a personal check or who makes a loan in exchange for a personal check or electronic access to a personal deposit account, to—

''(A) threaten to use or use the criminal justice process to collect on the personal check or on the loan;

''(B) threaten to use or use any process to seek a civil penalty if the personal check is returned for insufficient funds; or

''(C) threaten to use or use any civil process to collect on the personal check or the loan that is not generally available to creditors to collect on loans in default.

''(2) CIVIL LIABILITY.—Any person who violates this section shall be liable to the same extent and in the same manner as a debt collector is liable under section 813 for failure to comply with a provision of this title.''.

(2) CONFORMING AMENDMENT.—Section 803(6) of the Fair Debt Collection Practices Act (15 U.S.C. 1692a(6)) is amended by striking ''808(6)'' and inserting ''808(a)(6)''.

The PRESIDING OFFICER. The amendments are set aside. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, raising the minimum wage is critical to preventing the economic free fall that often leads to bankruptcy. Many of us have sponsored the Fair Minimum Wage Act of 1999 to begin to right that wrong.

Amending the bankruptcy bill to increase the minimum wage will help many of the people this so-called bankruptcy ''reform'' is likely to hurt—low income families, minorities and women. For many low income workers, the struggle to make ends meet is too difficult, and they find themselves facing bankruptcy. Raising the minimum wage will help many of these hard-working individuals and families recover from the financial crises that drove them into bankruptcy.

For nearly two-thirds of the families that file for bankruptcy, a job crisis led to their downfall. Many of those families faced a job loss. A Bureau of Labor Statistics study reported that only about a quarter of displaced workers had found a new job at the same or better pay as the job they lost. A third of displaced workers were still looking for work. Nearly half of the displaced workers had to settle for work at much lower salaries—an average 20% pay cut for those lucky enough to find full time jobs, and a much steeper cut for those who took part-time work.

Large numbers of women who will suffer under this bill will benefit from a minimum wage increase. Divorced women are four times more likely to file for bankruptcy than married women or single men. Often, they are forced into bankruptcy because they are owed child support or alimony. Divorced women trying to raise children face a daunting challenge to provide for their families. This bill will make it harder to meet that challenge. But raising the minimum wage will help almost seven million women, many of them struggling to maintain their families.

African American and Hispanic families disproportionately face the threat of bankruptcy and the repercussions of a low minimum wage. They are six times more likely than other Americans to seek bankruptcy protection, and they will be disproportionately harmed by this bankruptcy bill. But they also comprise one-third of those who will benefit from an increase in the minimum wage. This amendment will help more African American and Hispanic families meet their families' needs.

Low income families struggling to meet their obligations often find themselves facing bankruptcy. Some argue that the rise in bankruptcy filings is due to a lack of responsibility. But too often the problem is a matter of basic household economics. Families going into bankruptcy have less income than most Americans. A raise in the minimum wage will give them the economic boost they need to avoid bankruptcy.

Our proposal will give these low income wage earners the pay raise they need and deserve to care more effectively for their families—to buy the food and clothing, and health care they need, without going into debt.

Recently, members of Congress voted to raise their own pay by $4,600—but not the pay of minimum wage workers. Republican Senators don't blink about giving themselves an increase. How can they possibly deny a fair increase for minimum wage workers?

In fact, the Republican leadership has gone to extraordinary lengths to block action by Congress on a pay raise for the hard-working Americans who work at the minimum wage.

But it is time—long past time—to raise the minimum wage. Too many hard-working Americans struggling to keep their families afloat and their dignity intact can't make enough in a 40 hour week to lift their families out of poverty—and that's wrong. The percentage of poor who are full-time year-round workers was 12.6% in 1998—higher than any time in the last 20 years, according to a new report from the Census Bureau.

Our minimum wage amendment is a modest proposal— a one dollar increase in two installments—50 cents next January, and 50 cents the following year. Over 11 million American workers will benefit.

At $6.15 an hour, working full-time, a minimum wage worker would earn $12,800 a year under this amendment—an increase of over $2,000 a year.

That additional $2,000 will pay for seven months of groceries to feed the average family. It will pay the rent for five months. It will pay for almost ten months of utilities. It will cover a year and a half of tuition and fees at a two-year college, and provide greater opportunities for those struggling at the minimum wage to obtain the skills needed to obtain better jobs.

The national economy is the strongest in a generation, with the lowest unemployment rate in three decades. Under the leadership of President Clinton, our economy is strong. Enterprise

and entrepreneurship are flourishing—generating unprecedented economic growth, with impressive efficiencies and significant job creation. The stock market has soared. Inflation is low, and interest rates are low. We are witnessing the strongest peace-time growth in our history.

The country as a whole is enjoying an unprecedented period of growth and prosperity. But for millions of Americans it is someone else's prosperity. Working 40 hours a week, 52 weeks a year, a person earning the minimum wage would earn only $10,700—almost $3,200 below the poverty guidelines for a family of three.

Each day we fail to raise the minimum wage, families across the country continue to fall farther behind. One fact says it all—the minimum wage would have to be $7.49 an hour today, instead of the current level of $5.15, to have the same purchasing power it had in 1968. That disparity shows how far we have fallen short in the past generation in guaranteeing that low income workers receive their fair share of the nation's prosperity.

The Republican proposal to raise the minimum wage by one dollar over three years beginning on March 1, 2000, is a cruel hoax on the lowest paid American workers. Our Democratic plan to increase the minimum wage by 50 cents on January 1, 2000 and another 50 cents on January 1, 2001, would put almost $1,200 more than the Republican proposal into the hands of the hard-working women and men who work at the minimum wage.

The Republican proposal is an insult to low wage workers. In addition to robbing workers of over $1,200, it effectively repeals the overtime pay law that has guaranteed time-and-a-half overtime pay for over 60 years. The so-called ''bonus'' provision of the Republican proposal jeopardizes the overtime pay of 73 million Americans by eliminating the requirement that bonuses, commissions, and other similar forms of compensation be included in a worker's regular pay for purposes of calculating overtime pay. As the United States Supreme Court said in interpreting the Fair Labor Standards Act, exclusion of bonuses from overtime pay will ''nullify all the purposes for which the [Act] was created.''

The Republican proposal is just one more part of an ongoing assault on low wage workers that includes balancing the budget on the backs of the working poor; cutting workers' pay through the compensatory time bill; providing pensions for the wealthy but not for working families; blocking workers' right to organize; and undermining worker safety and health.

Shame on those who want to lavish over $75 billion in tax breaks on business, while cutting this modest pay raise for low income workers. Republicans are more interested in providing tax breaks for the rich than in fairly compensating minimum wage workers. When Congress has just voted to raise its own pay, it is hypocritical and irresponsible to deny fair pay for the country's lowest paid workers.

As the Washington Post said last week: ''The minimum wage should be increased, and the increase should not become a political football. . . . The price of a bill to help the working poor ought not be an indiscriminate tax cut for those at the very top of the economic mountain.''

Our legislation does contain a fiscally responsible package of small business tax provisions which would cost approximately $11.5 billion over the next five years. Those provisions have been designed to provide financial assistance to the small businesses which will be paying the higher minimum wage to their employees. The cost of these tax benefits is fully paid for.

Unlike the Republican proposals, this bill will not draw down the surplus. It will not jeopardize our ability to use the surplus to strengthen Medicare and Social Security for the future. Our tax proposal contains provisions which will benefit both employers and employees. It provides a tax credit for worksite child care facilities, a tax credit to encourage small businesses to offer employee pensions, and a tax credit for companies that provide high tech training to their employees. It also encourages the creation of new jobs for those who are currently outside the workforce by extending the work opportunity tax credit and the welfare-to-work tax credit, and by establishing tax incentives for ''new market'' community development.

In addition, our package accelerates the deductibility of health insurance premiums for self-employed workers. It excludes educational benefits provided for employees' children from taxation, and it helps workers save for their retirement.

These are the types of tax provisions that Congress should be enacting. They are tax cuts which will benefit a broad spectrum of businesses and workers and strengthen the economy. They are not tax breaks which only further enrich an already privileged few.

This debate should be about the real financial needs of low income workers and small businesses. A modest increase in the minimum wage should not be held hostage to the desire for extravagant new tax breaks for those who are already the most economically privileged. It makes sense to provide fiscally responsible tax assistance to small businesses and their employees. All the tax cuts we are proposing are fully paid for and carefully targeted to meet genuine needs. It is appropriate to enact them as part of our legislation to raise the minimum wage.

Finally, raising the minimum wage is far more than a labor issue. Raising the minimum wage is a women's issue. Almost 60 percent of minimum wage workers are women. 7 million women across the nation—12.6% of all working women—would benefit from this increase.

Raising the minimum wage is a children's issue. Over two million married couples and almost a million mothers would receive a pay raise as a result of our increase. Eighty-five percent of these single mothers have total household incomes below $25,000 a year.

Raising the minimum wage is a civil rights issue. Over two million Hispanic workers and almost as many African American workers will receive a raise. Together, they make up one-third of those who will benefit from the increase.

Raising the minimum wage is a family issue. The average minimum wage worker brings home half the family earnings. Half the benefits of our one dollar increase will go to households earning less than $25,000 a year. Parents need this raise so they can provide their children with food, clothes, and a decent place to live.

Some of our colleagues who oppose the minimum wage still believe the dire ''sky is falling'' predictions of economic disaster that were raised before we voted to raise the minimum wage in 1996. None of those predictions came true. Since the last increase enacted by Congress, the economy has created new jobs at a rate of over 235,000 a month. Job creation in the sectors most affected by the minimum wage is up too—with almost 1.2 million new jobs in the retail sector, and 400,000 new jobs in restaurants. Employment is up—and the unemployment rate is down—among teenagers, African Americans, Hispanics, and women.

As Business Week magazine has stated,

> [H]igher minimum wages are supposed to lead to fewer jobs. Not today. In a fast-growth, low-inflation economy, minimum wages raise income, not unemployment. . . . A higher minimum wage can be an engine for upward mobility. When employees become more valuable, employers tend to boost training and install equipment to make them more productive. Higher wages at the bottom often lead to better education for both workers and their children. . . . It is it time to set aside old assumptions about the minimum wage.

It is time to raise the federal minimum wage. No one who works for a living should have to live in poverty. I urge my colleagues to join me in raising the minimum wage.

AMENDMENT NO. 2751

(Purpose: To amend the Fair Labor Standards Act of 1938 to increase the Federal minimum wage)

Mr. KENNEDY. Mr. President, I call up amendment No. 2751.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes an amendment numbered 2751.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. KENNEDY. I yield whatever time the leader desires. I understand we have a time agreement; am I correct?

The PRESIDING OFFICER. There are going to be 2 hours evenly divided.

Mr. KENNEDY. May I inquire again, what is the time agreement? I understand there are going to be two amendments—one offered by Senator DASCHLE and one offered by Senator NICKLES or Senator LOTT. We were going to debate both of those this afternoon and vote on them tomorrow. Can the Chair tell me how much time we are allocated this afternoon to debate the two amendments?

The PRESIDING OFFICER. There will be 2 hours of time evenly divided on each of those two amendments.

Mr. KENNEDY. For this afternoon.

The PRESIDING OFFICER. Yes, for this afternoon.

Mr. KENNEDY. I yield whatever time the leader wants.

The PRESIDING OFFICER (Ms. COLLINS). The minority leader.

Mr. DASCHLE. Madam President, I appreciate the clarification. That was the understanding. So there is no confusion, we now have 4 hours of debate on the two amendments.

I appreciate the opportunity to come to the floor at this point to talk about the amendment offered on behalf of our colleagues, but really on behalf of the 11 million Americans who will benefit from this minimum wage once it is passed into law.

I thank especially Senator KENNEDY for his extraordinary leadership and persistence in making sure this issue was addressed prior to the end of the first session of this Congress. Were it not for his dedication and extraordinary efforts, we would not be here this afternoon.

I also thank Senators ROBB and BAUCUS for the leadership they have provided, and I thank many of our colleagues for their strong support for this legislation.

We fought all year long to bring this amendment to the floor because low-income working families need and deserve a raise. The average American family now works an additional 265 hours a year just to maintain the same standard of living they had at the beginning of this decade. That is an additional 6 weeks a year. We believe it is time parents could be spending attending parent-teacher conferences or playing with their children or maybe just reading Harry Potter with them. It is time husbands and wives could be talking with each other. It is not enough just to talk about family values, we need to show by our actions that we value families. We need to raise the minimum wage, and we need to do it this year—now.

I recently met a young father in South Dakota who told me that he and his wife eat only one meal a week together, and that is on Sundays after church. The rest of the week, his work schedule keeps him away from his family because he has more than one job.

He is one of many workers in this Nation who are working three jobs, two of them at minimum wage, just to make ends meet. We can do better than that. In this economy, we must do better than that. We are in the longest, strongest period of economic recovery in our Nation's history. The stock market and worker productivity are both at record highs.

It has been 3 years since the last time we increased the minimum wage, and if we do not pass another increase now, by the end of this month the purchasing power of the minimum wage will have fallen to the lowest point it has been in 40 years. The real value of the minimum wage is now at almost $2.50 below what it was in 1968—$2.50 an hour.

We are proposing we raise the minimum wage, not by the $2.50 required to get back to the parity level of 1968, but $1 an hour over 2 years. That is as modest a proposal as anyone can propose. Under it, the minimum-wage worker who now works full time would earn only $12,792 a year, but it would be $2,000 more than he or she now earns.

After doing all they could for as long as they could to block any increase in the minimum wage, now our Republican colleagues have their own proposal. They will raise the minimum wage, but they are saying to working families: ''We are not going to let you have it in 2 years. We know now you will only be making $12,792, but we want you to wait 3 years for your raise. But we are for family values, we are for helping people get ahead.''

They want to believe there is not a dime's worth of difference between their plan and our plan. That is not so. There are at least three major differences.

First, this 3-year delay is going to cost a typical working family $1,200 over 3 years. That is what that delay costs. I know around here that does not sound like a lot of money, but to a family trying to scrape by on minimum wage, it is 10 percent of a year's income; $1,200 a year is 3 months' worth of rent. It is 4 months' worth of groceries; it is 6 months' worth of utilities; and it is 1 year in tuition and fees at a 2-year college.

So there is a big difference. Do not let anybody say that simply waiting another year for that full dollar benefit is a minor matter. We are talking rent; we are talking utilities; we are talking groceries. It is whether or not in some cases families are going to have two or three meals a week together or whether that one meal on Sunday will have to do.

The second difference between our proposal and the Republican proposal has to do with the tax cuts. We offer tax cuts. I really do not think there is any connection, frankly, between the minimum wage and the need for tax cuts. Each ought to be considered in their own right.

I am troubled a little bit about this tendency to want to marry tax cuts into something that is important to do in its own right. But I do understand the importance of providing meaningful tax relief targeted to small businesses. I am for that. And our caucus, and I hope the Senate, is for that.

We offer a tax cut package that will cost $28.5 billion over 10 years. But the tax breaks the Republican plan entails would cost $75 billion—over twice as much. It is not just the cost that worries me, it is the fact that the Republican tax cuts are not paid for.

We have heard all of this railing about Social Security trust funds. But the Republicans do not seem to be too concerned about Social Security when it comes to this tax cut. While they pay for the first year, there is absolutely no money for the tax cuts the second through the 10th years. What that means is that it is going to have to come out of education, other priorities, or even Social Security.

The third difference between our tax cuts and the Republicans' is this: Our tax cuts target small businesses and family farms. The Republican tax breaks overwhelmingly benefit those in the top end of the income strata.

A minimum wage increase ought to be able to pass, as I said a moment ago, on its own merits. If we are going to include tax cuts, they ought to reduce the impact, as marginal as it is, of a minimum wage increase on the businesses that will be most affected by it. The Republican proposal fails this basic test of fairness, relevance, and fiscal responsibility.

How would the Democratic tax cuts help small businesses and family farms?

First, we lower the cost to small businesses of making investments by raising to $25,000 the amount of an investment a business can write off immediately. If you make a $25,000 investment, you can write it off in the first year and you do not have to wait. That is one way to help small businesses.

They tell me time and again we have to encourage them to reinvest and to put more money back into their businesses. There is no better way to do that than to say: make an investment and you can expense it immediately. We do that.

Second, we provide a tax cut of up to $4,000 to cover startup costs of adopting a pension plan so more small businesses can offer their workers pensions. This not only helps businesses, it helps the workers, and it helps businesses attract good workers and increases workers' retirement security. It is a win-win.

In this day and age, what business people tell me all through South Dakota, as they are attempting to compete for a very limited workforce, is that there has to be an incentive to be able to recruit and then ultimately to retain good people. There is nothing more important in retaining good people than ensuring that in the long term they are not only going to have a good income but they are going to have a good retirement. This package does it.

Third, we accelerate the full deductibility of health insurance for the self-employed. We have already provided full deductibility, and now we move it up. We more rapidly incorporate full

deductibility, so that every small business can benefit in providing health insurance in those cases when they are self-employed.

Fourth, our proposal raises the special estate tax exemption for family-owned small businesses and farms by $450,000.

Fifth, we make it easier for farm cooperatives to raise capital.

Finally, and very importantly, we provide tax relief to farmers who are experiencing losses during the current crisis.

That is how our tax cuts help small businesses and family farms.

But our proposal also contains tax cuts to help low-income workers. We extend the successful work opportunity and the welfare-to-work tax credits for 5 years. We increase tax incentives for entrepreneurs to invest in empowerment zones. First-round empowerment zones have shown that wage tax credits are a valuable economic development tool.

Currently, there are no wage tax credits available for round 2 zones. By making these tax credits available, by building on what we know works, we can bring new jobs and opportunities to places such as the Pine Ridge Reservation empowerment zone in South Dakota and other communities that desperately need opportunities like it.

We also include in our plan the President's new markets tax credit to help people in communities that have so far not shared in the country's record economic prosperity. The new markets tax credit will encourage private capital to flow into equity investments in businesses in these areas. Bipartisan support for this proposal is growing, and it is extremely fitting to include it in a proposal to raise the minimum wage.

Our tax cut is smart; it is strategic; and I emphasize, it is paid for. I especially commend Senators ROBB and BAUCUS for their efforts in helping to develop it. As members of the Senate Finance Committee, they have done an outstanding job of ensuring that as we look at the array of tax tools that would be helpful to workers and small businesses, we put the tightest, most targeted, most focused package together. And they have done it in this amendment.

The third difference between our minimum wage plan and the one our colleagues are offering is simply this: The President will sign our plan. The Republican proposal is absolutely dead on arrival.

Now, we know we will hear dire warnings from some of our colleagues on the other side. They will say raising the minimum wage will actually hurt low-income workers because employers will be forced to cut minimum-wage jobs.

We now know that is nonsense. We have study after study that proves raising the minimum wage does not kill jobs at all. In fact, since the last time we raised the minimum wage—in 1996—American employers have created nearly 9 million new jobs. In my State, 17,000 new jobs have been created. The national unemployment rate has fallen from 5.2 percent to just over 4 percent—the lowest jobless rate in 30 years. Even the Wall Street Journal and Business Week now say the 1996 predictions about job losses were wrong.

Another argument we will surely hear from our friends in the other party is that increasing the minimum wage has nothing to do with increasing family incomes. They will argue that most minimum-wage workers are teenagers who are working part time to pay for cars and CD players.

Again, the facts show otherwise. According to the Bureau of Labor Statistics, 70 percent of all minimum-wage workers are 20 years old or older; nearly 60 percent are women; and 40 percent are sole breadwinners in their families.

Our economy is the strongest it has been in my lifetime. But behind the prosperity, there are still far too many families who are working too hard, too long, for too little pay.

In South Dakota, while many families are moving ahead, too many others are being left behind, creating, in effect, two South Dakotas. On the surface, South Dakota is fortunate. Our unemployment rate is 2.6 percent, one of the lowest in the Nation. But in some of our counties, unemployment is as high as 7 percent. South Dakota is also the home to the poorest community in America, the Pine Ridge Indian Reservation.

There are good people—hard-working people—all across this country, who are struggling to make ends meet on minimum-wage jobs. They need a raise. And they are not alone. That is why religious leaders around the country today are urging us to raise the minimum wage.

It is critical that we not miss this opportunity. A job isn't just a source of income; it ought to be a source of pride. The U.S. Catholic Conference tells us the minimum wage should reflect principles of human dignity and economic justice. Unfortunately, today's minimum wage does not do that.

I want to read something that I think probably puts it in perspective quite well. This is a quote that is not one of mine, and not one of Senator KENNEDY's. It is a quote made by former majority leader Bob Dole the last time the Congress voted to raise the minimum wage in 1996. Bob Dole said at the time: ''I never thought the Republican Party would stand for squeezing every nickel out of the minimum wage.''

He was right then. If he were on the floor today, he would be right now. If we don't pass a minimum wage increase by the end of next month, more inflation will have wiped out the entire increase he was referring to in 1996. We cannot allow that to happen. It is time we stopped squeezing every last nickel out of the minimum wage. It is time to raise the minimum wage the right way, $1 an hour over 2 years, with responsible targeted tax cuts to help small business owners and family farmers, not an unpaid-for tax windfall for all those who need it the least.

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

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

Mr. DASCHLE. Madam President, I ask unanimous consent that the time I have just consumed be taken from my leader time for today.

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

Mr. DASCHLE. I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Madam President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. KENNEDY. Madam President, it has taken us a long time during this Congress to have the opportunity to present a legislative proposal to the Senate that would provide an increase in the minimum wage for America's workers who are working on the lower rung of the economic ladder: 50 cents next year and 50 cents the following year.

We have tried to bring this before the Senate over the year in a number of different forms and shapes. We were unable to do so. Now we have the opportunity to debate it this afternoon and to vote on it tomorrow. Hopefully, we will have success in passing it.

It is very clear that its outcome is uncertain because of the fact that, rather than having a chance to vote on a freestanding piece of legislation that would be considered freely and then considered by the House, passed on to the Senate, this will be wrapped into other extremely controversial legislation. But we are doing the best that we can. We want to give assurances to those Americans who are working at the minimum wage that we are going to continue this battle, as we have over these past years. We are going to continue the battle next year at each and every opportunity, until we have the chance to pass meaningful minimum wage legislation. So there should be no doubt in anyone's mind that this somehow is going to conclude the debate.

American workers are entitled to an increase in the minimum wage. We are prepared to make their cases. I am absolutely convinced we will be successful.

It is unfortunate we have to try and convince our colleagues on the other side on the basis of the merits of this case, but I think it is important that we, in a preliminary way, address some of the reasons that have been raised

historically against the minimum wage.

First of all, let's look at where we are on the issue of the minimum wage. This chart reflects where the minimum wage has been since 1967–1968. These are real dollars. We see that if the minimum wage today was going to have the purchasing power it had in 1968, it would be $7.49, not $5.15 an hour. It would be about $2.30 higher than where it is today. What we have seen is a gradual decline of the purchasing power of the minimum wage. This is so despite the fact that we now have the greatest economic prosperity in the history of the country—more Americans employed, the greatest stock market, lowest interest rates, lowest rates of inflation, lowest unemployment, highest rate of employment in the history of the country. Nonetheless, for those individuals who are at the lower end of the economic ladder, they are slipping further and further and further behind.

If our amendment does not pass, the purchasing power of the minimum wage will continue to decline—to the lowest minimum wage almost in the history of the country. Every day that we delay, minimum-wage workers fall further behind. If we don't raise the minimum wage by the end of this year, it will lose all of the value of the last increase in 1996. This is where we are.

Now, what are we talking about in scope in terms of the minimum wage? How large an increase are we talking about? And what will be its impact in terms of our total economy? Increasing the minimum wage by a dollar is vital to workers, but it is a drop in the bucket of the national payroll.

If you combine their wages and salaries, all Americans earn $4.2 trillion a year. An increase of $1 in the minimum wage would amount to one-fifth of 1 percent in terms of total wages over the country. We should not even hear the argument—and I hope we won't—that this effort to raise the minimum wage is somehow going to be inflationary. We are talking about one-fifth of 1 percent of total wages for those who are working 40 hours a week 52 weeks a year. In a moment, I will come to that. More of them are working 50 hours a week, trying to play by the rules, trying to bring up a family and they are still coming up short.

This is what is happening. We are finding out that those who are on the bottom rung of the economic ladder are working hard but still in poverty. The annual minimum wage is not even keeping up with the poverty line. We are finding more and more workers who are affected by this.

Then, finally, on this phase of the debate, I want to point out the employment figures. We find that we have seen, since the increase in the minimum wage that we passed in 1996 and 1997, there has still been an increase in job growth. This chart shows the increase in 1996, up to $4.75, and then to $5.15. Even with these increases we see new jobs being created and strong economic growth.

All of those on the other side of the aisle who made the predictions that we are going to lose 300,000 to 400,000 jobs if we pass an increase in the minimum wage were wrong. To the contrary, we have seen an expansion of job opportunities. Since the last increase was enacted by Congress, the economy has created new jobs at a rate of 235,000 a month. That addresses, I hope, the economic reasons for not having an increase in the minimum wage.

Let's take a moment and think about who these people are—who are the minimum-wage workers? This has to be enormously distressing to all Americans because there is no group of Americans that is working harder and slipping further behind than women in our society. Almost 60 percent of minimum wage workers are women. 7 million women across the nation—12.6 percent of all working women—would benefit from this increase.

And working fathers are being affected too. We know now that employed fathers with children under 18 work longer hours, averaging 50 hours a week. That is well over the average work time for those tens of millions of Americans who go to work at 40 hours a week, and they get overtime. The average for fathers with children under 18 is 50 hours a week. Fathers' total work time has increased by 3 hours in the past 20 years, and mothers' total work time has increased by 5 hours.

Almost one-half, 45 percent of the workers, report having to work overtime with little or no notice. One in five is asked to work overtime 4 or more days a week, with little or no notice. What does that mean to the families? Here they are working at minimum wage, they may have one job, but they probably two jobs, trying to make ends meet, already working 50 hours a week. Then they are told, without warning, they have to work overtime, which may disrupt their other employment. With the number of hours at each job, especially with the addition of overtime, we are seeing increasing numbers of mothers and fathers forced to spend more and more time away from their children.

According to a 1999 Council of Economic Advisors study, families are suffering. The study says that parents have, on average, experienced a decrease of 22 hours per week available to spend time with their children. That is what this minimum wage is all about—parents having less time to spend with their children. I hope we are not going to hear a lot of speeches out here about the importance of family values by those who vote against this increase. Twenty-two hours per week less—that is what is available for parents to spend time with their children. A decrease has happened and if we really care about families we need to change that.

Another factor, in addition to parents having less time to spend with their children, is the increasing shift work. Shift work is growing fastest in the service sector, which is heavily reliant on women workers. According to the study by Harriet Presser at the University of Maryland, 70 percent of the fastest growing occupations in the United States have a disproportionate number of female employees and require more than 40 percent of their workers to put in nonstandard hours.

Here we are finding out about who is being targeted. It is women. And for what? Nonstandard hours and overtime. At a crucial point in their lives when they are trying to bring up children and be there for them, we find out they are working harder, working longer, and they are making less. Two-thirds of the workers would like to work fewer hours—almost 20 percent more than 5 years ago. But most of those workers believe they can't cut back on hours because they need the money—46 percent. These 20 percent of workers, might be able to work fewer hours if the minimum wage were increased.

Another recent study, ''Working Hard, But Staying Poor,'' notes that working poor are predominantly hourly employees, and 71 percent have little paid vacation; 48 percent have no paid vacation at all—none, none. And 18 percent have a week or less. Madam President, 70 percent of those making the minimum wage have virtually no vacation, or less than a week of paid vacation.

We can't give them an increase of 50 cents an hour? No. Even though we have just voted ourselves $4,600 a year, we are not going to vote for them 50 cents more an hour next year. No. This is what is happening to these families. This is what is happening to these fathers and mothers. This is what is happening to these children. And we say, oh, we can afford $4,600 a year for Members of Congress and the Senate, but we can't do something about mothers and fathers who are increasingly taken away from their children in order to make ends meet.

That is what this issue is about when you come right down to it. We say: Wait a minute here. Where is productivity in all of this? In the last 10 years we have seen a 12-percent increase in productivity for workers in the United States, but only a 1.9 percent pay increase to match. That includes the highest increases by workers in the country, not the minimum wage. That is what has happened, a 1.9-percent increase. We have seen a 29-percent increase in productivity since 1973, and the minimum wage hasn't even kept up with it. What is going on here? No unemployment, no inflation, productivity going up through the roof, and we give ourselves $4,600, and Republicans oppose 50 cents more an hour increase in the minimum wage.

And are Americans really working? There are no workers in the world—none in the world—who are working longer and harder than American

workers today. Japan works 54 hours less a year; the Canadians, 215; the British, 221; the French, 314; the Germans, 389. Every other industrial nation in the world is working less.

The Americans, at the lowest end, are working longer and harder trying to make ends meet, with no kinds of health insurance programs, no paid vacations, and they are being jammed with increases in overtime without notification, and they are trying to provide for their children. What happens?

I will tell you what happens. Today, we have the new census figures that are just out, and they are very interesting. The latest census figures show that the percentage of working poor—12.6 percent—is at its highest point in 20 years. That's right, at a time when our country is so strong economically we have the highest number of working poor in 20 years—the highest number of working poor. You can look at those figures and say, well, the median income for lower income families has gone up. OK. I am talking about those individuals who are getting the minimum wage. More of them are working in poverty than at any other time. More of them are working, and working for less, than at any other time. More of them are falling further behind than at any other time.

What do we have to prove? What is there to prove? I can tell you this. If you look back on the movement from welfare to work, you will find that every economist virtually agrees that one of the principal reasons for movement from welfare to work was the increase in the minimum wage. About 700,000 of those moved from welfare to work because of the minimum wage. With this additional increase of a dollar, from every estimate, from 200,000 to 300,000 more will move from welfare to work. They value work. People want to work. They did when we increased it last time and I think they'll do it again.

What does it mean for the taxpayer? It is beneficial to the taxpayer. Why? You will find if you pay more in the minimum wage, you have fewer people who qualify for support programs. That makes sense. Fewer will be qualified for food stamps, fuel assistance programs, and other kinds of support programs. And it will save taxpayers billions of dollars. So it is difficult for me to understand the opposition we are receiving.

In the Democratic proposal, we added a small program, but an important one, that primarily helps working families in the tax program in terms of pensions and some other matters. But we have, on the opposition—and I will come to this later when we will have some time to talk about our Republican friends on the other side—they say don't give them a dollar in the next 2 years; they are not worth it. They are worth a dollar over 3 years, but we are worth $4,600 more a year. We are not going to spread our pay increase out, but we are going to spread out the increase for those at the lowest end of the economic ladder. That is the Republican leadership position.

Now, the American people must wonder what in the world is going on when the Senate and House are trying to get together with the President on this budget, and we are talking about spending Social Security, and we have before us in the Senate a tax break for $75 billion over the next 10 years. Where are we getting all that money? I hope they have given up this argument that, ''Well, look out for the Democrats because they are going to spend Social Security.'' There is $75 billion in the Republican program that is unpaid for.

As I mentioned, I think the compelling reason is the fact that these are men and women who are hard-working. They are child care and health care workers who we entrust with the care of our loved ones every day. They clean out the buildings of American industry and factories every single night.

This is a women's issue because the great majority of the minimum-wage workers are women. It is a children's issue because whether those mothers and fathers are going to make a decent wage is going to affect those children. They worry that they are not going to have warm homes in the winter and enough to eat, which we know they don't have. We know what the Second Harvest reports are about—the number of families working and not making a livable wage are going out to the food pantries all across this country. That is why the mayors—Republican and Democrat alike —support our increase. It is a women's issue, a children's issue, and a civil rights issue because many of these men and women are people of color. And most of all, it is a fairness issue.

How in the world does the Republican leadership go home to their communities and say we voted for a $4,600 pay increase and against your minimum wage?

I hope every citizen will ask their Members of the Senate when we adjourn—whenever that may be, that particular issue is still in question—why a Member's salary is more important than theirs.

Others desire to speak. I see my friend from Minnesota. How much time does he require?

Mr. WELLSTONE. Madam President, I think I will speak for 10 minutes. But I think it will be less because I want the Senator to have a chance to respond to the Republican arguments.

Mr. KENNEDY. The Senator can have 10 minutes.

Mr. WELLSTONE. I thank the Senator.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Madam President, first of all, let me say in a very personal way that when I was teaching and hoping to become a Senator, this is what I imagined it would be. I could come to the floor of the Senate and support an amendment introduced by Senator KENNEDY, that I would be lucky enough to have Dale Bumpers' desk and be able to sit next to Senator KENNEDY and come out here and fight for what I think is just elementary economic justice. I am very proud to rise to speak in behalf of this amendment.

On behalf of 176,000 Minnesotans who would be helped by this, much less the workers and their children—there would be many more citizens—I thank him. On behalf of another 11 million-plus workers in the country who would benefit from this $1 raise over 2 years, I thank him.

I say to all of my colleagues—Democrats but especially Republicans on the other side of the aisle—wherever I have traveled in our country—I start with my State of Minnesota—no matter where it is in Minnesota, in the city, or in rural areas, or in the suburbs, or whether it is the Deep South, whether it is L.A., East L.A. or Watts, or whether it is, inner-city Baltimore, or whether it is rural Minnesota—the one thing that people come up and say over and over again more than anything else is: We want to be able to have a job at a decent wage so we can support our families, so our children can have the care we know they need and deserve.

When I went to visit the part of the country where my wife Sheila and her family come from, Appalachia, Harlan County, it was the same thing. That is what people want to be able to have —a living-wage job, to be able to earn enough of an income so they can support their children, so they can do right by their children. That is what this amendment is all about. To talk about raising the minimum wage from $5.15 an hour to $6.15 an hour over 2 years so we don't lose what we gained in 1997 is a matter of elementary justice.

I heard Senator KENNEDY say this. I guess I need to emphasize this one or two times myself. I don't know how Senators or Representatives can vote for a $4,600 increase for ourselves when we are already making $130,000-plus a year and say we need this because we have children who are in college and because we need to make sure we have enough money to cover expenses and then turn around and vote against a $1 increase over 2 years from $5.15 an hour to $6.15 an hour.

Our economy is booming. In many ways we are doing well. But the fact is that I still think, using Michael Harrington's term—the Senator from Massachusetts will remember that book—we still have ''two America's.'' We have one America with greater access for all the things that make life richer in possibilities and we have another America that still struggles to make ends meet. Rising tides lift all boats. But in some ways, we haven't been growing together. We have been growing apart.

A minimum-wage worker now makes $5.15 an hour. The average CEO in our country makes $5,100 an hour.

Let me say to every Senator that this is matter of elementary justice. This is, as Senator KENNEDY said, a family value issue. It makes a huge difference, if you are able to make an additional $3,000-plus a year because of this increase in the minimum wage. That means you will be able to pay your utility bills, and you do not have to worry about being shut off. It means your children will be warm as opposed to cold in a cold winter in Minnesota or in Maine, Madam President. It means you will be able to buy clothing for your children. It means you can afford your rent.

I hope and I pray it will mean we will not have so many women and so many children in our homeless shelters with 40 percent of these families having the head of the household working full time—people who work 52 weeks a year, 40 hours a week, and they are still poor in America because they don't make enough of a wage to support themselves and their families.

This is a family value issue. I don't know of any issue before the Senate and I don't know of any debate that we have had in the Senate that speaks more loudly and clearly to family values.

Colleagues, Republicans included, vote for this Kennedy amendment if you want to support your children. Vote for this Kennedy amendment if you want to support families. Vote for this Kennedy amendment if you want to support hard-working people who shouldn't be poor in America. Vote for this amendment if you want to support women. Too many women are the ones who are working full time and still don't make a living wage. This is a matter of justice. There is a matter of family values. This is a matter of doing the right thing. I hope we will have a majority vote for this amendment.

Finally, I will admit it. I will make a blatant political point.

I don't know how in the world anybody in this Chamber can vote a $4,600 salary increase for himself or herself saying we have to have this to make ends meet—and that is from the $130,000 salary at the beginning—and say no, no; we can't vote for people to have the chance to make enough of a wage so they can do a little better for themselves and, more importantly, a little better for their children.

Mr. President, $5.15 an hour to $6.15 an hour, a $1 increase, 50 cents a year over 2 years ought to pass with 100 votes.

I yield the floor.

Mr. KENNEDY. Madam President, will the Senator yield for a question?

Is the Senator familiar with this study by the Family Work Institute? They had an interview with the children of minimum-wage workers. Here are three of the top four things children would like to change about the working parents and the concern about being with their parents. They wish their parents were less stressed out by work, less tired because of work, and could spend more time with them.

The kids are right. The parents have less chance to spend time with them. They are working longer. They are working harder. They have less time to spend with their children. The children are crying out for help, assistance, and for understanding.

This isn't going to solve all of their problems. But this minimum will put $2,000 into the family income, and it would give those parents time to spend with their children, perhaps buy a Christmas present or a birthday present, and permit them to share some additional quality time.

I was wondering if that kind of response from the children of minimum-wage workers surprised the Senator from Minnesota. He has spent a great deal of time traveling this country and talking to needy families.

Mr. WELLSTONE. Madam President, I thank the Senator for his question. I wish I had emphasized that more, I say to the Senator. I can think of so many poignant conversations with people in which they were saying: Given the wages we make, every last hour we can work, we work. We have no other choice because that is the only way we can put food on the table. However, it means we have very little time to spend with our children. It is not what we want. It is not the way we want it to be.

I think this is so important for families.

I yield the floor.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 7 minutes.

Mr. AKAKA. Mr. President, I rise in support of the amendment to raise the minimum wage.

My colleagues, the case for an increase in the minimum wage is clear. America has enjoyed eight and one-half years of economic expansion. The economic boom that began in March 1999 is now the longest peacetime expansion in American history.

However, the rising tide of economic development has not lifted the boats of millions of American workers. Millions of Americans earning the minimum wage are rapidly becoming a permanent underclass in our society. This amendment is a big step forward for millions who are struggling to feed and raise a family, and rent decent housing, while earning the minimum wage.

At the same time that our economy is expanding, the distribution of income is becoming more and more unequal. As the charts prepared by the Senator from Massachusetts make clear, the earnings of average Americans have grown little, and the overall distribution of income has become increasingly unequal. Whether you examine the trend of U.S. income distribution or compare the wages of U.S. workers to those in other industrialized countries, the result is clear: the wages of the average American worker are stagnating.

While I thank the Senator from Massachusetts for championing this amendment, I am also grateful that his amendment extends the minimum wage to the only U.S. territory where minimum wage is not governed by Federal law. I am speaking of the Commonwealth of the Northern Mariana Islands.

For my colleagues who are not familiar with this territory, the Commonwealth of the Northern Mariana Islands is located 4,000 miles west of Hawaii. In 1975, the people of the CNMI voted for political union with the United States. Today, the CNMI flies the flag of the United States as a U.S. territory.

In 1976, Congress gave U.S. citizenship to residents of the CNMI. At the same time, however, Congress exempted the Commonwealth from the minimum wage provisions of the Fair Labor Standards Act. As we now know, that omission was a grave error. Today's amendment will correct that longstanding mistake.

The CNMI section of this amendment stands for the simple proposition that America is one country and that the U.S. minimum wage—whatever amount it may be—should be uniform. Common sense dictates that our country must have a single, national law on minimum wage.

Throughout the United States, Federal law requires that minimum wage workers be paid $5.15 per hour—everywhere, that is, except the Commonwealth of the Northern Mariana Islands. In the CNMI, the minimum wage is $3.15 per hour, 40 percent less than the U.S. minimum wage.

You would have to go back twenty years, to January 1980, to find a time when the statutory minimum wage was that low in the United States. Today, workers in the CNMI are being paid wages that are 20 years behind the times. And the numbers I have cited do not account for the effect of inflation.

Once you adjust the CNMI minimum wage for inflation, you would have to go back to the 1930s—the Depression years—to find a time when the wages of American workers had the same buying power as minimum wage workers in the CNMI today. Adjusted for inflation, the minimum wage in the CNMI—which I remind my colleagues is U.S. soil—is the equivalent of less than ten cents an hour. Ten cents an hour! You can't even buy a pencil for 10 cents. Adjusted for inflation, the minimum wage in this territory is 60 years out of date.

This situation is a disgrace. In Guam, ninety miles from the CNMI, they have been paying the minimum wage since 1950. It's time to end this embarrassment and reform the minimum wage in the Commonwealth of the Northern Mariana Islands. That's one of the important things that this amendment would do.

I yield the floor.

Mr. KENNEDY. I yield 10 minutes to the Senator from Rhode Island.

Mr. REED. Mr. President, I rise as a strong and proud supporter of Senator KENNEDY's amendment to raise the

minimum wage one dollar over 2 years. I commend Senator KENNEDY not only for his leadership today but for his attention to the needs of working Americans throughout his career in the Senate.

Today we are debating, and I hope soon adopting, legislation to address an issue vital to America's working families. The amendment before us calls for a 50-cent increase in the minimum wage in January of 2000, with another 50-cent increase in January of 2001. So in a 2-year period we would increase the minimum wage from $5.15 to $6.15.

This minimum wage increase is a necessity for many individuals participating in today's workforce, particularly those moving from welfare to work. Among the rationales behind welfare reform was that everyone who is able to work should work and that a job should offer a sustainable income. Unless we have a living minimum wage, a minimum wage that can support a family, a minimum wage that can allow a family to meet its basic needs, then it is something of a cruel hoax to force people into the workforce, knowing that they will not be able to support themselves on their income alone.

Our economy has been performing remarkably well since the last increase in the minimum wage in 1996. A record 8.7 million jobs have been created. We all recall when we were debating the minimum wage that year, one of the most persistent objections was that the increase would kill job growth; it would prevent our economy from continuing to grow. The reality is that we are in the midst of a period of record economic expansion during which a large number of new jobs have been created.

Increasing the minimum wage is not something that is going to hamper our economy. It will enable working families to provide for their families. Moreover, economic factors dictate that if we don't increase the minimum wage now, the modest growth in inflation will wipe out the gains of the 1996 increase. Indeed, the minimum wage is in danger of dropping below its pre-1996 level in real dollars if we do not pass this amendment.

I believe other economic factors dictate that we increase the minimum wage. As we look at this economy, we are discovering fantastic growth in many quarters, but we also see that the incomes of the poorest Americans are not growing as fast as they have grown in the past.

Between 1950 and 1978, income growth for the lowest earners grew proportionally more than any other income level. What has happened recently, because of our new information society, because of new technology, because of a booming stock market, the wealthiest Americans are increasing their incomes substantially. In fact, the wealthiest one percent of Americans, doubled their incomes between 1977 and 1999. In sharp contrast, the poorest 20 percent of Americans actually saw their incomes fall by 9 percent between 1977 to 1999.

There are some things that we can do to begin to reverse this trend, to ensure that every part of our American family participates in our country's economic success. The first step is to increase the minimum wage.

The reality is that today, workers making the minimum wage—heads of households, single heads of households with a full-time job—earn about $10,700. That is about $2,500 below the poverty level for a family of three. So essentially, what we are telling workers who are going into the workforce with minimum-wage jobs, is that they will not be able to get out of poverty. That I believe is wrong. If someone is going to go into the workforce, work 40 hours a week, and try to raise a family, they should at least be able to make enough money to live above the poverty line.

The other issue that has often been raised with respect to the minimum wage is that, really, this is just a benefit for kids, that kids are the only group of people who have minimum-wage jobs. They are the people working at the fast food restaurants and performing other minimum wage jobs. This is not the truth. Statistics show that 70 percent of minimum-wage earners are adults over 20 years of age. They also show that 46 percent of these minimum-wage workers have full-time jobs and that 59 percent are women.

This correlates closely with the startling statistics we have seen with respect to children and poverty. Frankly, one of the most disturbing statistics is the growth in the number of children living in poverty. Typically, these children are in single-parent households led by women. Since 59 percent of minimum-wage earners are women and 40 percent of minimum-wage earners are the sole breadwinners of their family, these problems seem to be directly connected.

One of the great shames of this Nation, at a time when we are recording robust growth in the stock markets, at a time when we are seeing extraordinary development in our economy, is that one in five children still live in poverty in the United States; that 12 percent of American households cannot meet their basic nutritional needs some part of the year; that 39 percent of the families who turn to food banks for assistance have one adult member who holds a job. These are working Americans, but their wages are so low they cannot feed their families and their children live in poverty. We can do better than this in our great country. The first way to do better is to support this increase in the minimum wage proposed by Senator KENNEDY.

The reality is that having a job today does not mean you are going to be above the poverty level. Having a minimum-wage job frequently guarantees you are below the poverty level. At this time in our history, with such economic progress, with the vista of a new century before us, with the information age bursting upon us, we should be able to guarantee if a person works 40 hours a week, that person should be able to raise a family above the poverty level.

This proposal for a minimum wage seems only to be controversial here in the Senate. If you go back to Rhode Island and ask people what they think, they think the minimum wage should go up. They recognize and understand how hard it is to support their own families. They know if they had a minimum-wage job, it would be close to impossible to do that.

Indeed, there was a survey done by the Jerome Levy Economic Institute which showed that 87 percent of small businesses that were contacted and asked about increasing the minimum wage thought that they could absorb this modest cost. That is up from 79 percent just a year ago. So even small business believes raising the minimum wage is appropriate. That might be a direct reflection of the fact that many states have already raised the minimum wage above the federal level. Indeed, in many parts of the country with the highest minimum wages, there is a persistent shortage of labor. In fact, businesses are bidding for workers at levels above the minimum wage.

We are really talking about protecting the most vulnerable workers in our economy, those without the power to negotiate higher wages, those in areas of economic activity that do not require high skill levels, and therefore can be easily replaced. These are the people for whom we should have a special concern, these are the people we should help move up out of poverty, not by a handout but by simply rewarding the value of each hour they work.

Business Week, a magazine that is not traditionally a strong proponent of prolabor sentiments, had this to say:

> It is time to set aside the old assumptions about the minimum wage. . . . We don't know how high the minimum wage can rise until it hurts the demand for labor. But with the real minimum wage no higher than it was under President Reagan, we can afford to take prudent risks.

Frankly, this is not a risk, it is a prudent investment in the workers of America. My own paper, the Providence Journal, adds:

> An increase to $6.15 would help take a nick out of poverty and provide a more solid base for . . . economic expansion. Congress ought to do it.

I ask unanimous consent to have this Providence Journal editorial printed at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. REED. I agree with the Providence Journal. It is about time Congress acted. It is about time we took a nick out of poverty. It is about time we invested in working families and gave them, through their own efforts, the

resources to raise their families, to raise them up out of poverty. We must give new hope to families who are working very hard in this economy to raise children, to move forward and seize the opportunity at the heart of the American dream.

I again commend Senator KENNEDY for his great efforts, not just today, but for so many days on the floor, fighting for working families, fighting for economic justice for all our citizens.

I yield the floor.

EXHIBIT 1

RAISE THE MINIMUM WAGE

A proposal in Congress to raise the minimum wage, now $5.15 an hour, by two increments of 50 cents each over the next two years seems reasonable. This would still leave those subsisting on these wages well below the federal poverty level, but it would at least bring them some modest relief. (The debate comes, by the way, as Congress voted itself an average $4,600 raise.)

The argument is sometimes made that to raise the minimum wage would reduce employment by raising employers' costs. We see little indication over the past few years that the move would shrink employment. For that matter, increasing the minimum wage, by widening purchasing power, could substantially help the economy and boost employment over the long run.

It should also be noted that higher wages often mean greater loyalty and effort on the part of employees. Thus, whatever the increment of a higher minimum wage, that costs could be more than offset by higher revenue and profits from increased productivity and reduced turnover, hiring and training costs.

It is interesting that in my states with the highest state minimum wages, such as Massachusetts (now at $5.25 and to be raised to $6.75 in two 75-cent increments over the next two years), there are serious labor shortages. Recent increases in those states' minimum wages have not brought about price rises or layoffs, so far as such things can be measured.

But then, consider that the purchasing power of the current minimum wage is about $2 less that of the minimum wage in 1968 (when the jobless rate was also very low). Further, it should be noted that more than 70 percent of American workers receiving the minimum wage are over age 25 or not longer in school.

An increase to $6.15 would help take a nick out of poverty and provide a more solid base for the economic expansion. Congress ought to do it.

Mr. KENNEDY. Madam President, I see the Senator from North Dakota on the floor. I yield him 7 minutes.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 7 minutes.

Mr. DORGAN. Madam President, we are here debating the question of the minimum wage: Should the minimum wage be increased? We are talking about people at the bottom of the economic ladder in this country, people who work hard, who do not ask for much. They do not have stock in the stock market. They have not, by and large, been blessed with substantial increases in income by a growing economy. In many cases, they have been losing ground.

I know when we talk about the minimum wage, we tend to talk about it in terms of statistics, tables and charts. I have met repeatedly over the years with people who have had difficulty, who are trying to get back into the labor market, who are working at minimum-wage jobs. I recall one such meeting in my office in Fargo, ND, with probably a half dozen young women who were struggling to get off the welfare roll and get on a payroll and earn a living, to get some training and move into the job force again.

All of them told me the same story of the difficulty of making ends meet on a minimum wage paycheck. They shared with me how hard it was to balance a checkbook on minimum wage—meeting the monthly bills like child care, rent, a car payment, let alone trying to find a few dollars to buy a Christmas present for the kids.

The story is always the same. Those stories come to you from people who are trying very hard. Most of them tell those stories with tears in their eyes. It is the case here in Congress that the halls are not full today of interest groups who are well organized, who have hired some very skilled people to lobby on their behalf for this kind of legislative change. For people at the lower end of the economic ladder, there are not halls full of well-paid lobbyists and others pushing for this change. They are largely the voiceless in our society who do not have the capability to influence legislative events quite as easily as some other very important interests in this country do. But that should not persuade anybody that this interest is not important.

It is very important for our country, especially in a circumstance where the economy is growing. All the signs are that our country is doing well. The stock market is doing very well. Unemployment is at a 30 year low.

It is important for us also to understand there are families struggling on minimum wage trying to make ends meet. The fact is, the purchasing power value of that minimum wage has diminished dramatically. It is about $2.50 below the purchasing power value in 1968.

None of us in this room are working for minimum wage. No one. So none of us have experienced what it is like to put in 40 or 45 hours this week and be paid minimum wage and then try to make a car payment, pay rent, buy food for the kids, and make ends meet. We cannot do that. No one in this Chamber would volunteer to do that, I expect. But there are a lot of people trying to do that because they want to pay their way. They want a decent job; they want an opportunity. They want to work.

That is why it is important in this circumstance for us to increase the minimum wage. Its purchasing power diminishes over time because of inflation. The value of the minimum wage has decreased for a lot of these families. Many of us know that poverty in this country is increasingly poverty of a single woman trying to raise a family. Many of us have met with those folks in our offices and elsewhere telling us the difficulties they are having.

In many ways, it is hopeful that both sides of the political aisle in this Chamber are talking about increasing the minimum wage. This is an important subject. We are both talking about this subject now in a serious way, and that is good. It ought to give hope to those at the bottom of the economic ladder who are trying very hard to make ends meet and have difficulty doing it on today's minimum wage.

There is a difference between the proposals. The minimum wage we are proposing will provide a minimum wage increase on January 1, 2000. The alternative plan will not.

We provide a $1 increase in the minimum wage over 2 years. The GOP plan does not.

We protect overtime compensation for 73 million working Americans who are entitled to it. The GOP does not.

We offset the full cost of the tax cuts, and there are some tax incentives and cuts in this proposal to help businesses that will confront some additional costs. We fully offset ours. The competing plan is mostly unpaid for.

We can go on down the list. We extend the welfare-to-work credit. The other plan does not.

We provide a work-site child care tax credit. The GOP plan does not.

We provide wage tax credits for small businesses located in the empowerment zone which, incidentally, is very important in our part of the country. These are zones, especially the empowerment zone in my State, which have as a criteria the outmigration of people. People who have left. This is not unemployment and poverty. That is one sign of economic distress. The other sign is a rural county that has lost half its population. People cannot find work, so they leave, and the county shrinks like a prune.

Empowerment zones create jobs and restore economic vitality and health in those areas. We include that in our proposal, but the GOP plan does not.

These are interesting and important differences between the two plans. I say this: At least we are on the right subject.

The Senator from Massachusetts has worked tirelessly on behalf of those at the bottom of the economic ladder who are struggling hard and valiantly trying to make ends meet. By proposing this minimum wage increase which, in my judgment, is long overdue, the Senator from Massachusetts does a real service. I hope at the end of this debate we will be able to adopt the Senator's amendment, and I hope those who are working on minimum wage struggling to care for their families and create a future for themselves, on January 1 will be able to say: Yes, Congress did something that will help me and my family as well.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Madam President, I understand I have 8 minutes remaining.

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. The Senator from Virginia asked for 10 minutes. I ask unanimous consent that I have 2 additional minutes and yield 10 minutes to him.

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

Mr. ROBB. Madam President, on Friday, November 5, Senator BAUCUS and I introduced the Small Business Tax Reduction Act of 1999. We drafted this legislation to complement Senator KENNEDY's minimum wage amendment, and under the unanimous consent agreement, it was incorporated into that amendment which is now pending.

The Small Business Tax Reduction Act of 1999 is targeted to provide tax relief for those employers who will be most affected by the minimum wage increase, even more than the proposal to be offered by the other side of the aisle.

Our package adheres to two principles that had to be reconciled: First, that tax relief should be provided to those who need it most; and, second, that any tax relief package be fiscally responsible.

To make sure that our package benefited those who need it most, we focused primarily on small businesses, those most likely to experience higher costs as a result of an increased minimum wage.

To make sure the package was fiscally responsible, we used true offsets, not the surplus, to pay for it. In this way, we have remained true to both principles: This is a good tax package; it is a responsible tax package.

Admittedly, deciding what provisions to include in such a bill required some compromises. In almost all cases, I have sponsored, or cosponsored, legislation that would go beyond the tax relief in many of the areas addressed by our bill. I will continue my efforts to move on these broader provisions.

However, our commitment to paying for the tax bill and not either borrowing from our parents by using the Social Security trust fund or borrowing from our children by increasing our debt burden, precluded us from doing more at this time.

In some respects, our tax package is similar to the Republican proposal. For example, both packages accelerate the 100-percent deduction for self-employed health insurance; both packages increase section 179 expensing for small businesses; both packages extend the work opportunity tax credit; and both packages raise the business meals deduction from 50 percent to 60 percent.

But in other ways, our packages are quite different. For instance, we have included in our amendment some estate tax relief for small family-owned farms and businesses. Inflation has left the current exemption simply insufficient to give adequate relief to farmers and small business owners. This is one of the areas where we clearly need to do more, but some relief is better than none.

We have included provisions targeted to geographic areas with the greatest need for economic assistance. The new markets proposal, for example, would reward employers who operate in economically distressed areas where the minimum wage is the most prevalent.

There is also a credit that encourages employers to give lower income employees information technology training so we can begin to close the so-called digital divide. I was at an announcement this morning that will also make a major step in that direction.

We also expand current empowerment zone credits so more communities and more people are able to take advantage of these credits. The empowerment zone credit provides a dual benefit. It helps those who may not yet be reaping the benefits of our expanding economy, and it helps revitalize our cities which, over the long term, may be our best tool for reducing the pressures that lead to suburban sprawl.

Another area we devoted our attention to is retirement security. Increasingly, people are apprehensive about their retirement. Many small businesses are struggling to provide retirement security for their employees.

The pension provisions in our bill are designed to address the needs of these small employers who are trying to develop effective retirement plans for their employees.

For example, we would allow small businesses to borrow from their plans, just as large businesses can, and we have included Senator BAUCUS' proposal to provide a credit for new small business pension plans. Everyone benefits when small businesses are better able to offer their employees retirement plans.

Finally, we need to help our communities meet their increasing demand for new and upgraded schools. Across the Nation, there are pent-up needs for new schools to make room for smaller classes, for schools that have access to the latest technology, for schools that have decent heating and plumbing and leak-proof roofs.

To help meet those needs, we have included a provision to help communities modernize their public schools. In this bill, we propose extending the Qualified Zone Academy Bond Program, or QZABs, for an additional year. This program helps with school modernization efforts and deserves to be extended.

Again, this effort is important, but we need to do much more. While we could not squeeze more on school construction into this vehicle, I am determined to find one that is large enough to accommodate our Nation's schoolchildren, who, frankly, deserve better than what they have gotten from Congress this year.

Let me close by reiterating why we decided to pay for this bill and not just take the money from the surplus.

First of all, I believe both sides understand we made a bipartisan commitment to stop dipping into the Social Security surplus to pay for current spending outside Social Security. Honoring this commitment is important both to maintain pressure for fiscal discipline and to prevent further cynicism about the way the Federal Government operates.

As for the non-Social Security surplus, we believe our first priority should be paying down the over $5 trillion debt we have accumulated by failing to exercise fiscal discipline in the past. The need to keep up the pressure for fiscal responsibility is clear.

Congress has been breaking the spending caps at breakneck speed. CBO recently advised us, not only had we already spent the small surplus expected for fiscal year 2000, we are already $17 billion in the red for the next fiscal year. Until we can agree on a comprehensive package that balances our spending, tax relief, and debt reduction priorities, we should pay for the spending and the tax cutting we propose and not take the easy route of spending the surpluses that may or may not actually materialize.

If we do not put the brakes on piecemeal tax cuts now, we could easily face a runaway train of politically popular proposals that are not likely to be in the best long-term interests of the Nation. When we are ready to put everything on the table and consider the various priorities—such as using the surplus to pay down the debt—we can engage in that discussion. Until then, we should focus on achieving the current objective, which is to assist employers, particularly small employers, who may be adversely affected by the minimum wage increase.

In short, this tax package accomplishes its purpose of providing relief to those employers who are most likely to have higher costs when the minimum wage increases. It is responsible. It does not squander the surplus we have fought so hard to achieve but maintains it for debt reduction. At the same time, it protects Social Security trust funds from being misallocated to other programs and expenditures. This is a good tax package, and I urge our colleagues to support it.

With that, Madam President, I reserve any time remaining and yield the floor.

Mr. KENNEDY. Madam President, I suggest the absence of a quorum and ask unanimous consent that it not be charged to either side.

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

The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. DOMENICI. Madam President, parliamentary inquiry. Could the Chair tell me, is it now appropriate for me to call up the amendment that is pending that has been filed with reference to an alternative minimum wage and tax plan?

The PRESIDING OFFICER. If the Senator yields back the remaining time on the Kennedy amendment, the answer is yes.

Mr. DOMENICI. Parliamentary inquiry. How much time do we have on the Kennedy amendment?

The PRESIDING OFFICER. There are 60 minutes remaining.

Mr. DOMENICI. In the event I do not yield that back, what is the remaining time arrangement for the day and for tomorrow on the two respective amendments, the Kennedy amendment and the Domenici amendment?

The PRESIDING OFFICER. After the 60 minutes of remaining debate on the Kennedy amendment is used, there would be a period of 2 hours for debating the amendment which the Senator would be proposing.

Mr. DOMENICI. Then what is the agreed-upon schedule for tomorrow with reference to the amendments?

The PRESIDING OFFICER. There is 1 hour of debate beginning at 9:30, with a vote scheduled to occur at 10:30.

Mr. DOMENICI. Madam President, might I ask Senator KENNEDY a question?

Mr. KENNEDY. Please.

Mr. DOMENICI. I ask Senator KENNEDY, I understand you have no additional speakers now.

Mr. KENNEDY. If I could answer the Senator, I think we do actually have some additional speakers. They can either do it now or at some other appropriate time after all the time has expired.

Mr. DOMENICI. I understand that as far as today's debate is concerned, you are out of time.

Is that what the Parliamentarian told me?

The PRESIDING OFFICER. The Senator is correct, that the time controlled by Senator KENNEDY on the Kennedy amendment has expired. Sixty minutes remain for those opposing the Kennedy amendment.

Mr. KENNEDY. But, I say to the Senator, as I understand it, when you offer your amendment, you will have 60 minutes and we will have 60 minutes. I think we could accommodate the other Senators. Senator FEINSTEIN is here. We have probably two other Senators. We can let them speak at that particular time. So it is just a question of working out the remaining time this evening.

Mr. DOMENICI. I yield back any time we have in opposition to the——

Mr. NICKLES. No.

Mr. DOMENICI. Excuse me.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. NICKLES. Madam President, as I understand the parliamentary situation, we have 2 hours equally divided: One on the Kennedy amendment, and the other 2 hours on an amendment that will be offered by Senator DOMENICI.

I wish to speak very briefly in opposition to the Kennedy amendment. Then I will yield back the time, and that will eliminate at least that round. Then there will be 2 hours equally divided on the Domenici amendment. People can speak on either proposal, as they wish.

For the information of our colleagues, we will have one hour of debate tomorrow morning and a vote at 10:30 on both proposals.

I urge my colleagues to vote no on the so-called Kennedy minimum wage proposal that is now before the Senate. I compliment my colleague from Massachusetts. He has offered this time and time again. I am sure he will be back next year and the following year to increase the minimum wage. If you ask the question: should there be an increase in the minimum wage, I am sure a lot of people would say yes because they want everybody who is making a low wage to make more.

I happen to agree with that very strongly. It is very important for people to be able to climb the economic ladder. What people many times don't recognize is that if you have a very significant increase in the minimum wage—such as Senator KENNEDY's proposal of approximately a 20-percent increase, increasing it from $5.15 to $6.15, a $1 over the next 13½ months. That is OK, I suppose, if everybody can just pass it along without any repercussions. But there may be some businesses that can't. If they can't, what are they going to do? They may hire less people. They may let some people go.

I know it does not seem as if that would be the case, but frankly it is. It may not happen in every case, but it happens in many cases. There are some employers that may not be able to pay $5.15 an hour or $6 an hour. Senator KENNEDY's proposal says in 13½ months you have to be paid $6.15 an hour or it is against the law for you to have a job.

The Federal Government has determined that, in our infinite wisdom, in rural Montana or where ever, we don't care if pumping gas can only pay $5.50 or the corner grocery store can only afford to pay that amount, we don't care. We are deciding up here in Washington DC, that the Federal Government does not want you to have a job. It is against the law for you to have a job. The Federal Government has decided employers must pay at lease $6.15 an hour or they cannot hire anyone. Sorry, 15-year-old, 16-year-old, or 17-year-old trying to get a summer job, if there are no summer jobs available at that amount. It may be fine for the State of Massachusetts. That may be great in New York City. I can't help but think there are some areas of the country where maybe that does not apply and will not work.

This idea that raising the minimum wage can only have a positive economic impact is grossly incorrect. The Congressional Budget Office has stated it would mean a job loss of between 100,000 and 500,000 jobs. That is a pretty significant hit. Maybe it is not a hit for everybody because we have millions of people working, but for between 100,000, and 400,000 people who could lose their jobs, that is pretty significant. If they find themselves unemployed because they couldn't get a job as a result of the minimum wage increase we have created a real injustice. Maybe they are looking for summer work, maybe they are looking for part-time work, or maybe they are trying to supplement a job working evenings. Why should we price them out of the market?

Let me address a few other things that are in Senator KENNEDY's proposal. There are some tax cuts. Senator ROBB just spoke regarding those. Many of those are similar to ones we have in our package that Senator DOMENICI will be talking about briefly. I compliment them on those tax cuts. What I criticize them for are the tax increases. You didn't know they had a lot of tax increases in the Democrat proposal? Well, they do. The fact is, there are more tax increases than there are tax cuts.

What tax increases do they have? They have two or three things. They have a little provision in here that reauthorizes Superfund taxes. We do not reauthorize Superfund because the program is flawed. Does it make sense that they are going to extend Superfund taxes without fixing the program? I am absolutely confident, 100 percent confident this Congress is not going to reauthorize and extend Superfund taxes unless we reauthorize the program. The program is broken. We are raising billions of dollars or have raised billions of dollars and we are wasting it.

The lawyers and trial attorneys reap great benefits, but we spend very little money cleaning up the program. Many of us are in favor of fixing the program. Let's make sure 90 percent of the money that is raised for Superfund cleanup actually goes to cleanup, rather than the current situation in which two-thirds of it goes to legal fees.

The Kennedy legislation also includes several other tax increases. There is a proposal that goes by the name of the Doggett proposal. According to a lot of different groups—including the Cattlemen's Association, Taxpayers Union, U.S. Chamber of Commerce, and National Federation of Independent Businesses—this is a really big, bad tax increase. It is called the Abusive Tax Shelter Shutdown Act of 1998.

Most people think of it simply as an IRS enhancement act. Well, they are

quite mistaken. I mean, should we really give the IRS a blank check to go after lots of people for a lot of things because we think maybe we will disallow noneconomic tax attributes, whatever that means. It is essentially a $10 billion tax increase and we are going to turn the IRS loose.

We spent a lot of time and passed, in a bipartisan fashion—my compliments to Senators ROTH and MOYNIHAN—last year a very significant IRS reform bill that curbed the appetite of the IRS. This legislation would say, forget about those reforms. It would give the IRS more power to go after what they consider noneconomic attributes. It is truly a bad idea.

There are a lot of bad proposals within the Kennedy language. There are tax increases and the tax increases won't work. The tax increases will extend taxes that shouldn't be extended until the programs are reauthorized.

It is a heavy hit, particularly on small business, too quick, too much, too early. A 20-percent increase in the next 13 and a half months, in my opinion, is too much. It would have economic ramifications that would cause many people to lose their jobs. How many? Hundreds of thousands. According to CBO, it says job loss would be between 100,000 and 500,000.

I ask unanimous consent that this conclusion of the CBO be printed in the RECORD.

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

CONGRESSIONAL BUDGET OFFICE PRIVATE-SECTOR MANDATE STATEMENT

S. 1805—Fair Minimum Wage Act of 1998

Summary: S. 1805 would amend the Fair Labor Standards Act of 1938 (FLSA) to increase the minimum wage rate under the Act from $5.15 per hour to $5.65 per hour on January 1, 1999, and to $6.15 per hour on January 1, 2000.

Private-sector mandates contained in bill: S. 1805 contains a mandate on private-sector employers covered by the FLSA. It would require those employers to pay a higher minimum wage rate than they are required to pay under current law.

Estimated direct cost to the private sector: CBO's estimate of the direct cost of the private-sector mandate in S. 1805 is displayed in the following table.

DIRECT COST OF PRIVATE-SECTOR MANDATE

[In billions of dollars]

Provision	Fiscal years—				
	1999	2000	2001	2002	2003
Increase the minimum wage rate	2.7	7.4	7.9	7.0	6.2

Basis of the estimate: S. 1805 specifies that the minimum wage is to increase from $5.15 to $5.65 per hour on January 1, 1999, and to $6.15 on January 1, 2000. Other sections of the FLSA providing different rules for certain workers and employers, including the provision permitting employers to pay teenagers $4.25 per hour during the first 90 consecutive days of employment, would not change.

To estimate the direct cost to private employers, information was used on the number of workers whose wages would be affected in January 1999 and subsequent months, the wage rates these workers would receive in the absence of the enactment of the proposal, and the number of hours for which they would be compensated.

The estimate was made in two steps. CBO used data from the Current Population Survey (CPS) to estimate how much it would have cost employers to comply with the mandate had they been required to do so in early 1998. Second, these estimates were then used to project the costs to employers beginning in January 1999, taking into account the expected decline in the number of workers in the relevant wage range. The remainder of this section discusses the way this estimate was constructed and limitations of the data and methods.

The methods used for this estimate are similar to those used for CBO's estimates of proposals made in 1996, the most recent year in which bills to increase the federal minimum wage rate were considered on the floor of the Senate and the House. Unlike in 1996, CBO only has information about the number of workers in the relevant wage range for a very short time period since the current minimum wage rate became effective. In preparing the estimates in 1996, CBO was able to use data from several years when the minimum wage was at the then-existing rate of $4.25 per hour. The current rate of $5.15 per hour was implemented in September 1997. As more information becomes available, this estimate might need to be revised.

Estimates from the current population survey

Data on hourly wage rates contained in the January 1998 CPS provide CBO's estimate of the number of private-sector workers in that month who were paid in the relevant wage. At that time, about 2.2 million workers in the private sector were paid exactly $5.15 per hour and an additional 9.5 million workers were paid between $5.16 and $6.14 per hour. (About 1.5 million additional workers reported being paid $5.00 per hour; as discussed below, it is assumed that these workers were also covered by the $5.15 minimum wage and were misreporting their wage rates.) Roughly one-quarter of the workers in the relevant wage range were teenagers. Based on information from the Bureau of Labor Statistics, it is assumed that about 30 percent of those teenagers were in their first 90 days of employment with their current employer and therefore not covered by the increase in the minimum wage.[1]

CBO estimates that if the workers in the private sector who had been paid between $5.00 and $5.64 per hour in January 1998 had been paid $5.65 instead (with no change in the number of hours worked), their employers would have paid them approximately $300 million in additional wages in that month. If the workers who had been paid between $5.00 and $6.14 had been paid $6.15, their employers would have incurred an additional wage bill of about $900 million in that month. Moreover, employers would have had to pay the employers' share of the payroll taxes on those additional wages; these taxes are included in CBO's estimate of the total direct cost of the mandate.

Applying the estimates from the CPS to the projection period

The monthly cost to employers of the proposed increases in the minimum wage would be smaller in the future because the number of workers in the affected range will decline. For example, during the eight-year period starting in 1981 when the minimum wage remained at $3.35 per hour, the number of workers paid exactly that rate declined from 4.2 million to 1.8 million, as market forces and increases in state minimum wage rates raised the level of wages paid. In 1996, CBO used data from the March 1992 and March 1995 CPS to estimate that the cost of complying with a minimum wage of $5.15 per hour would have fallen by almost 40 percent over this three-year period, or about one percent per month.

CBO assumes that the direct mandate cost would continue to decrease at this rate throughout the projection period. Thus, the monthly cost of raising the minimum wage to $5.65 in January 1999 would be roughly 87 percent of the cost estimated using the January 1998 data. The estimated cost of raising the minimum wage to $6.15 in January 2000 would be about 79 percent of the cost of doing so in January 1998.

Estimates for each fiscal year were then made by aggregating the monthly costs. The estimate for fiscal year 1999 is the smallest because that period only includes an increased minimum wage for nine months. The estimate for 2000 includes the cost of a $5.65 minimum wage for three months and a $6.15 minimum wage for nine months. The estimate of the direct cost to the private sector is highest for 2001, when all twelve months would be at $6.15 per hour.

Limitations

Estimates of the direct cost of this mandate are uncertain for at least two reasons. First, the main source of data—the January 1998 CPS—is subject to sampling error and other problems when used for this purpose. For example, CBO assumed that the workers who reported being paid $5.00 per hour after the minimum wage had risen to $5.15 were actually earning $5.15 because there is no evidence that compliance with the Fair Labor Standards Act fell.[2] The wage rates of other low-wage workers—some of the workers who reported being paid below $5.00 per hour and some of the workers not paid on an hourly basis—would also be affected by an increase in the statutory minimum.[3] Second, there is no solid basis for projecting the future number of workers who would have wage rates in the relevant range, their precise wage rates, nor the number of hours they would work under current law. The annual decline estimated from the 1992–1995 period could turn out to be too rapid or too slow.

Indirect effects of an increase in the minimum wage: An increase in the minimum wage rate from $5.15 to $6.15 would require employers to raise the wages paid to the lowest-paid workers covered by the FLSA by 19 percent, and would require employers to raise the wages of workers in the range between the old and the new statutory rates by smaller amounts. As under current law, employers could still pay teenage workers $4.25 per hour during their first 90 calendar days.

Economists have devoted considerable energy to the task of estimating how employers would respond to such a mandate. Although most economists would agree that an increase in the minimum wage rate would cause firms to employ fewer low-wage workers (or employ them for fewer hours), there is considerable disagreement about the magnitude of the reduction. It has proven difficult to isolate the effects of past changes in the minimum wage. Moreover, the estimates from such analysts are hard to apply to future changes.

Based on CBO's review of a number of these studies, a plausible range of estimates for illustrating the potential losses is that a 10 percent increase in the minimum wage would resulting a 0.5 percent to 2 percent reduction in the employment level of teenagers and a smaller percentage reduction for young adults (ages 20 to 24).[4] These estimates would produce employment losses for an increase in the minimum wage of the extent provided in this bill of roughly 100,000 to

[1] Footnotes at end of statement.

500,000 jobs. The individuals whose employment opportunities would be reduced are likely to include the lest-skilled job-seekers who might benefit most from the work experience.

This range of employment impacts is the same as CBO estimated two years ago when Congress was considering a 21 percent ($0.90 per hour) increase in the minimum wage.[5] At that time, the low end of the range seemed more realistic because the number of workers in the relevant wage range and the size of the minimum wage relative to the average wage were relatively low. This time, however, those special considerations do not apply because less time has elapsed since the most recent increase in the minimum wage. About 50 percent more workers are in the affected wage range now than were in the relevant wage range when the 1996 legislation was being considered. Likewise, the minimum wage is currently about 41 percent of the average hourly earnings of production or nonsupervisory workers in the private sector, compared with about 36 percent just before the 1996 legislation was enacted.

But two additional differences from the situation that existed in 1996 could reduce employment impacts. First, the labor market is exceptionally tight, with the total unemployment rate at 4.6 percent and the teenage unemployment rate at 14.7 percent (February 1998). In 1996, the total unemployment rate was nearly one point higher and the teenage unemployment rate was two points higher. Second, the most recent increase in the minimum wage amended the FLSA to permit employers to pay teenagers $4.25 per hour for the first 90 days, and the current bill would not change this provision. The literature on which the estimates reported above are based did not reflect such a differential. Presumably, the differential could result in fewer employment losses for teenagers, more losses for adults, and fewer losses overall. Although recent data indicate that few employers are using the option, its availability could cushion employment losses if labor markets weakened.

In addition to its effect on employment levels, an increase in the minimum wage could have many other economic impacts. For example, one consequence that has received considerable attention is its potential effects on the earnings of low-wage workers. CBO estimates that the direct effect of the proposed increase would be to increase the aggregate earnings of workers who would otherwise have received between $5.15 and $6.14 per hour by over $7 billion in 2001. An indirect effect of the increase in the minimum wage might be that employers would also voluntarily raise the wage rates of workers who were already being paid just above the new rate in order to maintain differentials (the ''spillover effect'').

Previous CBO estimate: On March 3, 1998, CBO issued an estimate of S. 1573, which would increase the minimum wage rate in three annual steps to $6.65 per hour and then would adjust the minimum wage thereafter to reflect changes in the Consumer Price Index. The current estimate of the direct cost to the private sector is based on the same methodology.

Estimate prepared by: Ralph Smith.

Estimate approved by: Joseph Antos, Assistant Director for Health and Human Resources.

FOOTNOTES

[1] This estimate is derived from information on job tenure, by age, provided by the Bureau of Labor Statistics, based on supplemental questions included in the February 1996 Current Population Survey.

[2] Staff within the Department of Labor's Employment Standards Administration, the agency responsible for enforcing the FLSA, report no increase in the number of complaints filed since the minimum wage increased to $5.15.

[3] In January 1998, there were almost 2 million workers who reported being paid an hourly wage rate of less than $5.00. Some workers, such as employees in retail firms whose gross volume of sales is less than $500,000 are not covered by the minimum wage, while others, such as certain tipped workers, are covered but can be paid a lower wage rate.

[4] See, for example, Alison J. Wellington, ''Effects of the Minimum Wage on the Employment Status of Youths; An Update,'' Journal of Human Resources, Vol. XXVI, No. 1 (Winter 1991), pp. 27–46, Charles Brown, ''Minimum Wage Laws; Are They Overrated?'' Journal of Economic Perspectives, Vol. 2, No. 3 (Summer 1988), pp. 133–145, David Card and Alan B. Krueger, Myth and Measurement; the New Economics of the Minimum Wage (Princeton University Press, 1995), and Marvin H. Kosters, editor, The Effects of the Minimum Wage on Employment (AEI Press, 1996).

[5] On March 25, 1996, CBO provided an estimate of the cost to the private sector of S. 413, which would have increased the minimum wage rate in two annual steps, from $4.25 per hour to $5.15 per hour. That bill did not include the youth differential and other special provisions that were contained in the legislation enacted later that year.

Mr. NICKLES. I say that 100,000 to 500,000 lost jobs is too heavy a penalty. For that one person who might lose his or her job, it is a very heavy penalty. According to the Federal Reserve Bank of San Francisco, there would be from 145,000 to 436,000 lost jobs. These are independent studies, not branches of a Don Nickles study group that says this is a bad idea. The CBO and Federal Reserve state that this will cost hundreds of thousands of jobs.

If there is no job loss or negative economic consequence, why stop at $6.15 an hour? Why don't we make it $20 an hour? I want everybody in America to make $20 an hour. I do. If they work 2,000 hours a year, that is an average of 40 hours a week for 50 weeks. If everybody made $20 an hour, hey, that would be great. That would be $40,000. I would love for everybody in America to make $40,000. But guess what. Some jobs might not pay that.

Does it make good economic sense to pass a law to say it is against the law for somebody to work for $40,000? I don't think so. Whether it would mean the loss of 100,000 jobs or 500,000 jobs, I don't know. But, I don't want to put even 100,000 people out of work. I don't want to discourage any young person or any person at all from trying to climb the economic ladder. We pulled it up. Sorry. We would rather have you unemployed than have you climbing the economic ladder.

I think that is a huge mistake. I think this proposal is too big of a hit, too quickly. I think the tax increase in the Democrat proposal is completely unworkable and it is certainly unfair.

The other side might claim that they paid for their tax cuts, and that Senator DOMENICI will have a proposal to benefit small business, and he didn't pay for his because it comes out of the surplus.

I disagree, especially when we are looking at having significant surpluses in the next 10 years. Basically what our Democrat colleagues are saying is: We want no tax cut whatsoever.

Less than 2 months ago, they voted for a $300 billion tax cut that was not paid for. Now they are saying we have to pay for this; even if it is only $18 billion over 5 years, we have to pay for every dime of it so we have more money to spend.

I urge my colleagues to vote ''no'' on the Kennedy proposal.

I understand Senator KENNEDY and his side have used their hour. If there is no objection, I will yield back the remainder of the time in opposition to the Kennedy amendment.

The PRESIDING OFFICER. All time has been yielded back on the Kennedy amendment.

The Senator from New Mexico is recognized.

Mr. DOMENICI. Madam President, I have no objection to yielding to the Senator from California to speak in favor of the Kennedy amendment if she would tell me how long she wishes to speak.

Mrs. FEINSTEIN. Probably 10 to 15 minutes. I can certainly wait.

Mr. DOMENICI. They would be using that off the opposition time to the Domenici amendment.

The PRESIDING OFFICER. The second amendment would have to be called up.

AMENDMENT NO. 2547

(Purpose: To increase the Federal minimum wage and protect small business)

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

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from New Mexico [Mr. DOMENICI], for himself, Mr. ABRAHAM, and Mr. SANTORUM, proposes an amendment numbered 2547.

Mr. DOMENICI. Madam 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 today's RECORD under ''Amendments Submitted.'')

Mr. DOMENICI. Madam President, I yield the floor at this time.

The PRESIDING OFFICER. The Senator from California is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mrs. FEINSTEIN. Madam President, I ask unanimous consent to temporarily lay aside the pending amendment so I might send to the desk two amendments and then lay them aside.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from California?

Mr. NICKLES. I didn't hear the request. Will the Senator repeat it.

Mrs. FEINSTEIN. Certainly. It is a unanimous-consent request so I might call up and then lay aside two amendments.

Mr. DOMENICI. What are they related to?

Mrs. FEINSTEIN. To the bankruptcy bill.

Mr. DOMENICI. Madam President, is that inconsistent with any order we have entered at this point?

The PRESIDING OFFICER. It is not inconsistent with any order that has been entered into.

Mr. NICKLES. Reserving the right to object——

Mrs. FEINSTEIN. I am going to call them up and lay them aside.

Mr. NICKLES. Madam President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. NICKLES. Under the unanimous-consent request we have entered into, there were three nongermane amendments basically offered by Democrats and Republicans; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. NICKLES. We also stated under the unanimous-consent agreement that all other amendments had to be relevant to the bankruptcy bill; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. NICKLES. Might I ask my colleague, are the two amendments she is trying to offer right now germane to the bankruptcy bill?

Mrs. FEINSTEIN. Yes, they are.

Mr. NICKLES. Might I inquire what they deal with?

Mrs. FEINSTEIN. One is amendment No. 1697, to place a $1,500 limit on credit to minors, unless they have independent proof of income or the card is cosigned signed by a parent or legal guardian. The second is amendment No. 2755, directing the Federal Reserve Board to conduct a study of credit industry lending practices.

Mr. NICKLES. Madam President, I have no objection.

AMENDMENTS NOS. 1696 AND 2755, EN BLOC

Mrs. FEINSTEIN. Madam President, I send two amendments to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from California [Mrs. FEINSTEIN] proposes amendments numbered 1696 and 2755, en bloc.

Mrs. FEINSTEIN. Madam President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 1696

(Purpose: To limit the amount of credit extended under an open end consumer credit plan to persons under the age of 21, and for other purposes)

At the appropriate place, insert the following:

SEC. ___. ISSUANCE OF CREDIT CARDS TO UNDERAGE CONSUMERS.

(a) APPLICATIONS BY UNDERAGE CONSUMERS.—Section 127(c) of the Truth in Lending Act (15 U.S.C. 1637(c)) is amended—

(1) by redesignating paragraph (5) as paragraph (7); and

(2) by inserting after paragraph (4) the following:

''(5) APPLICATIONS FROM UNDERAGE OBLIGORS.—

''(A) PROHIBITION ON ISSUANCE.—Except in response to a written request or application to the card issuer that meets the requirements of subparagraph (B), a card issuer may not—

''(i) issue a credit card account under an open end consumer credit plan to, or establish such an account on behalf of, an obligor who has not attained the age of 21; or

''(ii) increase the amount of credit authorized to be extended under such an account to an obligor described in clause (i).

''(B) APPLICATION REQUIREMENTS.—A written request or application to open a credit card account under an open end consumer credit plan, or to increase the amount of credit authorized to be extended under such an account, submitted by an obligor who has not attained the age of 21 as of the date of such submission, shall require—

''(i) submission by the obligor of information regarding any other credit card account under an open end consumer credit plan issued to, or established on behalf of, the obligor (other than an account established in response to a written request or application that meets the requirements of clause (ii) or (iii)), indicating that the proposed extension of credit under the account for which the written request or application is submitted would not thereby increase the total amount of credit extended to the obligor under any such account to an amount in excess of $1,500 (which amount shall be adjusted annually by the Board to account for any increase in the Consumer Price Index);

''(ii) the signature of a parent or guardian of that obligor indicating joint liability for debts incurred in connection with the account before the obligor attains the age of 21; or

''(iii) submission by the obligor of financial information indicating an independent means of repaying any obligation arising from the proposed extension of credit in connection with the account.

''(C) NOTIFICATION.—A card issuer of a credit card account under an open end consumer credit plan shall notify any obligor who has not attained the age of 21 that the obligor is not eligible for an extension of credit in connection with the account unless the requirements of this paragraph are met.

''(D) LIMIT ON ENFORCEMENT.—A card issuer may not collect or otherwise enforce a debt arising from a credit card account under an open end consumer credit plan if the obligor had not attained the age of 21 at the time the debt was incurred, unless the requirements of this paragraph have been met with respect to that obligor.

''(6) PARENTAL APPROVAL REQUIRED TO INCREASE CREDIT LINES FOR ACCOUNTS FOR WHICH PARENT IS JOINTLY LIABLE.—In addition to the requirements of paragraph (5), no increase may be made in the amount of credit authorized to be extended under a credit card account under an open end credit plan for which a parent or guardian of the obligor has joint liability for debts incurred in connection with the account before the obligor attains the age of 21, unless the parent or guardian of the obligor approves, in writing, and assumes joint liability for, such increase.''.

(b) REGULATORY AUTHORITY.—The Board of Governors of the Federal Reserve System may issue such rules or publish such model forms as it considers necessary to carry out paragraphs (5) and (6) of section 127(c) of the Truth in Lending Act, as amended by this section.

(c) EFFECTIVE DATE.—Paragraphs (5) and (6) of section 127(c) of the Truth in Lending Act, as amended by this section, shall apply to the issuance of credit card accounts under open end consumer credit plans, and the increase of the amount of credit authorized to be extended thereunder, as described in those paragraphs, on and after the date of enactment of this Act.

AMENDMENT NO. 2755

(Purpose: To discourage indiscriminate extensions of credit and resulting consumer insolvency, and for other purposes)

At the appropriate place, insert the following:

SEC. ___. ENCOURAGING CREDITWORTHINESS.

(a) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) certain lenders may sometimes offer credit to consumers indiscriminately, without taking steps to ensure that consumers are capable of repaying the resulting debt, and in a manner which may encourage certain consumers to accumulate additional debt; and

(2) resulting consumer debt may increasingly be a major contributing factor to consumer insolvency.

(b) STUDY REQUIRED.—The Board of Governors of the Federal Reserve System (hereafter in this section referred to as the ''Board'') shall conduct a study of—

(1) consumer credit industry practices of soliciting and extending credit—

(A) indiscriminately;

(B) without taking steps to ensure that consumers are capable of repaying the resulting debt; and

(C) in a manner that encourages consumers to accumulate additional debt; and

(2) the effects of such practices on consumer debt and insolvency.

(c) REPORT AND REGULATIONS.—Not later than 12 months after the date of enactment of this Act, the Board—

(1) shall make public a report on its findings with respect to the indiscriminate solicitation and extension of credit by the credit industry;

(2) may issue regulations that would require additional disclosures to consumers; and

(3) may take any other actions, consistent with its existing statutory authority, that the Board finds necessary to ensure responsible industrywide practices and to prevent resulting consumer debt and insolvency.

Mrs. FEINSTEIN. I ask unanimous consent that the amendments be set aside.

The PRESIDING OFFICER. The amendments will be set aside.

AMENDMENT NO. 2751

Mrs. FEINSTEIN. Madam President, today I rise in support of the amendment offered by the minority leader to raise the minimum wage from $5.15 to $6.15 in two steps by September 1 of the year 2000. Before addressing my remarks directly, I want to make two comments. The first is really to thank the senior Senator from Massachusetts for his prodigious, sustained, and enthusiastic work on a minimum wage increase. I very much doubt that this would be on the calendar were it not for his constant perseverance.

The second is to say that I do not believe there is any piece of legislation that has been passed by this Congress or this Senate this year that can have the possible positive impact on Americans an increase in the minimum wage will at this particular point in time. I want to make that argument.

This amendment is about families making ends meet. It is about people being able to pay for rent and put food on the table. The bottom line is that the current minimum wage is simply not enough to live on. An estimated

11.4 million workers will benefit from the passage of this amendment; 1.5 million of them are in California alone. For a full-time worker, a $1 an hour increase in the minimum wage means a $2,000 a year raise. That is an extra $2,000 to pay the rent, to buy groceries, to send their children to school. For these workers, an increase in the minimum wage will make a huge difference.

Although the number of people living in poverty in the United States since 1992 has declined—and it has—by about 9 percent, from 38 million people to 34.5 million people, in California the number of people living in poverty has actually remained relatively unchanged, 5.19 million people to 5.12 million people living in poverty.

As recently as 1997, California has actually seen a 5 percent increase in the number of people living in poverty. Despite the incredible economic growth the United States has experienced throughout the mid and late 1990s, in California more than 15 percent of the population of the seventh largest economic engine on Earth lives in poverty. That is incredible. This troubling statistic clearly shows that not all segments of the workforce are benefiting from the economic expansion.

On September 4, the Center on Budget and Policy Priority released what I am sure my colleagues know, and hopefully will agree, is a very disturbing report on the widening gap between the rich and the poor over the last 20 years. California is an example of that gap.

Based on data collected by the Congressional Budget Office, the study found that the average after-tax income of the top 20 percent of households increased from about $74,000 in 1977 to more than $102,000 in 1999. The average after-tax income of the top 1 percent of the economic earners in this country will almost double, going from $234,000 to $515,000 in 1999. This indicates that those in the top income levels are doing very well all across this great Nation.

The bad news is that the income of the bottom fifth of households is actually falling. It has fallen from $9,900 to $8,700 over the same period.

So while the top income earners are prospering, those at the lower end of the income scale are doing worse than a generation ago.

When you have a high-cost State, this chasm is actually exaggerated. So what you have is a growing split between the very wealthy and the very poor in this country.

In 1977, the top 1 percent of the U.S. households received 7.3 percent of the Nation's after-tax income, and 22 years later that has gone up; they received 12.9 percent. That is a 4.4 percent increase for upper income Americans. In fact, the top 1 percent will receive as much after-tax income as the bottom 38 percent. This means the 2.7 million wealthiest Americans will be earning the same amount as the poorest 100 million Americans.

That is the case with 15 percent of the people in California.

Over the past several years, we have seen an explosion in the creation of wealth that is unprecedented in U.S. history. The strong economy has brought prosperity to large numbers of people. But that is not the whole story. More individuals and families are earning less and having a difficult time making ends meet.

It is time, I think, that we recognize this and do something about it. Passing the Daschle amendment is the first step we can take—50-cent minimum wage increase the first year and 50-cent minimum wage the second year.

Perhaps the greatest testament to the inadequacy of the minimum wage is that many communities are now recognizing how inadequate it is. And they are moving on their own to create a new concept that is called a ''living wage.'' These jurisdictions are insisting that those who do business with the local government pay their employees a living wage salary.

San Jose, CA, has adopted a living wage of $10.75.

In San Antonio, TX, it is $10.13 an hour.

In Boston, it is $8.23 an hour.

In my hometown of San Francisco, there is consideration ongoing for a living wage of $11.

More than 35 other localities and municipalities have adopted living wages. Clearly, it is a reaction to the inadequacy of the Federal minimum wage, which is generally too little too late to sustain people. So it is time for the Federal Government to follow the lead of our cities and take the simple step that is so important to millions of working families.

Many families in this country are just one paycheck away from disaster, whether it is an illness, the need to move, or a car that breaks down. People live paycheck to paycheck, and they live with the fear that they might not be able to make it this month or next month.

I think those figures and those statements are responsible for some of the things the Senator from Massachusetts pointed out on the floor a little bit earlier: The fear that families have, the stress that women work under, and the additional hours for women in the workplace more than men, the fact that so many children wish their family could have less stress, and could spend more time with them is all a part of this picture.

People can work 40 hours a week. In the most industrialized country on Earth, those people still can't support their family, still can't repair a broken car, still can't pay their rent, and still live from paycheck to paycheck.

In fact, a minimum-wage worker who works 40 hours a week 50 weeks a year earns only $10,300 a year. The poverty line for a family of three is $13,880, and, for a family of four, it is $16,700.

So you have a worker who is working at a minimum-wage job and has a family, that worker is substantially below the poverty level and the family is below the poverty level. What happens? People are forced to hold two jobs. Families are forced to have both parents working. Children are often left alone because child care, of course, is too costly or nonexistent.

Let me give you one case, a resident of San Francisco. Her name is Bernardine Emperado. She works more than 60 hours a week at a rental car job, and she supplements this salary by selling hot dogs at 49ers games on Sunday.

Nobody can tell me rental car agencies shouldn't pay a minimum wage of $6-plus. Nobody can ever convince me of that. Despite two incomes, she can't afford her own apartment. She lives with her mother and college-age daughter. Something is seriously wrong with our wage scale if someone working 60 hours a week is unable to afford life's basic necessities.

The traditional argument against raising the minimum wage is that when you increase wages, it costs jobs. And we just heard the majority whip make that point eloquently. The facts don't bear that out. Since the minimum wage was increased in October of 1996, we have gained 8.7 million new jobs in this country, most of them in the form of small businesses and new businesses. As a matter of fact, that has been the explosion—new businesses, small businesses, just the businesses that pay many of their people a minimum-wage salary.

In a strong economy, raising the minimum wage will not cost jobs. And it is time to do it. As a matter of fact, there is no better time to do it than when the economy is flush. And the economy has not been this flush in a long time.

I say to you that if we fail to raise the minimum wage, and to raise it on a regular basis, we will see virtually every city in this Nation, in addition to the 35 that are now doing it, enact their own living wage. This will vary. I think we will increasingly find this minimum wage is going to be $10 or more if it is left to the city.

I think it is prudent to raise the minimum wage. I think this is the time to do it. I think it is unfair to ask someone to live on $10,000. I think for the millions of workers who, as a product of this action, will have $2,000 more in their pocket to pay for rent, to pay for clothes, to fix a car, to make a move, this is the single most important piece of social economic legislation this body can pass.

I yield the floor.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 10 minutes.

I am very pleased to introduce a minimum wage amendment on behalf of myself and many other Senators. With reference to the minimum wage, this coming January under the amendment Senator KENNEDY introduced, minimum wage goes up 50 cents; 12 months

later it goes up 50 cents again. Under the proposal which I offer today, it will go up 35 cents, 35 cents, and 30 cents each March 1. It is also a $1 increase in minimum wage. It takes 12 months longer, so this will be completed in 2002. At that point, it will be $6.15.

I think Senator NICKLES made a point. If the economy, or if training people for jobs, or if employers being able to pay for the services employees render, if none of that was relevant, then everyone would like a minimum wage bill that might be higher than either of these two. That is what we would wish for everyone.

Up front, I remind everyone the best economic advice we have is 50 percent of the minimum-wage jobs affected have to do with teenagers. Half of the minimum-wage jobs we are talking about are the young men and women who are working while they are attending school—afterschool and in the summer months—at either the McDonald's drive-ins or various places across America.

It seems to this Senator, a minimum wage that applies to 50 percent of the minimum-wage earners in America, who are students, and that goes up 35 cents, 35 cents, and 30 cents, respectively, over the next 26 months, since it far exceeds inflation, it is good for the teenagers of America, good for those who hire them, and an excellent way to make sure that portion of the American population in their first entry jobs in our marketplace-oriented economy get a chance to earn that money, to learn what it is to work, and at the same time make that large group of young American men and women a part of the marketplace.

If we make it too high, businesses won't be hiring them and they will be looking to others to fill the jobs. We still need in America a place for people to start.

If we had a minimum wage bill and that is all we did, knowing what we know about welfare reform, we would not have a very good bill. The work opportunity credit, where employers give welfare men and women a job, is now a temporary work incentive credit; we make that permanent. That means as we have reduced the assistance for welfare in the United States by 48 percent, down to 2.7 million people, we want the employees of America to make a living wage. We want them to have a chance, but we also want to encourage them to be hired, even if there is some additional training and some skills that have to be added along the way.

We are increasing opportunities for the young people, and we are increasing many of the welfare-related jobs with this additional minimum wage we are adding. Many in this body worked hard on the work opportunity credit. I can recall back in the 1970s when I first came here, we started that as a work incentive program for the disadvantaged, disabled, and others by giving a tax credit. It was highly abused later. People wanted to get rid of it, but the idea remained to give American small business an opportunity to hire people who may need a little extra help, a little more guidance, a little more skill and training. We give them credit for that. We have done that.

We have two provisions in this amendment directed at health care. One of them is a very dramatic change from the way we have treated health care in the past. It is not going to cost very much because we are not so sure how many people will understand it. We are going to say to American men and women if they are not getting health insurance on their job, we give them an opportunity to buy their own health insurance and they can deduct every single penny of their health insurance from their pay before paying income tax.

Heretofore, we were letting them pool those expenses along with other health care costs and if that exceeded 7.5 percent of the income, they could deduct it. There are many people who work for small businesses and others would don't furnish insurance, and perhaps they could buy their own insurance. But right now, they don't get to deduct the premiums. We add that to the basket of opportunities for health insurance.

Then, there are the independent employees who work essentially for themselves. Under this bill, we finally make the health care costs 100 percent deductible. I think health insurance deduction is very important for the self-employed.

We increase the small business expensing, which means there are certain items they can deduct, up to $30,000 under this new law in the year of the expanse rather than having to charge it off over time, which is desired by small business that will bear the brunt of this added minimum wage.

We reduce the unemployment surtax, and we make permanent the work opportunity tax credit. A number of pension plans are reformed in this legislation so that more of the small businesses in this country will be able to take maximum advantage of their employees creating pension plans under the auspices of their employer as we currently have them in numerable places in the Tax Code.

We can talk about how this affects our individual States. I will have for the record how the Domenici plan will affect New Mexicans on the tax side once we have it figured out, as well as on the minimum wage side.

In summary, we will increase the minimum wage in the Domenici amendment—which the occupant of the Chair is a cosponsor, and I thank him for that—increase it $1, but it will take 12 additional months before we get to that. It will be 35 cents, 35 cents, and 30 cents. Senator KENNEDY does it in two installments. Senators have to decide which best fits the needs of our country.

If we were wishing and hoping, we would pay everybody a lot more. I repeat, half of the minimum wage earners in America are young people who are in part-time jobs, such as after-school and summer jobs. We believe the 3-year installment increase, which far exceeds inflation annually as it applies to the current minimum wage, is probably good for the teenagers of our country, good to keep them employed, get them that entrance job and not have so many owners looking around for other employees who have more experience, which they will if we make the minimum wage too high.

In addition, many of those getting off welfare—and we know there are thousands—they need some training and some extra skills preparation and the like. We are hoping they will get jobs. We are increasing their take-home pay so they can, indeed, have a better chance of succeeding off the rolls and move up the employment chain and get better and better jobs. The other things I mentioned in the health care field will be welcomed by millions of Americans, and in particular millions, millions of self-employed business men and women across America.

With that, I know there are others who would like to speak, if not tonight, we obviously will share time with them tomorrow.

I yield the floor.

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

Mr. BAUCUS. Mr. President, will somebody yield time to me?

Mr. KENNEDY. Yes. I yield 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

AMENDMENT NO. 2751

Mr. BAUCUS. Mr. President, I was very impressed with the statement of the Senator from Massachusetts earlier when he showed us the charts of how minimum wage has not kept up with inflation. As I recall the chart of the Senator, it was very dramatic, showing with the minimum wage increase of $1 over 2 years, still we would not keep up with inflation in real terms.

He had a second chart. If you chart the poverty line, you will see the minimum wage has constantly been below the poverty line. So for all those who are worried about statistics and figures, rest assured this increase in the minimum wage proposed by the Senator from Massachusetts is not above inflation. It may be true in 1 year's time it is above what inflation might be in that single year, but on the question whether minimum wage has kept up with inflation or not, historically it has not kept up with inflation.

Second, I want to relate a personal story which made a huge difference to me.

Mr. KENNEDY. Will the Senator be good enough to yield on that point?

Mr. BAUCUS. Yes.

Mr. KENNEDY. The Senator talked about the poverty line and the minimum wage. There is a third element, and that is productivity. As we pointed

out in the earlier presentation, the productivity in the last 10 years has increased by 12 percent, and the total wages of all workers, 1.9 percent.

The Senator, as a member of the Finance Committee, knows one of the key elements in an economic analysis is the issue of productivity. Here we have fallen so far behind, not only in the poverty rate but also in productivity growth.

Mr. BAUCUS. That is an excellent point. I regret telling the Senator from Massachusetts I was not able to see that chart, but I am glad the Senator has explained this point. It is absolutely true. If you increase productivity, and everybody knows productivity means the amount of output per worker hour—if productivity has increased dramatically, that is all the more reason why it is unfair the minimum wage has not kept up with inflation. The amendment offered by the Senator from Massachusetts will help accommodate that.

The point I was going to make is when I last ran for reelection, I walked across our State. I will never forget talking to a woman, a single mom, who told me how hard she worked to try to stay off welfare. She had a minimum-wage job in my home State.

She tried for a couple of years to stay off welfare. She was determined to stay off welfare. It was a matter of principle, a matter of pride. She slept on the sofa in her parents' home, she did all the things she could do to cut corners so she could raise her young child and stay off welfare. But she finally realized with her minimum-wage job and the day-care costs—I have forgotten the exact percent, but it was 30 or 40 percent of her take-home pay went to childcare—she could not do it. She had to finally give up and go onto welfare because her minimum-wage job did not earn her enough money for her and her child to survive.

We can help get people off the welfare rolls by increasing minimum wage. It is not the total solution. There are lots of parts to that problem, lots of parts to the solution. But certainly, raising the minimum wage makes a huge difference.

I might also add, in my home State of Montana there is a very unfortunate economic trend. In 1946, Montana ranked 10th in per capita income. In roughly 1992 or 1993, Montana ranked not 10th anymore but about 35th or 36th. Where does Montana rank today in per capita income? It depends on how you calculate it, but 48th, 49th, or 50th.

The State used to be a natural resources, commodity-based State with mining business and timber industries that had good-paying jobs; in agriculture income was up too. Today, those mining jobs, those timber industry jobs, those commodity-based resource jobs are disappearing because of the greater importance of value added. We are now becoming a tourism State, a recreation State, a service industry State. And service industries pay very low wages compared with commodity-based industries.

I am sure this is true in lots of other States in the Nation. An increase in the minimum wage is going to help increase the pay for service jobs, which is going to help a lot. I might also add keeping workers' pay up only makes sense; it is only fair because of all the profits so many companies have received, particularly over the past couple or 3 years, the best evidence of which is the skyrocketing increases of the stock indexes on the various stock exchanges.

It was said earlier this is just a minimum wage for younger people. Mr. President, I am sure you have experienced this. When you stop in McDonald's, you go to a store, say a Penny's or some store downtown, you are going to find a lot of medium-age people and older people working there. I am astounded at the number of older women who work at McDonald's. I am astounded. This is not only a younger person's issue. In fact, if statistics were shown, my guess is it would be more of a women's issue and a medium-age issue—people having a hard time making ends meet, not school kids working for pocket change.

Not only should there be an increase in the minimum wage—and I think the amendment offered by the Senator from Massachusetts is more than fair—the amendment offered by the Senator from Massachusetts is paid for. I ask consent to speak for 5 more minutes

Mr. KENNEDY. I yield 5 more minutes.

Mr. BAUCUS. The amendment by the Senator from Massachusetts is paid for. What do I mean by that? By that I mean that the cost to the private sector of this increase, by CBO estimates, might be roughly $30 billion over 10 years. The amendment by the Senator from Massachusetts has several key tax cut provisions that would help offset whatever cost businesses might experience in paying the increased minimum wage. I would like to highlight just a couple.

One of the main provisions is a small business pension startup tax credit. We want to help small business. We want to help small business provide pensions for their employees. We all know one of the big problems today is that while big businesses usually provide good pensions for their employees, small businesses do not, because of their narrower profit margins. It is very difficult to begin a small business. Start-up costs in particular make the early years very difficult, because you have to pay that payroll tax on the first day of business whether or not you make a profit, and when you start out in small business you are not going to make a profit that first day. You don't have to pay income taxes, but you have to pay that payroll tax. Small businesses therefore have a very hard time doing what a lot of those small businesses want to do: Set up a pension fund for their employees.

If we are going to solve the retirement problem of this country, we certainly have to reform Social Security, and we certainly have to increase private savings. But we all know that a third leg of the retirement stool is pension benefits. We clearly need more incentives so small business can provide pension benefits to their employees. They will be better employees. They will be more likely to stay there. They are going to be more committed to the business. And they are going to be more committed to helping that company make a buck. Our package has a tax credit for small businesses, about $4 billion, to help make that happen.

What else do we do? We accelerate the 100-percent deduction of health insurance for the self-employed. The Republican bill does that, and so do we. It is very important that self-employed people get the health insurance deduction quickly.

Other major highlights: Our bill has a tax credit for information technology training expenses. We have heard it many times that a lot of small firms cannot find enough good employees. There are not enough around. We provide a tax credit to those companies for technology training expenses. It makes a lot of sense.

We also provide $2 billion over 10 years for a low-income housing tax credit, to help reduce housing costs of the buildings so many workers earning minimum wages live in.

We provide estate tax relief. Strangely, that is not in the bill offered by the other side. We offer estate tax relief targeted to family-owned businesses.

We increase the unified credit by $450,000 phased in to the year 2003.

In addition, we increase the small business meals deduction up to 60 percent in the year 2002. These are all provisions targeted to small business.

Rather than risking dipping into the Social Security Trust Fund, however, we pay for our provisions.

Why do I say all that? Because the alternative offered on the other side is much more expensive. It will lose about $75 billion in revenue and there are no offsets for the lost revenue. Our proposal provides offsets for the $28 billion tax cut. The major offsets are extending the current Superfund tax and, second, closing corporate tax shelters. We close down a lot of loopholes in current law of which many companies are taking advantage.

Let me say a couple of words about the ''pay for.'' Right now, the balance in the Superfund trust fund is declining dramatically. In 1996, the balance in the Superfund trust fund was about $4 billion. The estimate for this next year is about $1 billion.

Why is that important? That is important to continue cleanups under the Superfund Program. If the trust fund is declining rapidly and gets close to zero, we are not going to have the cleanups this country wants. That is, ground water is going to be polluted, drinking water polluted, hazardous waste in the

soil. It is very important we extend the Superfund provisions so the trust fund has the requisite dollars to continue cleanups, irrespective of whether we modify the Superfund law. I hope we do. But the trust fund is going to decline to zero pretty quickly whether or not Congress reauthorizes the trust fund.

Second, if we continue this Superfund tax, the Appropriations Committee is more likely to fund Superfund. Technically, it does not have to though it usually appropriates dollars anyway. If the amount of money in the trust fund continues to be level and does not taper off—and I note that it has been tapering off without the continuation of the tax—it is more likely the Appropriations Committee is going to find the dollars for Superfund cleanups. If we do not reinstate the trust fund, what is going to happen? Instead of the polluter paying for the cleanup, it will be the general revenue taxpayer who will pay to clean up. The polluters will not be paying for it; the general revenue taxpayer will pay for the pollution caused by major companies. It is imperative we extend the Superfund tax.

The second major ''pay for'' provision we have in our bill is targeted toward tax shelters. Every time Congress shuts down some abusive tax shelters, tax attorneys are so smart, they figure out another loophole and a way to beat the system. What we are saying is for $10 billion over 10 years, let's enact a provision which makes transactions such as this much more difficult.

Many organizations testified there is a problem that needs to be addressed in this area. The American Bar Association, the New York State Bar Association, the American Association of CPAs, and many others have testified there has to be a solution to this problem.

Even Congressman ARCHER has admitted we have been very successful in shutting down about $50 billion of specific shelters over the last 5 years, and those are just the tip of the iceberg, according to a lot of practitioners.

So to summarize reasons to support our amendment: No. 1, we increase minimum wage because it makes sense, and lets people keep up with inflation. No. 2, we give tax breaks to small businesses that need it. They are very directed and targeted to the tune of about $28 billion. No. 3, we pay for our tax breaks in a very fair way. Contrast that with the other side, which stretches out the minimum wage increase, which hurts people and, in addition, has a tax bill which is not targeted.

I ask for a few more minutes.

Mr. KENNEDY. I yield 3 more minutes.

Mr. BAUCUS. Mr. President, I have a chart. I noticed the Senator from New Mexico was looking at it with a quizzical expression on his face. The source is the Center on Budget and Policy Priorities. Everybody has a chart these days. Essentially, this chart shows the assumptions. This line shows the on-budget deficit.

The chart assumes we will continue 1999 discretionary spending levels inflated for present CPI and historical levels of emergency spending, which is an average of the last 8 years. It only addresses spending. What this chart does not show is how much the deficit is going to increase if we pass the tax cut bill from the other side, about $75 billion.

This chart shows that, even without the tax cut the other side wants to enact, we are not going to reach a surplus until the year 2005 under current scorekeeping. If you add to that the $75 billion tax cut, it is clearly going to be a lot later before we even get a surplus. Do not forget, you have to add in the last interest and expenses that otherwise would be available.

This is a no-brainer. Let's increase minimum wage fairly. Then let's enact tax provisions, tax cuts targeted to small business. Let's pay for it in a responsible way. Otherwise, we have the other side which is not paid for, a huge tax break which the President is going to veto anyway. So let's pass something the President will sign.

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

AMENDMENT NO. 1730, AS MODIFIED

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the pending Grassley amendment No. 1730 be modified with the text I now send to the desk and that the vote occur on or in relation to the amendment at 5:30 this evening. That is right now.

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

The amendment, as modified, is as follows:

Redesignate titles XI and XII as titles XII and XIII, respectively.

After title X, insert the following:

TITLE XI—HEALTH CARE AND EMPLOYEE BENEFITS

SEC. 1101. DEFINITIONS.

(a) HEALTH CARE BUSINESS DEFINED.—Section 101 of title 11, United States Code, as amended by section 1003(a) of this Act, is amended—

(1) by redesignating paragraph (27A) as paragraph (27B); and

(2) inserting after paragraph (27) the following:

''(27A) 'health care business'—

''(A) means any public or private entity (without regard to whether that entity is organized for profit or not for profit) that is primarily engaged in offering to the general public facilities and services for—

''(i) the diagnosis or treatment of injury, deformity, or disease; and

''(ii) surgical, drug treatment, psychiatric or obstetric care; and

''(B) includes—

''(i) any—

''(I) general or specialized hospital;

''(II) ancillary ambulatory, emergency, or surgical treatment facility;

''(III) hospice;

''(IV) home health agency; and

''(V) other health care institution that is similar to an entity referred to in subclause (I), (II), (III), or (IV); and

''(ii) any long-term care facility, including any—

''(I) skilled nursing facility;

''(II) intermediate care facility;

''(III) assisted living facility;

''(IV) home for the aged;

''(V) domicilary care facility; and

''(VI) health care institution that is related to a facility referred to in subclause (I), (II), (III), (IV), or (V), if that institution is primarily engaged in offering room, board, laundry, or personal assistance with activities of daily living and incidentals to activities of daily living;''.

(b) PATIENT DEFINED.—Section 101 of title 11, United States Code, as amended by subsection (a) of this section, is amended by inserting after paragraph (40) the following:

''(40A) 'patient' means any person who obtains or receives services from a health care business;''.

(c) PATIENT RECORDS DEFINED.—Section 101 of title 11, United States Code, as amended by subsection (b) of this section, is amended by inserting after paragraph (40A) the following:

''(40B) 'patient records' means any written document relating to a patient or record recorded in a magnetic, optical, or other form of electronic medium;''.

(d) RULE OF CONSTRUCTION.—The amendments made by subsection (a) of this section shall not affect the interpretation of section 109(b) of title 11, United States Code.

SEC. 1102. DISPOSAL OF PATIENT RECORDS.

(a) IN GENERAL.—Subchapter III of chapter 3 of title 11, United States Code, is amended by adding at the end the following:

''§ 351. Disposal of patient records

''If a health care business commences a case under chapter 7, 9, or 11, and the trustee does not have a sufficient amount of funds to pay for the storage of patient records in the manner required under applicable Federal or State law, the following requirements shall apply:

''(1) The trustee shall—

''(A) publish notice, in 1 or more appropriate newspapers, that if patient records are not claimed by the patient or an insurance provider (if applicable law permits the insurance provider to make that claim) by the date that is 90 days after the date of that notification, the trustee will destroy the patient records; and

''(B) during the 90-day period described in subparagraph (A), attempt to notify directly each patient that is the subject of the patient records and appropriate insurance carrier concerning the patient records by mailing to the last known address of that patientance appropriate insurance carrier an appropriate notice regarding the claiming or disposing of patient records.

''(2) If after providing the notification under paragraph (1), patient records are not claimed during the 90-day period described under that paragraph, the trustee shall mail, by certified mail, at the end of such 90-day period a written request to each appropriate Federal or State agency to request permission from that agency to deposit the patient records with that agency.

''(3) If, following the period in paragraph (2) and after providing the notification under paragraph (1), patient records are not claimed during the 90-day period described in paragraph (1)(A) or in any case in which a notice is mailed under paragraph (1)(B), during the 90-day period beginning on the date on which the notice is mailed, by a patient or insurance provider in accordance with that paragraph, the trustee shall destroy those records by—

''(A) if the records are written, shredding or burning the records; or

''(B) if the records are magnetic, optical, or other electronic records, by otherwise destroying those records so that those records cannot be retrieved.''.

(b) CLERICAL AMENDMENT.—The chapter analysis for chapter 3 of title 11, United States Code, is amended by inserting after the item relating to section 350 the following:

''351. Disposal of patient records.''.

SEC. 1103. ADMINISTRATIVE EXPENSE CLAIM FOR COSTS OF CLOSING A HEALTH CARE BUSINESS.

Section 503(b) of title 11, United States Code, is amended—

(1) in paragraph (5), by striking ''and'' at the end;

(2) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(7) the actual, necessary costs and expenses of closing a health care business incurred by a trustee or by a Federal agency (as that term is defined in section 551(1) of title 5) or a department or agency of a State or political subdivision thereof, including any cost or expense incurred—

''(A) in disposing of patient records in accordance with section 351; or

''(B) in connection with transferring patients from the health care business that is in the process of being closed to another health care business.''.

SEC. 1104. APPOINTMENT OF OMBUDSMAN TO ACT AS PATIENT ADVOCATE.

(a) IN GENERAL.—

(1) APPOINTMENT OF OMBUDSMAN.—Subchapter II of chapter 3 of title 11, United States Code, is amended by inserting after section 331 the following:

''§ 332. Appointment of ombudsman

''(a) Not later than 30 days after a case is commenced by a health care business under chapter 7, 9, or 11, the court shall appoint an ombudsman with appropriate expertise in monitoring the quality of patient care to represent the interests of the patients of the health care business. The court may appoint as an ombudsman a person who is serving as a State Long-Term Care Ombudsman appointed under title III or VII of the Older Americans Act of 1965 (42 U.S.C. 3021 et seq. and 3058 et seq.).

''(b) An ombudsman appointed under subsection (a) shall—

''(1) monitor the quality of patient care, to the extent necessary under the circumstances, including reviewing records and interviewing patients and physicians;

''(2) not later than 60 days after the date of appointment, and not less frequently than every 60 days thereafter, report to the court, at a hearing or in writing, regarding the quality of patient care at the health care business involved; and

''(3) if the ombudsman determines that the quality of patient care is declining significantly or is otherwise being materially compromised, notify the court by motion or written report, with notice to appropriate parties in interest, immediately upon making that determination.

''(c) An ombudsman shall maintain any information obtained by the ombudsman under this section that relates to patients (including information relating to patient records) as confidential information.''.

(2) CLERICAL AMENDMENT.—The chapter analysis for chapter 3 of title 11, United States Code, is amended by inserting after the item relating to section 331 the following:

''332. Appointment of ombudsman.''.

(b) COMPENSATION OF OMBUDSMAN.—Section 330(a)(1) of title 11, United States Code, is amended—

(1) in the matter proceeding subparagraph (A), by inserting ''an ombudsman appointed under section 331, or'' before ''a professional person''; and

(2) in subparagraph (A), by inserting ''ombudsman,'' before ''professional person''.

SEC. 1105. DEBTOR IN POSSESSION; DUTY OF TRUSTEE TO TRANSFER PATIENTS.

(a) IN GENERAL.—Section 704(a) of title 11, United States Code, as amended by section 219 of this Act, is amended—

(1) in paragraph (9), by striking ''and'' at the end;

(2) in paragraph (10), by striking the period and inserting ''; and''; and

(3) by adding at the end the following:

''(11) use all reasonable and best efforts to transfer patients from a health care business that is in the process of being closed to an appropriate health care business that—

''(A) is in the vicinity of the health care business that is closing;

''(B) provides the patient with services that are substantially similar to those provided by the health care business that is in the process of being closed; and

''(C) maintains a reasonable quality of care.''.

(b) CONFORMING AMENDMENT.—Section 1106(a)(1) of title 11, United States Code, is amended by striking ''704(2), 704(5), 704(7), 704(8), and 704(9)'' and inserting ''704(a) (2), (5), (7), (8), (9), and (11)''.

SEC. 1106. ESTABLISHMENT OF POLICY AND PROTOCOLS RELATING TO BANKRUPTCIES OF HEALTH CARE BUSINESSES.

Not later than 30 days after the date of enactment of this Act, the Attorney General of the United States, in consultation with the Secretary of Health and Human Services and the National Association of Attorneys General, shall establish a policy and protocols for coordinating a response to bankruptcies of health care businesses (as that term is defined in section 101 of title 11, United States Code), including assessing the appropriate time frame for disposal of patient records under section 1102 of this Act.

SEC. 1107. EXCLUSION FROM PROGRAM PARTICIPATION NOT SUBJECT TO AUTOMATIC STAY.

Section 362(b) of title 11, United States Code, as amended by section 901(d) of this Act, is amended—

(1) in paragraph (27), by striking ''or'' at the end;

(2) in paragraph (28), by striking the period at the end and inserting ''; or''; and

(3) by inserting after paragraph (28) the following:

''(29) under subsection (a), of the exclusion by the Secretary of Health and Human Services of the debtor from participation in the medicare program or any other Federal health care program (as defined in section 1128B(f) of the Social Security Act (42 U.S.C. 1320a–7b(f)) pursuant to title XI of such Act (42 U.S.C. 1301 et seq.) or title XVIII of such Act (42 U.S.C. 1395 et seq.).''.

Mr. GRASSLEY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Is there any time before the vote or are we supposed to vote now?

The PRESIDING OFFICER. Nine seconds.

AMENDMENT NO. 2547

Mr. DOMENICI. Mr. President, if we pass this minimum wage bill that I offered today with the taxes we have on it, we would welcome the President vetoing it. As a matter of fact, I do not believe he would. We have not only the minimum wage, but these are the right kinds of tax cuts to go along with it, and they are very desirable for the American economy right now.

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

VOTE ON AMENDMENT NO. 1730, AS MODIFIED

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1730, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. FITZGERALD (when his name was called). Present.

Mr. NICKLES. I announce that Senator from Texas (Mr. GRAMM) is necessarily absent.

Mr. REID. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

I further announce that the Senator from Vermont (Mr. LEAHY) is absent due to family illness.

I also announce that the Senator from South Carolina (Mr. HOLLINGS) is absent due to a death in family.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) and the Senator from Vermont (Mr. LEAHY) would each vote ''yea.''

The result was announced—yeas 94, nays 0, as follows:

[Rollcall Vote No. 355 Leg.]

YEAS—94

Abraham	Edwards	McCain
Akaka	Enzi	McConnell
Allard	Feingold	Mikulski
Ashcroft	Feinstein	Murkowski
Baucus	Frist	Murray
Bayh	Gorton	Nickles
Bennett	Graham	Reed
Biden	Grams	Reid
Bingaman	Grassley	Robb
Bond	Gregg	Roberts
Boxer	Hagel	Rockefeller
Breaux	Harkin	Roth
Brownback	Hatch	Santorum
Bryan	Helms	Sarbanes
Bunning	Hutchinson	Schumer
Burns	Hutchison	Sessions
Byrd	Inhofe	Shelby
Campbell	Inouye	Smith (NH)
Chafee, L.	Jeffords	Smith (OR)
Cleland	Johnson	Snowe
Cochran	Kennedy	Specter
Collins	Kerrey	Stevens
Conrad	Kerry	Thomas
Coverdell	Kohl	Thompson
Craig	Kyl	Thurmond
Crapo	Landrieu	Torricelli
Daschle	Levin	Voinovich
DeWine	Lieberman	Warner
Dodd	Lincoln	Wellstone
Domenici	Lott	Wyden
Dorgan	Lugar	
Durbin	Mack	

ANSWERED ''PRESENT''—1

Fitzgerald

NOT VOTING—5

Gramm	Lautenberg	Moynihan
Hollings	Leahy	

The amendment (No. 1730), as modified, was agreed to:

AMENDMENT NO. 2751

Mr. KENNEDY. Mr. President, how much time does our side have?

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Massachusetts controls 27 minutes.

Mrs. MURRAY. Mr. President, I rise today in strong support of the Kennedy amendment and as a cosponsor of the minimum wage increase.

In this debate, many people have the wrong idea about who this increase would affect. Many people think the typical wage earner is a young man or woman flipping burgers or working at a convenience store trying to make a few extra dollars to buy some CD's or to go to the movies. That image is inaccurate. And until we really understand who the people are who rely on the minimum wage, we won't approach this debate with the urgency it requires.

To clear up that misconception, let me set the record straight. In reality, 70 percent of the people earning a minimum wage are over the age of 20. That means that 11.4 million adults this year will have to try to live on a salary of $10,700.

Forty percent of these same adults are the sole source of income for their families. These are people who are working hard—just to get by and support their families. They deserve a fighting chance.

I am especially concerned that 59 percent of those struggling on the minimum wage are women. 6.8 million women—many of these single mothers—would benefit directly from this increase.

These single mothers are doing their best. They are trying to raise two kids—on average—on a below-poverty income. And how does this Congress support these struggling parents? By attacking programs like Medicaid, by cutting child care support, by taking away funding for nutrition programs, and by taking actions that hurt working families in need.

These are the same group of people that Congress says it wants to keep off of public support.

But how does this Congress support these struggling parents? By cutting vital programs and fighting efforts like this one—an effort that will help them work themselves above the poverty line.

This amendment does not eliminate jobs. It keeps people working—people who otherwise would be completely reliant on public support. Just a $1.00 raise would generate $2,000 in potential income for minimum wage workers. For an average family of four, that means 7 months of groceries, 5 months of rent, or 13 months of health care expenses.

I reached my decision to support this increase after very careful consideration. I have listened to the concerns of small business owners from across my state, who shared with me their thoughts about this increase.

I am happy to say that most of the businesses in Washington state are experiencing unprecedented growth.

In fact, since the federal minimum wage was last increased in 1996–97, employment in Washington has grown. Since September 1996, 231,900 new jobs have been created in Washington state—an increase of 9.5%. Washington's economy is strong, and our low-wage workers should share in that success.

Because my constituents understand the value of the minimum wage, they overwhelmingly passed their own minimum wage increase last year in Washington state. They raised the state minimum wage to $5.70 this year. In the year 2000, it will move to $6.50, and after that it will be indexed based on the Consumer Price Index. Mr. President, we should follow the example of my state and increase the minimum wage for all Americans.

The increase that we passed in the last Congress should be the first step—not the last—on our road to help these hard-working citizens.

It should be the first step because the economy and our world have changed—and we need to keep up with those changes. In 1979, a person could work 40 hours a week at minimum wage and stay out of poverty. Today, it takes 52 hours. To just reach the poverty line for a family of four, the minimum wage would have to be $7.89. That's why our last increase was a good start and why this proposed increase is the next vital step to helping these working families rise out of poverty.

Overall, a slight increase in the minimum wage provides those who work hard and play-by-the-rules an increased opportunity to succeed. If any of my colleagues oppose this minimum wage increase, I would ask them to consider trying to live on $10,700 this year—not just live on it—but try to raise a family on it. I think when you consider this debate in those terms, the right thing to do becomes clear.

It would be embarrassing if this Congress voted to raise its own salary but didn't vote to let hard-working American families work their way out of poverty.

I urge my colleagues to vote to increase the minimum wage. Let's show the American people that we have our priorities straight.

Mr. KENNEDY. I yield 10 minutes to the Senator from Illinois.

Mr. DOMENICI. Will the Senator yield?

Mr. DURBIN. Yes.

Mr. DOMENICI. Mr. President, might I ask, is the Senator speaking on his time on the Domenici amendment?

Mr. DURBIN. That's correct.

Mr. DOMENICI. Mr. President, I ask unanimous consent that, following the distinguished Senator from Illinois, Senator KAY BAILEY HUTCHISON be the next speaker on our side.

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

The Senator from Illinois is recognized.

Mr. DURBIN. Mr. President, when the Senate returns tomorrow morning, our very first vote will be an important one for literally millions of American workers and families, and some 320,000 in Illinois, who are watching carefully to see if this Senate is listening to America. It is the question of the minimum wage and whether or not it is going to be increased.

Senator KENNEDY has a proposal that I support which calls for an increase in the minimum wage from the current level of $5.15 an hour to 50 cents more on January 1 of the year 2000, and then 50 cents again on the following January 1.

So that those who are going to work every single day, trying to raise their families, trying to make a decent income, will, in fact, move closer to a livable wage. This is still a long way away from it because people who are earning $5.15 an hour or $6.15 an hour hardly live in the lap of luxury.

There is a noteworthy difference between the approach being suggested by my friend and colleague, the Senator from New Mexico, on the Republican side, and the suggestion of Senator KENNEDY, my friend and colleague on the Democratic side, when it comes to a minimum wage. The difference may seem cosmetic to those who do not take a close look because the Republican side suggests that to raise the minimum wage by $1, we should take an extra year or 3 years instead of 2 to achieve this.

What does that mean to the working person? If the Republican approach should pass, it means $1,200. For someone making $50,000 a year or $100,000, or more, $1,200 hardly seems to be a grand amount of money to be worried over when you stretch it over a period of time. But imagine if your income was only $10,000 a year on a minimum wage, and what is at stake here is $1,200. The Republican approach would short-change those who go to work every single day in America on a minimum wage by $1,200 as they stretch this out over a 3-year period of time.

Of course, the bill does much more than address the increase in the minimum wage. It also addresses some needed changes in tax law.

I support Senator KENNEDY's approach. He does provide the kind of relief which small businesses need in order to find the tax relief to provide things for their employees. It is a proposal from Senator Chuck ROBB of Virginia and Senator Max BAUCUS of Montana, a small business tax proposal which, among other things, finally puts a 100-percent deduction for the health insurance costs of self-employed people. The Senate and Congress have been moving toward this goal. This bill will achieve it on the Democratic side, if it is passed.

It also provides assistance to small businesses that provide child care. Think about families, particularly single mothers and single parents who have to worry every single day whether or not their kids are safe. This is an incentive for small businesses to provide child care facilities, a tax credit, one that can assist them and their workers.

In addition, there is a pension package which has been supported by Senator GRAHAM, a Democrat of Florida, and Senator GRASSLEY, a Republican of Iowa. The Democratic package is not only a well-balanced package providing child care health and retirement benefits for small businesses, but more important than anything, the Democratic

package is paid for. It is paid for. The Republican package of tax changes is not.

In other words, it is an extension of the possibility of debt. It is a promise that can't be kept. The Democratic package is paid for. The Republican one is not. The Democratic package increases the minimum wage over 2 years by $1 an hour, and the Republicans over 3 years costing workers $1,200 by taking the Republican approach.

I say to those who are working across America that this is hardly what they need. It is curious to me that only a few weeks ago, the same Republican Party that cannot produce $1,200 for people who get up and go to work every day at minimum-wage jobs came before us with a $792 billion tax cut primarily for wealthiest people in this country.

Mr. DOMENICI. Mr. President, can we have order? The Senator deserves to be heard.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Illinois.

Mr. DURBIN. I thank the Senator from New Mexico.

Mr. President, consider that only a few weeks ago, this Chamber was seriously considering a $792 billion tax cut for some of the wealthiest people in America, and many people on the other side of the aisle said that is good, wise policy. Alan Greenspan of the Federal Reserve didn't think so. Frankly, the people of America don't think so. They told the Republican Party to keep this tax cut primarily for wealthy people.

Now comes a proposal from the Republican side when it comes to the working families that would cut out $1,200 in income, $1,200 to a family making about $10,000 a year. That is an upside down priority. That is a priority that forgets the real people who are working in this country to make America strong. Eleven point four million workers would get a pay increase with the Democratic Kennedy minimum wage increase package, and with this proposed increase that Senator KENNEDY has proposed and I am supporting, it means over $2,000 a year for people who are scraping to get by, primarily women who are in the minimum wage workforce, African-Americans, and Hispanics, people who go to work every single day who understand the importance of work and deserve our respect for doing so.

The vote tomorrow morning will be a measure of how much respect we have for them. This $2,000 increase for these workers can mean 7 months of groceries, 5 months of rent, 10 months of utilities, tuition and fees at a community college so one of their kids has a chance to even have a better and more successful life.

I say to the Senate this is a test. It is a test as we wrap up this session about where our values will be. Will they be with these working families? Will we make certain they get an increase in their basic wage or will we stand with those who want to delay it and delay and delay it? The argument is often made that if you increase the minimum wage, you are going to lose jobs.

Take a look at my home State of Illinois. Since the 1996 increase in the minimum wage, take a look at the real statistics: 268,100 new jobs since we last increased the minimum wage; 33,100 new retail jobs, the area where most minimum-wage jobs are found; unemployment is down 10 percent; and the unemployment rate is 4.7 percent.

As we increase the minimum wage, we have not seen all of the things that the Republicans tell us we should be afraid of—afraid of losing jobs and creating chaos in the workplace. Exactly the opposite has happened across America. Since we last raised the minimum wage, we have seen an economy moving forward.

Now the real test for this Senate is whether or not we are going to bring on board this ship as it moves forward the people who get up and go to work every single day, the men and women who work in the convenience stores, who make our beds in motels and hotels we stay in overnight, the folks who serve our food and cook it in the kitchen. These are the invisible people who keep America moving forward. But these invisible people will be watching tomorrow to see if this Senate is going to give the minimum wage increase which is so essential.

I hope those on the Republican side who are preaching fiscal integrity and fiscal soundness will think twice about voting for a bill that not only stretches the minimum wage an extra year but provides tax cuts without compensating offsets. What does that mean in layman's terms? The Republican package doesn't pay for the tax cuts that they are trying to enact. They have some good ideas, I am sure. But it isn't honest if you didn't pay for them.

What Senator KENNEDY and the Democrats have done, what we have said is when it comes to small business and the tax proposal, we have the means of paying for them. And by and large, we are going to make sure that when the small businesses that enact these increases in the minimum wage turn to us and say, are you listening to some of our other concerns, the answer will be yes. We want to make sure you can deduct every single penny of your health insurance premiums as every major corporation can. Self-employed people, farmers, and small businesses deserve the same benefit: Make sure that there is a facility available for child care; make sure that a pension package can be offered—things that will help small businesses extend opportunities for their workforce and create better employee moral and productivity.

I close by saying that this vote tomorrow morning at 10:30 is a test of the Senate's will and the Senate's values. I hope that we will stand by people who go to work every single day.

It is one thing to preach on the floor about people looking for a handout; these folks are looking for a hand up. They are working and need assistance and an increase in their minimum wage. I rise in strong support of the proposal by Senator KENNEDY. I hope my colleagues on both sides of the aisle will join me.

I yield the floor.

AMENDMENT NO. 2547

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I rise to support the Domenici substitute for the Kennedy amendment because I think it strikes the balance we need to have. We have a strong economy today. We want to make sure it stays strong. We are talking about a minimum wage increase that is $1 over a period of 3 years. This should not be a shock to the small businesses, the farmers, and the ranchers who are concerned about having base costs go up—not even people who don't pay minimum wage but people who are concerned about paying at the higher levels and increasing the potential for inflation. I think stretching it out over 1 more year makes sense.

I also think we need to look at the small business tax cuts we tried to give to small businesses in the tax cut package the President vetoed. We have brought some of those back. It provides a balance of adding more to the working person, especially the part-time worker, but also giving a little bit of tax help to the self-employed and small business people who might get hit by having the whole wage scale increased. What we are looking for is balance.

I will talk about a few of the tax cuts with which we are going to try to help small business. First is an amendment from a bill I introduced that is called the Bonus Incentive Act. Today, employers can give a performance-based bonus to a person who is exempt, a salaried employee, and that person will be able to take that bonus, pay their withholding taxes, and go on their merry way; an employer can't do that for an hourly employee. If they give a performance-based bonus to an hourly employee, the employer has to go back and figure the whole year's wages and refigure any overtime pay that has been given to that employee. Many employers say it is just not worth the trouble, or they try to disguise the bonus as something else.

Employers have come to Congress and testified they want to be able to reward hourly employees for good service. At the House Education and Workforce Committee, Pam Farr, the former senior vice president for Marriott Lodging, recently testified that Marriott used game-sharing plans for customer service personnel that rewarded employees for friendly treatment of customers. Cordant Technologies, which makes solid rocket boosters for the space shuttle, rewards their workers for reaching goals, for workplace safety, indirect cost reduction, and customer satisfaction. Many employers are concerned about all the paperwork

that would have to be prepared if they gave this employment bonus. In other testimony from a human resources director, it took 4 people 160 hours to calculate the bonuses for 235 employees.

What has been incorporated into the Domenici amendment makes it easy for employers to give performance-based bonuses to hourly employees. There is no reason we should have a big, mumbo-jumbo set of regulations that make it difficult. We want to make it easier for those employees to be rewarded for merit.

Other tax relief in this bill is an above-the-line real deduction for health insurance expenses for individuals who don't have health care coverage. I know people who don't have insurance who have huge medical bills. Why shouldn't they be able to deduct all of their medical expenses if they don't have employer-provided insurance coverage? It also provides 100-percent deductibility for health care insurance for the self-employed.

I think it should be the goal of everyone in this Chamber to encourage employers to be able to give health insurance to their employees and for the self-employed or the individual to buy health insurance. Why wouldn't we give incentives for people to buy health care insurance? We have been talking about that for the last 5 years. Why don't we put our incentives where they can make a difference?

It also accelerates an increase in small business expensing. This is particularly helpful for farmers with direct expensing and accelerating the expensing, especially for small businesses. It reduces the Federal unemployment tax that small businesses pay from 0.8 percent to 0.6 percent. It makes permanent the work opportunity tax credit. This is a very important tax credit that is an incentive for people to hire people off welfare. It gives a tax credit of up to $2,400 for wages paid to employees who are hired right off the welfare rolls. We think this is a wonderful opportunity to give the people whom we want to give a chance at contributing to their families, coming off welfare, to have that incentive for the employer to hire the person off welfare and give that person that first chance to be a contributing member of society.

These are some of the tax relief parts of the bill I think are so important.

There is one more area I want to talk about because it is my amendment. This is an amendment I have introduced before. It was in the bill the President unfortunately vetoed. In fact, I introduced this bill 2 years ago. It allows women over 50 to have make-up payments to their pension plans. How many women do we know who have left the workforce to have their children or to raise their children until they go into elementary school, or perhaps they stay home and raise their children all the way through high school; then they come back into the workforce. Perhaps they lose their spouse and they don't have a good source of income. They go back to work, and they are penalized in their pension systems and their stability in their retirement years because they lost all those years that would allow them to start building that pension plan.

Women who leave the workforce to raise their children and then come back are penalized in this society. These are the people who need retirement stability the most. These are the people who live the longest and who don't have the same opportunity for a pension plan because they haven't been able to establish a pension over the years because they have stayed home and raised their children.

Senator DOMENICI's amendment allows women over 50 who are coming back into the workplace to make up the payments they have lost when they left the workplace. The Domenici amendment is a good amendment. It is a balanced amendment. It provides a minimum wage increase over a 3-year period, and it gives help and relief to the small businesses of our country that are going to be hit by the minimum wage increase. This will offset it.

These are good reliefs. It is relief for health insurance coverage. It is relief for people who have medical expenses, who don't have health care coverage. It is relief for small business expensing, relief for women who are discriminated against in the pension systems when they leave the workplace to raise their children and then cannot continue to contribute to their retirement systems. It reduces the Federal unemployment tax that is a huge burden on small businesses, and it makes permanent the Work Opportunity Tax Credit, the credit that gives a $2,400 tax credit to people who hire people off welfare.

I urge my colleagues to support this balanced approach, giving help to the workers, giving help to the small business people who may be affected by this added expense in their business. It is a fair approach. It is a balanced approach. I think it will have the best chance to keep our economy strong by keeping the people in business who are creating the jobs that keep this economy going. We want more opportunity for more workers, and that is what this amendment will do.

I urge support for the Domenici amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator has 17 minutes.

Mr. KENNEDY. Mr. President, I yield myself 7 minutes.

Mr. President, I think it is probably appropriate the Senate take a moment to look at what the majority leader has stated about increasing the minimum wage. Over the course of the afternoon, we have had a number of speakers who have made a powerful case in favor of increasing the minimum wage. Yet we have against this background what the majority leader, Senator LOTT, said about our proposal:

> It will not go to the President. I can guarantee you that.

So the American people ought to understand no matter how they might agree with us and are convinced of both the importance and the fairness of the issue, that is the position of the majority leader. That is part of the difficulty and the complexity we have been facing over this whole year. There has been this unalterable opposition to any break for the hardest working Americans, the ones at the lower rung of the economic ladder. Even if we are able to somehow be successful in winning this tomorrow morning, it is not going to go to the President. He is going to use every effort he possibly can to defeat this.

Earlier this evening, the Senator from Oklahoma, Senator NICKLES, pointed out CBO estimates of a loss of 100,000 to 500,000 jobs. Those are absolutely identical figures to what they said when we raised it in 1996 and 1997. They were found to be completely inaccurate.

I ask unanimous consent to have printed in the RECORD the references to 27 different studies that have been done nationwide, looking at the economic impact of the last increase in the minimum wage that will indicate positively that there has been an expansion of employment.

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

STUDIES THAT CONCLUDE A MODERATE INCREASE IN THE MINIMUM WAGE DOES NOT COST JOBS

Belman, Dale, and Paul Wolfson. 1998. ''The Minimum Wage: The Bark Is Worse Than The Bite.'' Working Paper.

_____ and _____. 1997. ''A Time Series Analysis of Employment, Wages, and the Minimum Wage.'' Working Paper.

Bernstein, Jared, and John Schmitt. 1997. ''The Sky Hasn't Fallen: An Evaluation of the Minimum-Wage Increase.'' Economic Policy Institute Briefing Paper.

_____ and _____. 1997. ''Estimating the Employment Impact of the 1996 Minimum Wage Increase Using Deere, Murphy, and Welch's Approach.'' Economic Policy Institute Working Paper.

Burdett, Kenneth, and Dale Mortensen. 1989. ''Equilibrium Wage Differentials and Employer Size.'' Discussion Paper, No. 860. Evanston, IL: Northwestern University Center for Mathematical Studies in Economics and Management Science.

Card, David. 1992. ''Using Regional Variation in Wages to Measure the Effects of the Federal Minimum Wage.'' Industrial and Labor Relations Review, 46:22–37.

_____. 1992. ''Do Minimum Wages Reduce Employment?'' A Case Study of California, 1987–1989.'' Industrial and Labor Relations Review, 46:38–54.

_____, and Alan Krueger. 1994. ''Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania.'' American Economic Review, 84:772–93.

_____ and _____. Myth and Measurement: The New Economics of the Minimum Wage (Princeton, NJ: Princeton University Press, 1995).

_____ and _____. 1999. ''A Reanalysis of the Effect of the New Jersey Minimum Wage Increase on the Fast-Food Industry with Representative Payroll Data.'' Princeton University Industrial Relations Section Working Paper #393.

Connolly, Laura, and Lewis M. Segal. 1995. ''Minimum Wage Legislation and the Working Poor.'' Working Paper.

Dickens, Richard, Stephan Machin, and Alan Manning. ''The Effects of Minimum Wages on Employment: Theory and Evidence from the UK.'' NBER Working Paper No. 4742, Cambridge, MA, 1994.

Freeman, Richard. 1994. ''Minimum Wages—Again!'' International Journal of Manpower, 15:8–25.

Grenier, Gilles, and Marc Seguin. 1991. ''L'incidence du Salaire Minimum sur le Marche du Travail des Adolescents au Canada: Une Reconsideration des Resultats Empiriques.'' L'Actualite Economique, 67:123–43.

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Lang, Kevin. 1994. ''The Effect of Minimum Wage Laws on the Distribution of Employment: Theory and Evidence.'' Unpublished paper. Boston University, Department of Economics.

Lester, Richard. 1964. Economics of Labor. (New York: Macmillian).

Machin, Stephen, and Alan Manning. 1994. ''The Effects of Minimum Wages on Wage Dispersion and Employment: Evidence from the U.K. Wage Councils.'' Industrial and Labor Relations Review, 47:319–29.

Rosenbaum, Paul. ''Using Quantile Averages in Matched Observational Studies.'' Working Paper.

_____. ''Choice As An Alternative To Control in Observational Studies,'' Working Paper.

Siskind, Frederic. 1977. ''Minimum Wage Legislation in the United States: Comment.'' Economic Inquiry, January: 135–38.

Spriggs, William. 1994. ''Changes in the Federal Minimum Wage: A Test of Wage Norms.'' Journal of Post-Keynesian Economics, Winter 1993/94, pp. 221–239.

Wellington, Allison. 1991. ''Effects of the Minimum Wage on the Employment Status of Youths: An Update.'' Journal of Human Resources, 26:27–46.

Wessels, Walter. 1994. ''Restaurants as Monopsonies: Minimum Wages and Tipped Services.'' Working Paper. North Carolina State University.

Wolfson, Paul. 1998. ''A Re-Examination of Time Series Evidence of the Effect of the Minimum Wage on Youth Employment and Unemployment.'' Working Paper.

Zaidi, Albert. 1970. A Study of the Effects of the $1.25 Minimum Wage Under the Canada Labour (Standards) Code. Task Force of Labour Relations, study no. 16. Ottawa: Privy Council Office.

Mr. KENNEDY. Mr. President, perhaps tomorrow we will be able to take the time to talk about what is happening to minimum-wage workers. As I mentioned earlier today, minimum-wage workers are teachers' aides, nursing home aides. Nursing home aides have a 94-percent turnover. The principal reason for the turnover is because they are paid so poorly. They are the people working to try to provide some care and attention to the elderly. I see our good friend from Connecticut who has been a leader in establishing day care. The turnover that is taking place in the day-care centers is very similar. It is not quite as high but very dramatic. These are our children. This is our future. This is as a result of failing to provide an adequate increase in the minimum wage.

There are two final points I want to raise with regard to the Republican proposal. As has been mentioned earlier, the effect of the Republican proposal will mean that 3 years from now, the average minimum-wage worker will have made $1,200 less—$1,200 less—than they would have if we had passed the Daschle proposal. That is a lot of money for working Americans. That is 5 months of rent, a year of tuition, 6 months of utilities. This is important to hard-working Americans, make no mistake about it.

It might not mean a lot to Members of the Senate who have just voted themselves a $4,600 pay increase. We are not deferring that pay increase for Senators 2 years or 3 years. We are saying the minimum wage ought to be over a 2-year period. But our Republican friends say, no, let's spread it over 3 years. We are not doing that with regard to our pay increase.

I hope when Members go back and talk to their constituents, they are able to justify why we were worth $4,600 more this year while saying no to hard-working Americans—they are not worth 50 cents more next year and 50 cents more the year after.

Finally, I want to mention one very important aspect of the Republican proposal that has not been addressed.

I yield myself 2 more minutes, Mr. President.

With this particular chart, we illustrate what we have been facing over this past year with regard to the Republican attack on working families: Resisting a pay increase with the minimum wage; balancing the budget on the backs of the working poor. Governor Bush pointed that out. You do not have to hear it from Democrats. We have seen some retreat on that by the Republican leadership. Then providing pensions for the wealthiest individuals as they do under this proposal; blocking workers' rights to organize, the salting bill; and undermining worker safety, providing the waivers of penalties for violations of OSHA; cutting workers' pay.

You can say, where does that come in? Under the Republican proposal, they recalculate how overtime is going to be considered. This has not been done since 1945 when the proposal was struck down by the Supreme Court which said they basically, fundamentally undermine the Fair Labor Standards Act. If you take the Republican proposal on recomputing overtime, effectively you are undermining what many workers would be able to receive with an increase in the minimum wage. There has not been a word of that spoken by the proponents of this amendment. They tucked this right into their particular proposal.

Mr. WELLSTONE. Will the Senator yield for a question?

Mr. KENNEDY. I yield for a question.

Mr. WELLSTONE. I am listening to this for the first time. This has not been a part of this debate. There are 73 million Americans right now who are entitled to overtime pay. Is the Senator saying part of the Republican amendment effectively repeals the overtime pay provisions of the Fair Labor Standards Act, which act has been in effect for 60 years? This is a cornerstone of fairness for working families in this country. Is that what the Senator is saying?

Mr. KENNEDY. This Senator is saying there will be an overtime payment, but the overtime payment will be calculated in a way that will diminish, in a significant way, the actual overtime workers should be entitled to and the way it has been computed for the last 45 years. It is a dramatic change in the Fair Labor Standards Act.

The Supreme Court has said, as I said, if that provision had been accepted when it was offered in 1945, it effectively emasculates the overtime provision of the Fair Labor Standards Act. The overtime words will be there, there will be a base pay that they will pay overtime on, but not the way they are being paid now. The Republican proposal will undermine, in a significant and dramatic way, the way that hourly workers are being paid in the United States.

Mr. WELLSTONE. Mr. President, one final question for the Senator. If companies are going to now be able to make the payment in bonuses and do an end run, basically, around the Fair Labor Standards Act, which is so important to 73 million Americans who right now are entitled to that overtime pay, then am I not correct that what the Republicans are proposing is not a step forward, it is a great leap backward; that this overturns 60 years of sweat and tears of workers' commitment to getting a fair pay for fair work, including overtime work?

They give a minimum wage increase with one hand and then they basically repeal part of the Fair Labor Standards Act with the other hand. People need to understand this, I say to the Senator.

Mr. KENNEDY. The Senator is absolutely correct. It is one of the reasons why we ought to have an opportunity to debate this in the light of day, not under the time limit. We are forced to take these time limits in order to at least have a vote on the minimum wage. But this issue is too important to working families to be dismissed lightly. I hope, for reasons I have outlined briefly, the amendment of the Senator from New Mexico will not be accepted.

The Senator from Connecticut desires time. I know the Senator from Iowa wants time. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 7 minutes 50 seconds.

Mr. KENNEDY. I yield 5 minutes to the Senator from Connecticut.

Mr. DODD. Mr. President, I thank my colleague for yielding this time. I commend him for his leadership on the minimum wage issue. There is so much to talk about concerning the proposal of the Senator from Massachusetts and the distinguishing features between that and what is being offered on the other side.

We are talking about a 50-cent increase over the next 2 years, as opposed to a 35-cent increase in year one and year two and a 30-cent increase in year three. But there is an added feature to the Republican proposal on which some may not have focused. While they are suggesting approximately 33 cents a year for minimum-wage workers, there is also roughly a $75 billion tax cut, the bulk of which goes to the top income earners of the country. That is part of their minimum wage package.

It is somewhat ironic that we are talking about a 30-cent to 35-cent increase for the lowest paid workers in the country instead of 50 cents, and we are going to have a $75 billion tax cut, the bulk of which goes to the top income earners in the country.

By the way, there is no offset for the $75 billion tax cut. We do not know where the money comes from to pay for that. We heard a lot of speeches in the last couple of weeks about not dipping into the Social Security trust funds. One basic question is, From where does the $75 billion come? How are we paying for that? I have yet to hear anybody explain from where it is going to come. I put that out for consideration as we talk about these amendments this evening.

It is extremely important for a lot of people that we increase the minimum wage; 11.4 million people will actually get a pay raise if the minimum wage increase goes into effect. Some may say the economy has been so great, everyone is doing so well, why do people at the minimum-wage level need to have any increase at all?

While the economy has been fabulous and unprecedented historically, not everybody in America has been the beneficiary of this great prosperity. For a lot of Americans in the bottom 20 percent of income earners, things have been rather stagnant. This income group has not seen the kind of tremendous increase in their earning power as have the top 1 percent of households.

The top 1 percent of households is expected to gain 115 percent in after-tax income as compared to an only 8-percent gain for the middle fifth of households in America. In contrast, the lowest fifth of households experienced a 9-percent decline during the same period, from 1977 through 1999.

If you were doing well in America in 1977, then you are doing even better today. If you are in the middle in America, you have had a slight increase of about 8 percent. If you are in the bottom 20 percent, you have actually seen a decline in your earning power in the last 20 years.

While we herald the great success of the economy with the lowest unemployment rates in years, we need to remind ourselves that for a lot of our citizens from Maine to California who work every day at the bottom levels of the economic ladder in this country, it has not been a great period for them.

We talk about 50 cents, $1 over 2 years. What better way to welcome the new millennium, than to say to 11.4 million workers in this country: We recognize your contributions to the success of this country by giving you a $1 increase over the next 2 years.

What does that amount to? How about 7 months of groceries; 5 months of rent for the average minimum-wage worker; 10 months of utility bills; about 1½ years of tuition and fees at a community college.

Mr. President, $1 over 2 years may not seem like a lot, but if you multiply that at a 40-hour workweek, 52 weeks a year, that dollar makes a huge difference to some of the lowest paid workers in America. Again I mention, there are 11.4 million workers who will directly benefit from the Kennedy proposal to increase the minimum wage.

The PRESIDING OFFICER. The Senator has used his 5 minutes.

Mr. DODD. I ask for 1 additional minute.

Mr. HARKIN. I yield 1 minute.

Mr. DODD. Seventy percent of the workers who would benefit are over the age of 20; 59 percent are women; 46 percent of these people have full-time jobs; 15 percent are African American; 18 percent are Hispanic American; and 46 percent work in retail.

The great boom that has occurred in our economy has been magnificent for those at the upper-income levels. Unfortunately, after-tax income has remained relatively flat for those in the middle, and actually declined for those in the bottom 20 percent.

This minimum wage increase will make a difference to some of the hardest working people in this country. I hope by tomorrow when this issue comes for a vote, a proposal to increase the minimum wage, not smuggle a $75 billion tax cut without paying for it, will be the choice of the Senate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, how much time remains on this side on the minimum wage issue?

The PRESIDING OFFICER. Thirty-nine minutes 39 seconds.

Mr. GRASSLEY. I yield myself such time as I might consume.

Mr. GRASSLEY. Mr. President, I rise today in support of the pension reform provisions which have been included in the minimum wage and business tax amendment sponsored by colleague Senator DOMENICI.

Earlier this year I cosponsored with Senator Bob GRAHAM of Florida, comprehensive pension reform legislation—S. 741, The Pension Coverage and Portability Act. Many of the provisions in S. 741 were included in the vetoed Taxpayer Refund Act of 1999. Now, those provisions have been included as part of the Republican minimum wage amendment.

Experts say that, ideally, pension benefits should comprise about a third of a retired worker's income. But pension benefits make up only about one-fifth of the income in elderly households. Obviously, workers are reaching retirement with too little income from an employer pension. Workers who are planning for their retirement will need more pension income to make up for a lower Social Security benefit and to support longer life expectancies. While we have seen a small increase in the number of workers who are expected to receive a pension in retirement, only one half of our workforce is covered by a pension plan.

There is a tremendous gap in pension coverage between small employers and large employers. Eighty-five percent of the companies with at least 100 workers offer pension coverage. Companies with less than 100 workers are much less likely to offer pension coverage. Only about 50 percent of the companies with less than 100 workers offer pension coverage. Small employers who may just be starting out in business are already squeezing every penny to make ends meet. These employers are also people who open up the business in the morning, talk to customers, do the marketing, pay the bills, and just do not know how they can take on the additional duties, responsibilities, and liabilities of sponsoring a pension plan.

I firmly believe that an increase in the number of people covered by pension plans will occur only when small employers have more substantial incentives to establish them. The pension provisions contained in the minimum wage amendment offered by Senator DOMENICI would provide more flexibility for small employers, relief from burdensome rules and regulations, and a tax incentive to start new plans for their employees. These reforms would create new retirement plans which would help thousands of workers build a secure retirement nest egg.

The amendment also contains provisions which promote new opportunities to roll over accounts from an old employer to a new employer. The lack of portability among plans is one of the weak links in our current pension system. This amendment contains technical improvements which will help ease the implementation of portability among the different types of defined contribution plans.

There has been criticism that the benefits of pension reform legislation would largely be directed toward the rich. However, to the contrary, evidence suggests that pension benefits largely benefit middle class workers.

Over 75 percent of current workers participating in a pension plan have earnings of less than $50,000. Among married couples nearly 70 percent of those receiving a pension had incomes below $50,000. Among widows and widowers, over 55 percent of pension recipients had incomes below $25,000.

Furthermore, there are provisions in the amendment specifically designed to help rank-and-file workers earn meaningful benefits. Provisions such as reducing the vesting period for employer matching contributions in defined contribution plans and eliminating the twenty-five percent of compensation limit on combined employer and employee contributions to defined contribution plans.

Finally, let me say there is a precedent for including reforms to the employer provided pension system with an increase in the minimum wage. Three years ago we increased the minimum wage from $4.25 to $5.15 as part of the Small Business Job Protection Act of 1996. Included in that legislation were a number of reforms to the employer-provided pension system. One in particular, was the creation of the SIMPLE pension plan—which has expanded coverage to thousands of employees of small businesses who otherwise might not have been able to participate in a pension plan.

We have an opportunity to improve the incomes of the lowest paid members of the American labor market, and to improve retirement security for millions of workers and their families. I support my colleague's efforts, and encourage others to do the same.

Mr. BIDEN. Mr. President, I am pleased to join with my colleagues, Senator GRASSLEY and Senator TORRICELLI, in bringing bankruptcy reform legislation before the Senate today.

Senator GRASSLEY is the Senate's acknowledged leader on this issue, in every sense of the word. He has made reform of our bankruptcy code his cause, and he has stayed the course, through the last session of Congress and again this year, to bring us to where we are today.

It is evidence of Senator GRASSLEY's commitment that he has reached out to the ranking Democrat on his Subcommittee, Senator TORRICELLI, to join him in that effort. He certainly chose the right man for the job.

Senator TORRICELLI has worked with Senator GRASSLEY to bring the kind of balance to the bill before us today that marked last year's Senate floor a bill that was reported out of the Judiciary Committee by a bipartisan, 14-to-4 margin.

Last year, we brought to the floor a bill that passed the Senate 97 to 1—virtually unanimous agreement that our bankruptcy code needs reform, as well as consensus that reform must be fair.

I would like to address both of those points today, Mr. President—the need for reform, and the need for that reform to be balanced and equitable.

To a large extent, the numbers speak for themselves—the number of bankruptcy filings has exploded in recent years, reaching a record 1.4 million last year. That's on top of double-digit increases in the number of consumer bankruptcy filings for most of this decade. This record was set in a time of the best economic conditions our country has ever seen—the lowest persistent unemployment and inflation, the highest sustained growth, widespread income gains, and a booming stock market.

These are not the conditions that we normally associate with the kind of widespread financial distress that could trigger a wave of bankruptcy filings.

This tells me—and a lot of others, as well—that there is something wrong with the way our consumer bankruptcy code operates today. Simply put, too many people are finding it too easy too easy to walk away from their legitimate obligations by filing for bankruptcy. When that happens, somebody else pays the bill.

In the past year, a number different studies have looked at just how big that bill can be. These studies have been conducted by all sides in the debate, including the credit industry and the bankruptcy bar. The study conducted by the Department of Justice concluded that American businesses lose $3.2 billion annually to bankruptcies filed by individuals who have the capacity to repay their debts.

The size of the bankruptcy problem—both the number of filings and the dead-weight losses to our economy—was the foundation for last year's overwhelming Senate support for reform.

The principle behind the reforms we bring to the floor today is simple, Mr. President—if you file for the protection of bankruptcy, one basic question will be asked: do you have the ability to pay some of your bills, or not?

If the facts—looking at your income on the one hand, and the bills you have to pay on the other—show that you can pay, then you must file under Chapter 13, that requires a period of at least partial repayment before you are forgiven your remaining debts. Under such a Chapter 13 plan, you are not required to sell off major assets such as your house or your car.

If the facts show that you simply don't have the income to under take a Chapter 13 repayment plan, then the protection of Chapter 7 is still there for you. Chapter 7, however, requires that you sell off any significant assets, and the proceeds go to your creditors.

Most Americans would agree that this is fair, and would be surprised to find that no test of someone's ability to pay is required to get the protection of Chapter 7. But in fact, as even the strongest opponents of bankruptcy reform admit, today pretty much all the assumptions in the bankruptcy code are in favor of the filers, who can voluntarily choose a Chapter 7 liquidation or a Chapter 13 repayment plan.

The bill we bring to the floor today attempts to restore some balance to those assumptions, to require more responsibility on the part of those who seek the protection of bankruptcy.

But some of my colleagues will argue during this debate that the source of this problem is not really the operation of our bankruptcy laws, but what they call ''irresponsible'' lending. Creditors—especially the aggressive credit card companies—are pushing debt onto people, and that is what is driving people into bankruptcy.

Now, I am sure all of us are tired of those millions—actually billions—of credit card solicitations that come through the mail every year. But I ask my colleagues to reflect for a moment on what the alternative to widely available consumer credit would be.

When I first came to the Senate, we were fighting against lending practices that ''red-lined'' whole neighborhoods, Mr. President, in which banks would simply decide that some people were not worthy of credit, that they were incapable of managing their own affairs. A lot of us in Congress saw that as just plain wrong, and we worked to change it.

One of the things we did, in 1977, was to pass the Community Reinvestment Act, that requires banks to lend into local communities where incomes may be lower or the risks of repayment higher than bankers might prefer.

We just passed an historic overhaul of our country's banking laws. The Financial Services Modernization Act took many years of hard work to complete. Among the most contentious issues was the treatment of the Community Reinvestment Act.

In fact, President Clinton threatened a veto of that bill if the principles of the Community Reinvestment Act were not protected in the final deal. Those principles boil down to the idea that everyone deserves access to credit, and it is the policy of this country that banks must not unfairly restrict credit, despite what they think is the best way to maximize returns and minimize the risks on their loans.

Now, I am not here to argue that the flood of credit card solicitations is part of some new social program by the credit card companies. Of course they are trying to make money. By the way, it is also evidence of a lot of competition in the lending business, as well. But when I hear my colleagues argue about ''irresponsible lending,'' I hear echoes of those earlier debates about red-lining.

The ''democratization of credit,'' as some people have called it, has risks, of course. Some people will not use credit responsibly. But the alternative to widely available credit—passing laws to cut back on credit to the kinds of people we here in Washington have decided just can't be trusted to use it wisely—that alternative is far, far, worse, in my view.

Should we do more to make sure that consumers are fully informed, and that

lenders disclose the full cost consumers pay for credit? Of course we should, Mr. President. During our Committee deliberations on this bill, we considered proposals by Senator SCHUMER that would have imposed requirements for more complete disclosure, in billing and in advertising, by creditors.

Because those issues are under the jurisdiction of the Banking Committee, we made the conscious decision to leave those provisions for an amendment here during the floor debate. That amendment will be among the first items of business on this bill.

Should we do more to make sure consumers are informed about how to handle debt, and how to avoid the ultimate step of bankruptcy? Of course we should, Mr. President. The bankruptcy reform bill before us today calls for new initiatives in those areas, as well. We look to the causes of bankruptcy as part of a comprehensive approach to reform.

But to try to stem the tide of bankruptcies by making credit harder to get, Mr. President, is a cure that will prove to be worse than the disease.

I thought one of the most important aspects of last years's Senate debate was how, as we attempt to reduce the number of bankruptcy filings, to still make sure that we continue to provide the full protection from creditors and the fresh start that many Americans will continue to require and deserve.

For many of my colleagues, particularly on my side of the aisle, that has been the real focus of the debate over bankruptcy reform, and it should be.

I know that many of my colleagues are concerned that the means test in this bill, that determines a bankruptcy filer's ability to pay, will be unfair to those who really need the full protection from creditors and the fresh start that Chapter 7 has historically provided. In fact, however, the means test is intended to ensure that a repayment plan—under Chapter 13—will be required only of those individuals who actually have the documented ability to continue to pay some of their legal obligations.

A range of studies from all sides in this debate has found that only 3 to 15 per cent of filers under the current system would be steered from the complete protection of Chapter 7 into Chapter 13, where they will be required to continue payments on—and, I have to stress, retain possession of—their credit purchases. The means test is designed to make sure that these new responsibilities will be required only of those who have the resources to meet them.

The managers' amendment that we will bring to the floor will provide additional refinements and safeguards to make sure the means test achieves that goal.

Another major concern that has been expressed by my colleagues is that bankruptcy reform will unfairly affect women and children, who may depend on family support payments—alimony, child support—that are all too often part of the picture in the financial and personal distress that can lead to bankruptcy. I want my colleagues to know just how much we have done to protect family support payments—to protect them much more than current law.

This bill will give alimony and child support payments the highest possible priority—over credit card companies, over department stores, over all other creditors—when the line forms to collect payments from someone who is in bankruptcy. This bill also requires that all alimony and child support must be paid in full before the final discharge of debts at the end of bankruptcy. These are just two of the significant improvements in the treatment of alimony and child support in this bill, and there are others.

The reform of our bankruptcy code is a complicated issue, and in the coming days we will be debating a lot of the thousands of important details that are involved. But if we keep our eye on the big picture—fundamental principles of fairness, responsibility, and effectiveness—I am convinced that this bill will enjoy overwhelming bipartisan support on final passage.

Mr. KYL. Mr. President, the Administrative Office of the U.S. Courts released a report in August that included some good news and some bad. On the one hand, the report indicated that bankruptcy filings for the 12-month period ending June 30, 1999 were down, albeit slightly—about 0.3 percent. On the other hand, it noted that the number of petitions filed still represented a 62.2 percent increase over the same period ending in 1995.

Extraordinary circumstances can strike anyone, which is why it is important to preserve access to bankruptcy relief. No one disputes that there should be an opportunity to seek relief and a fresh start when someone is struck by terrible circumstances beyond his or her control—for example, when families are torn apart by divorce or ill health. I suspect that creditors would be more than willing to work with someone when such tragedy strikes to help him or her through tough times.

But there is a good deal of evidence that too many people who file for relief under Chapter 7 actually have the ability to pay back some, or even all, of what they owe. Inappropriate use of Chapter 7, or straight bankruptcy, imposes higher costs on the vast majority of consumers who make good on their obligations. The Justice Department estimates these costs at about $3.2 billion annually. This phenomenon of bankruptcy for the sake of convenience—bankruptcy as a financial planning tool—is what led to the drafting of the bill before us today.

The Bankruptcy Reform Act, S. 625, is the product of a number of hearings, and months and months of deliberations. This bill has been in the legislative process for several years now. It enjoys broad bipartisan support, having been approved overwhelmingly by the Senate Judiciary Committee on a vote of 14 to 4. In fact, similar bipartisan legislation in the House of Representatives passed on May 5, by a lopsided vote of 313 to 108—an even greater margin than last year.

The bill would establish a presumption that a chapter 7 bankruptcy filing—what is generally known as straight bankruptcy—should be dismissed or should be converted to Chapter 13 if, after taking into account secured debts and priority debts like child support and living expenses, the debtor could repay 25 percent or more of his or her general unsecured debt, or $15,000, over a five-year period. The debtor could rebut the presumption by demonstrating special circumstances to show that he or she does not have a meaningful ability to repay his or her debts.

I suspect that most Americans would be surprised to find that this is not already the norm. At the moment, bankruptcy judges do not necessarily consider whether a debtor has a demonstrable capacity to repay his or her debts before granting Chapter 7 relief.

Studies suggest that this means test we propose here would force between three percent and 15 percent of debtors to pay more to creditors. This represents a relatively small number of debtors, but they are the ones who have the means to repay, and fairness dictates that they do so.

In short, the bill would steer individuals with the ability to repay some or all of their debts into Chapter 13 repayment plans, while preserving access to Chapter 7 for those who truly need its protection and the fresh start it would provide. This is a reasonable and balanced approach.

Remember, when people run up debts they have no intention of paying, they shift a greater financial burden onto honest, hard-working families in America. Estimates are that bankruptcy costs every American family more than $400 a year. Treasury Secretary Lawrence Summers acknowledged as much during a recent hearing before the Finance Committee. When asked whether debt discharged in bankruptcy results in higher prices for goods and services as businesses have to offset losses, here is what he said:

> Certainly there is a strong tendency in that direction, and also towards higher interest rates for other borrowers who are going to pay back their debt.

So when we hear opponents of the bill talk of their concern for consumers, let us remember the cost that the abuse of bankruptcy law imposes on the vast majority of consumers who responsibly abide by their obligations and pay back their debts. What we have here is really the most pro-consumer bill we will consider this year.

I want to share with Senators a very good editorial that appeared in the Tribune on May 24, 1999. I ask unanimous consent that the editorial be printed in the RECORD at this point.

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

PICKING UP THE TAB

It's quite possible you receive several solicitations a month for carpet-cleaning. But if you do, it's unlikely you have someone clean your carpets that often. You know when to say no.

It's also likely that you receive several credit card solicitations every month. But that doesn't mean you sign up for every card and then run out and charge the limit.

Or does it?

Consumer advocates seem to be of the opinion that Americans are all but helpless when credit card companies sing their siren song. That they are powerless to say no when the offers come in the mail or over the phone. And that when they get into financial trouble because of credit card debt, it's not really their fault.

That scenario is being played out more and more often these days, and soaring bankruptcy figures prove it. In 1980, three out of every 1,000 Arizona households sought protection under bankruptcy laws. In the supposedly booming year of 1998, that number had jumped to 14.

Credit card debt is often a major factor.

When people wiggle out of paying their debts, of course, someone else is left holding the bag—either their creditors, or the creditors' other customers, who have to fork over higher interest rates and fees to cover the loss.

Often bankruptcy is unavoidable. Loss of income, health problems and other calamities can quickly plunge even affluent families into hot water.

But often it is avoidable, and personal irresponsibility plays a part.

That's why Congress is considering legislation to tighten up bankruptcy laws so that people would be held more accountable for debts they incur. More people would be required to file under Chapter 13, which mandates repayment of certain debts, and fewer would be allowed to use Chapter 7, which is much easier on borrowers.

The House already has passed the legislation, with all six of Arizona's lawmakers voting for it.

Banks and credit card companies love the bill, of course. And some see a connection between big-business campaign contributions and the supposedly anti-consumer legislation.

But the bill, in truth, is not anti-consumer. At least it's not anti- the consumers who do pay their debts and who, because of higher interest rates, have to cover the tab for those who don't.

Nor does it wash to blame the companies for luring people into debt because of the incessant barrage of credit card solicitations. Yes, there are a lot of them. It's called advertising. In a capitalist, market economy, that's how companies make their products available. It can be annoying, but it's not wrong.

As with any product (beer, cigarettes, carpet-cleaning), it falls on the individual consumer to make responsible choices.

Those who don't should not expect the rest of us to clean up for the financial messes they themselves create.

Mr. KYL. I want to stop at this point and single out a few provisions of the bill for comment. These are provisions that I believe illustrate the deficiencies in current law—provisions that demonstrate why this legislation represents common sense reform of the bankruptcy system.

The first provision appears in Section 314 of the bill and provides that debts that are fraudulently incurred could no longer be discharged in Chapter 13—the same as in Chapter 7. Again, I think most Americans would be surprised to find out that this is not already the law.

Currently, at the conclusion of a Chapter 13 plan, a debtor is eligible for a broader discharge than is available in Chapter 7, and this superdischarge can result in several types of debts, including those for fraud and intentional torts, being discharged whereas they could not be discharged in Chapter 7. The language of the bill tracks an amendment I offered last year, and would simply add fraudulent debts to the list of debts that are nondischargeable under Chapter 13. It is as simple as that.

Here is what the Deputy Associate Attorney General, Francis M. Allegra, said about the dichargeability of fraudulent debts in a letter dated June 19, 1997:

> We are unconvinced that providing a (fresh start) under Chapter 13 superdischarge to those who commit fraud or whose debts result from other forms of misconduct is desirable as a policy matter.

Here is what Judge Edith Jones of Fifth Circuit Court of Appeals said in a dissenting opinion to the report of the Bankruptcy Review Commission:

> The superdischarge satisfies no justifiable social policy and only encourages the use of Chapter 13 by embezzlers, felons, and tax dodgers.

Judith Starr, the Assistant Chief of the Litigation Counsel Division of Enforcement of the Securities and Exchange Commission, testified before the House Judiciary Committee on March 18, 1998. Speaking about the fraud issue, she said:

> We believe that, in enacting the Bankruptcy Code, Congress never intended to extend the privilege of the ''fresh start'' to those who lie, cheat, and steal from the public.

She goes on to say:

> A fair consumer bankruptcy system should help honest but unfortunate debtors get their financial affairs back in order by providing benefits and protections that will help the honest to the exclusion of the dishonest, and not vice versa. It is an anomaly of the current system that bankruptcy is often more attractive to persons who commit fraud than to their innocent victims. Bankruptcy should not be a refuge for those who have committed intentional wrongs, nor should it encourage gamesmanship by failing to provide real consequences for abuse of its protections.

And she concludes:

> We support [the provision of the House bill] which makes fraud debts nondischargeable in Chapter 13 cases. Inducements to file under Chapter 13 rather than Chapter 7 should be aimed at honest debtors, not at those who have committed fraud.

A final quotation: The Honorable Heidi Heitkamp, the Attorney General of North Dakota, testified to the following before the House Committee last year:

> When a true ''bad actor'' is in the picture—a scam artist, a fraudulent telemarketer, a polluter who stubbornly refuses to clean up the mess he has created there is a real potential for bankruptcy to become a serious impediment to protecting our citizenry.

Furthermore, she says:

> We must all be concerned because bankruptcy is, in many ways, a challenge to the normal structure of a civilized society. The economy functions based on the assumption that debts will be paid, that laws will be obeyed, that order to incur costs to comply with statutory obligations will be complied with, and that monetary penalties for failure to comply will apply and will ''sting.'' If those norms can be ignored with impunity, and with little or no future consequences for the debtor, this bodes poorly for the ability of society to continue to enforce those requirements.

Mr. President, I hope there will be no dissent to these anti-fraud provisions. Certainly, there should not be. Bankruptcy relief should be available to people who work hard and play by rules, yet fall unexpectedly upon hard times. Perpetrators of fraud should not be allowed to find safe haven in the bankruptcy code.

The second amendment I offered, which was included in last year's bill, and which is again in this year's bill, is also found in Section 314. It says that debts that are incurred to pay non-dischargeable debts are themselves non-dischargeable. In other words, if someone borrows money to pay a debt that cannot be erased in bankruptcy, that new debt could not be erased either. The idea is to prevent individuals from gaming the system and obtaining a discharge of debt that would otherwise be non-dischargeable.

I want to emphasize that we have taken special care to ensure that debts incurred to pay non-dischargeable debts will not compete with non-dischargeable child- or family-support in a post-bankruptcy environment.

The third amendment of mine is reflected in Section 310 of the bill, and it is intended to discourage people from running up large debts on the eve of bankruptcy, particularly when they have no ability or intention of making good on their obligations.

Current law effectively gives unscrupulous debtors a green light to run up their credit cards just before filing for bankruptcy, knowing they will never be liable for the charges they are incurring. That is wrong, and it has got to stop.

The provision would establish a presumption that consumer debt run up on the eve of bankruptcy is non-dischargeable. The provision is not self-executing. In other words, it would still require that a lawsuit be brought by the creditor against the debtor so that a bankruptcy judge could consider the circumstances and assess the claim. But if this provision achieves the intended purpose, debtors will not only minimize the run-up of additional debt, they will have more money available after bankruptcy to pay priority obligations, including alimony and child support.

Again, special care has been taken to ensure that we are only talking about

consumer debts incurred within 90 days of bankruptcy for goods or services that are not necessary for the maintenance or support of the debtor or dependent child. We want to be sure that family obligations are met.

I will discuss one other aspect of the bill before closing, and that relates to the many provisions that Senators HATCH, GRASSLEY, and I crafted last year—and which have been improved on in this year's bill—to protect the interests of women and children.

Nothing in the earlier versions of the bill reduced the priority of, or any of the protections that are accorded to, child-support and alimony under current law. Nevertheless, concerns were expressed that provisions of the legislation might indirectly or even inadvertently affect ex-spouses and children of divorce. Assuming that critics were operating in good faith—and because our intent was always to ensure that family obligations were met first—Senators HATCH, GRASSLEY, and I crafted an amendment last year to remove any doubt whatsoever about whether women and children come first.

As now written, the bill elevates the priority of child-support from its current number seven on the priority list for purposes of payment to number one. Our amendment mandates that all child support and alimony be paid before all other obligations in a Chapter 13 plan. It conditions both confirmation and discharge of a Chapter 13 plan upon complete payment of all child support and alimony that is due before and after the bankruptcy petition is filed. It helps women and children reach exempt property and collect support payments notwithstanding contrary federal or state law. And it extends the protection accorded an ex-spouse by making almost all obligations one ex-spouse owes to the other non-dischargeable.

Many of us have heard the argument by opponents of this bill that women and children will be forced to compete with credit-card companies to collect resources from debtors, particularly once they emerge from bankruptcy. The provisions I just described answer that concern. Moreover, I think it is important to point out that the post-discharge debtor generally does not have the option to pay a credit-card company before his or her former spouse anyway. More and more child support is withheld from wages by the state. In other words, child support obligations are paid before the non-custodial parent or former spouse ever receives his or her paycheck. If withholding is not in place when the bankruptcy is filed, it can be put in place quickly under other provisions of the pending bill.

If any of these provisions can be improved on further, I know that Senators HATCH and GRASSLEY, and myself would be more than willing to modify them. My concern is that we do not allow concern for women and children to become an excuse for opposing the broader bill and letting other debtors off the hook for debts they are able to repay. That would only hurt women and children in need by forcing them to bear the higher costs associated with such bankruptcy abuse.

Mr. President, this is a good bill—a bill that protects debtors who truly need relief, while also protecting the interests of consumers who meet their obligations to creditors by repaying their debts. It protects the interests of women and children through a series of new provisions. I hope my colleagues will join me in voting for this fair and balanced piece of legislation.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, parliamentary inquiry.

First of all, under what order are we operating? Is there a time limit on remarks?

The PRESIDING OFFICER. There is a time limit. The minority had 1 minute 20 seconds.

Mr. HARKIN. Further parliamentary inquiry.

Once that time is exhausted, what business will transpire, then, on the floor of the Senate?

The PRESIDING OFFICER. Further amendments to the bill can be called up by unanimous consent.

Mr. HARKIN. Mr. President, I yield myself the—what is it?—1 minute 20 seconds and ask unanimous consent that I be permitted to speak for an additional 9 minutes, and it not be taken off the majority's time.

Mr. SCHUMER. Reserving the right to object, and I will not object, but I have just worked out a unanimous consent request with the Senator from Iowa about laying down some amendments on the bill. Might I do that now?

Mr. HARKIN. How much time does the Senator intend to take in laying down the amendments?

Mr. SCHUMER. About 15 seconds for me to ask unanimous consent to offer them and then lay them aside.

Mr. HARKIN. I yield my right to the floor, Mr. President, for the unanimous consent that the Senator from New York be allowed to lay down his amendments. And at the expiration of that time, I ask unanimous consent that I be recognized again for the minute 20 seconds, plus 9 additional minutes.

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

AMENDMENTS NOS. 2759, 2762, 2763, 2764, AND 2765, EN BLOC

Mr. SCHUMER. Mr. President, I ask unanimous consent to offer my amendments Nos. 2759, 2762, 2763, 2764, and 2765 to the bankruptcy bill. I have a few others, but we need to work those out with the Banking Committee.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. SCHUMER] proposes, en bloc, the amendments numbered 2759, 2762, 2763, 2764, and 2765.

The amendments, en bloc, are as follows:

AMENDMENT NO. 2759

(Purpose: To make amendments with respect to national standards and homeowner home maintenance costs)

On page 7, line 15, strike ''(ii) The debtor's'' and insert the following:

''(ii)(I) Subject to subclause (II), the debtor's''.

On page 7, line 21, strike the period and insert the following: '', until such time as the Director of the Executive Office for the United States Trustees issues standards under section 586(f) of title 28, at which time the debtor's monthly expenses shall be the applicable monthly expenses under standards issued by the Director under section 586(f) of title 28, and the applicable monthly (excluding payments for debts) expenses under standards (excluding the national standards) issued by the Internal Revenue Service for the area in which the debtor resides, as in effect on the date of the entry of the order for relief, for the debtor, the dependents of the debtor, and the spouse of the debtor in a joint case, if the spouse is not otherwise a dependent.

''(II) In the case of a debtor who owns the debtor's primary residence, the debtor's monthly expenses shall include reasonably necessary costs of maintaining such primary residence not included in subclause (I) of this clause or clause (iii), including the reasonably necessary costs of utilities, maintenance and repair, homeowners insurance, and property taxes, until such time as the Director of the Executive Office for the United States Trustees issues standards under section 586(f) of title 28.

On page 14, after the matter between lines 18 and 19, insert the following:

(d) STANDARDS FOR ASSESSING CERTAIN EXPENSES.—Section 586 of title 28, United States Code, is amended by adding at the end the following:

''(f)(1) Not later than 1 year after the date of enactment of this subsection, the Director of the Executive Office for the United States Trustees, in consultation with the Secretary of the Treasury, shall issue standards, specific and appropriate to bankruptcy, for assessing the monthly expenses of the debtor under section 707(b)(2) of title 11, for—

''(A) the categories of expenses included under the national standards issued by the Internal Revenue Service; and

''(B) the categories of expenses related to maintaining a primary residence not included in clause (ii)(I) or (iii) of section 707(b)(2)(A) of title 11, including expenses for utilities, maintenance and repair, homeowners insurance, and property taxes, for a debtor who owns the debtor's primary residence.

''(2) In issuing standards under paragraph (1), the Director shall—

''(A) establish set expense amounts at levels that afford debtors adequate and not excessive means to provide for basic living expenses for the categories of expenses described in paragraph (1); and

''(B) ensure that such set expense amounts account for, at a minimum, regional variations in the cost of living and for variations in family size.''.

On page 169, line 11, strike ''(f)'' and insert ''(g)''.

On page 169, line 13, strike ''(f)'' and insert ''(g)''.

On page 172, line 7, strike ''(f)'' and insert ''(g)''.

On page 172, line 13, strike ''(f)'' and insert ''(g)''.

AMENDMENT NO. 2762

(Purpose: To modify the means test relating to safe harbor provisions)

On page 9, insert between lines 17 and 18 the following:

''(ii) A debtor against whom a judge, United States trustee, panel trustee, bankruptcy administrator, or other party in interest may not, for the reason specified in subparagraph (D), bring a motion alleging abuse of this chapter based upon the presumption established by this paragraph, shall not be required to include calculations that determine whether a presumption arises under this paragraph as part of the schedule of current income and expenditures required under section 521.

On page 9, line 18, strike ''(ii)'' and insert ''(iii)''.

On page 9, insert between lines 21 and 22 the following:

''(D)(i) No judge, United States trustee, panel trustee, bankruptcy administrator, or other party in interest shall bring a motion alleging abuse of this chapter based upon the presumption established by this paragraph, if the debtor and the debtor's spouse combined, as of the date of the order for relief, have current monthly total income equal to or less than the national or applicable State median household monthly income calculated (subject to clause (ii)) on a semiannual basis for a household of equal size.

''(ii) For a household of more than 4 individuals, the national or applicable State median household monthly income shall be that of a household of 4 individuals, plus $583 for each additional member of that household.

On page 11, line 9, strike ''(A)'' and insert ''(A)(i) except as provided under clause (ii),''.

On page 11, insert between lines 14 and 15 the following:

''(ii) with respect to an individual debtor under this chapter against whom a judge, United States trustee, panel trustee, bankruptcy administrator, or other party in interest may not, for the reason specified in section 707(b)(2)(D), bring a motion alleging abuse of this chapter based upon the presumption established by section 707(b)(2), the United States trustee or bankruptcy administrator shall not be required to file with the court a statement as to whether the debtor's case would be presumed to be an abuse under section 707(b)(2); and

On page 11, line 19, strike ''receiving'' and insert ''filing''.

On page 11, line 20, strike ''filed''.

On page 14, strike lines 8 through 14 and insert the following:

''(5)(A) Only the judge, United States trustee, bankruptcy administrator, or panel trustee may bring a motion under section 707(b), if the current monthly income of the debtor and the debtor's spouse combined, as of the date of the order for relief, when multiplied by 12, is equal to or less than—

''(i) the national or applicable State median household income last reported by the Bureau of the Census for a household of equal size, whichever is greater; or

''(ii) in the case of a household of 1 person, the national or applicable State median household income last reported by the Bureau of the Census for 1 earner, whichever is greater.

''(B) Notwithstanding subparagraph (A), the national or applicable State median household income for a household of more than 4 individuals shall be the national or applicable State median household income last reported by the Bureau of the Census for a household of 4 individuals, whichever is greater, plus $6,996 for each additional member of that household.''.

AMENDMENT NO. 2763

(Purpose: To ensure that debts incurred as a result of clinic violence are nondischargeable)

On page 124, between lines 14 and 15, insert the following:

SEC. 322. NONDISCHARGEABILITY OF DEBTS INCURRED THROUGH THE COMMISSION OF VIOLENCE AT CLINICS.

Section 523(a) of title 11, United States Code, as amended by section 224 of this Act, is amended—

(1) in paragraph (18), by striking ''or'' at the end;

(2) in paragraph (19)(B), by striking the period and inserting ''; or''; and

(3) by adding at the end the following:

''(20) that results from any judgment, order, consent order, or decree entered in any Federal or State court, or contained in any settlement agreement entered into by the debtor, including any damages, fine, penalty, citation, or attorney fee or cost owed by the debtor, arising from—

''(A) an actual or potential action under section 248 of title 18;

''(B) an actual or potential action under any Federal, State, or local law, the purpose of which is to protect—

''(i) access to a health care facility, including a facility providing reproductive health services, as defined in section 248(e) of title 18 (referred to in this paragraph as a 'health care facility'); or

''(ii) the provision of health services, including reproductive health services (referred to in this paragraph as 'health services');

''(C) an actual or potential action alleging the violation of any Federal, State, or local statutory or common law, including chapter 96 of title 18 and the Federal civil rights laws (including sections 1977 through 1980 of the Revised Statutes) that results from the debtor's actual, attempted, or alleged—

''(i) harassment of, intimidation of, interference with, obstruction of, injury to, threat to, or violence against any person—

''(I) because that person provides or has provided health services;

''(II) because that person is or has been obtaining health services; or

''(III) to deter that person, any other person, or a class of persons from obtaining or providing health services; or

''(ii) damage or destruction of property of a health care facility; or

''(D) an actual or alleged violation of a court order or injunction that protects access to a health care facility or the provision of health services.''.

AMENDMENT NO. 2764

(Purpose: To provide for greater accuracy in certain means testing)

On page 7, line 9, after ''reduced by'' insert ''estimated administrative expenses and reasonable attorneys' fees, and''.

On page 7, strike line 24 through page 8, line 3, and insert the following:

''(I) the sum of—

''(aa) the total of all amounts scheduled as contractually due to secured creditors in each month of the 60 months following the date of the petition; and

''(bb) any additional payments to secured creditors necessary for the debtor, in filing a plan under chapter 13 of this title, to maintain possession of the debtor's property that serves as collateral for secured debts; divided by

''(II) 60.

On page 9, line 6, after ''reduced by'' insert ''estimated administrative expenses and reasonable attorneys' fees, and''.

On page 10, strike lines 12 and 13 and insert the following:

(1) in section 101—

(A) by inserting after paragraph (10) the following:

On page 11, insert between lines 2 and 3 the following:

(B) by inserting after paragraph (17) the following:

''(17A) 'estimated administrative expenses and reasonable attorneys' fees' means 10 percent of projected payments under a chapter 13 plan;'' and

AMENDMENT NO. 2765

(Purpose: To include certain dislocated workers' expenses in the debtor's monthly expenses)

On page 7, line 15, strike ''(ii)'' and insert ''(ii)(I)''.

On page 7, between lines 21 and 22, insert the following:

''(II) In addition, the debtor's monthly expenses shall include the reasonably necessary monthly expenses incurred by a debtor who is eligible to receive or is receiving payments under State unemployment insurance laws, the Federal dislocated workers assistance programs under title III of the Job Training Partnership Act (29 U.S.C. 1501 et seq.) or the successor Workforce Investment Act of 1998 (20 U.S.C. 9201 et seq.), the trade adjustment assistance programs provided for under title II of the Trade Act of 1974 (19 U.S.C. 2251 et seq.), or State assistance programs for displaced or dislocated workers and incurred for the purpose of obtaining and maintaining employment.

Mr. SCHUMER. I ask unanimous consent that the amendments be laid aside.

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

Mr. SCHUMER. I yield the floor to the Senator from Iowa.

AMENDMENT NO. 2751

Mr. HARKIN. Mr. President. When I think of who the minimum wage increase would benefit and why it is needed—I don't think of the teenager popping corn at the movie theater.

I think of the single mother of two, a full-time cashier at the local grocery store, struggling to put dinner on the table and clothe her kids. She's off welfare, but still living far below the poverty level. Right now, the minimum wage pays her less than $11,000 a year, working 40 hours a week.

If we really want to help parent succeed on their own, they need a fair wage. Senator KENNEDY'S amendment would help us get there.

Today we have the opportunity to assure that 11.8 million American workers are provided with a much needed and much deserved raise. Two-thirds of minimum wage workers are adults. Nearly sixty percent are women. More than ⅓ are the sole breadwinners, like the woman I spoke of.

Mr. President, it is a sad fact that in today's booming economy and skyrocketing executive pay, minimum wage workers earn 19 percent less, adjusted for inflation, than minimum wage workers earned 20 years ago. The proposed increased would restore the wage floor to just above its 1983 level—which is a positive step despite the fact that it would still be 13 percent below its 1979 peak.

I believe that these workers are central to the U.S. economy and that they

should benefit from the recent surge in economic growth—not be left behind.

But, I keep hearing the same tired argument echo in this chamber—that raising the minimum wage would cause widespread job loss. Critics need to find another argument—because they're wrong on this one—always have been.

Let's look at what happened last time: The Economic Policy Institute reported that in September 1996, one month before the minimum wage increased from $4.25 to $4.75, the national unemployment rate was 5.2 percent. In December 1997, two months after the second annual increase boosted the minimum wage to $5.15, the national unemployment rate was 4.2 percent—a full point lower. More telling, retail trade jobs which disproportionately employ low wage workers, grew as fast as jobs overall.

A recent Business Week editorial backed that up saying—

> In a fast-growth, low-inflation economy, higher minimum wages raise income, not unemployment.

The workers who this amendment would target are central to the economy—and they should benefit from the incredible growth of our economy.

I know that there are proposals for a more gradual increase in the minimum wage—3 years instead of 2. This would cut the income of a full-time, year-around worker roughly $1,500 over three years compared with the current proposal. The minimum wage has already lost a lot of ground with inflation. The three-year proposal would only hinder this effort to catch up.

There is another critical piece of Senator KENNEDY's amendment—stopping the abuse of workers on U.S. land. It would apply the U.S. minimum wage to the Commonwealth of the Northern Mariana Islands—the CNMI, also known as Saipan. The local government's current minimum wage there is $3.10 an hour. This amendment would go a long way toward relieving some of the egregious abuse and exploitation of temporary foreign workers brought to the U.S. territory to work at the garment factories—most of which are owned by foreign interests.

The bottom line is this: All of America deserves a raise—that includes those living and working in Saipan—and the 143,000 Iowans who would benefit from the raise.

Profits and productivity are way up. There is room to give workers a wage they deserve without hurting economic growth. The rest of the economy shouldn't be doing better than the people who make it run.

So I urge my colleagues to support a raise in the minimum wage. It is the right thing to do for women, for America's families, and it is long overdue.

The Kennedy amendment also includes a number of very important tax provisions that I strongly support. One of the most important points about the tax provisions is that the new tax benefits are fully paid for. The cost of these benefits are offset both for the coming year and for the coming ten years so we do not eat into the funds we need to pay for Social Security and needed improvements in Medicare as the baby boomers start retiring. It closes tax loopholes that allow some large companies to escape paying their fair share of taxes by creating artificial accounting gimmicks that have no purpose whatsoever except shifting the burden of taxes from a company to average taxpayers or the public debt.

I am very pleased that this amendment includes the text of S. 1300, the Older Workers Protection Act, which I have sponsored. Across America, workers have worked for companies anticipating the secure retirement which is their due and expectation under their company's pension plan. Now, as more Americans than ever before in history approach retirement, some employers are trying to cut their pension benefits.

Under current law, a company cannot take away pension benefits that have already been earned. But, in a slight of hand, when some companies change their pension plan making it less generous, they quietly, simply do not pay anything into an employee's account, often for 5 years or more till the employee's pension is ''worn away'' to the lower value of the new plan. This wear away is, I believe illegal under current age discrimination law. It certainly is a violation of the spirit of the law. This provision would clear, real protections for many thousands of workers who are having their pensions slashed without their knowledge. This measure eliminates wear away. It provides a company must pay into an employee's pension account under a new pension plan without regard to higher accrued benefits that might have been earned prior to plan change.

The amendment also provides for numerous provisions that help smaller businesses and their owners that I support. These include:

100 percent deductibility for self-employed health insurance staring on January 1, that I have been working for many years,

A tax credit for the start up costs of a small company pension plan including a 50 percent credit for the match that a small employer puts into a employee's account during the first 5 years. This could really make a difference; giving employers real incentives to setting up quality pension plans so crucial to workers retirement, a 25 percent tax credit for an employer's cost in setting up a day care center, Expanding the amount a small business can expanse to 25,000, Extension of the Work Opportunity Tax Credit and the related to Work Tax Credit, Expanding the Low Income Housing Tax Credit. But, I would have liked to see a far faster increase in the increase in this program than the amendment provided. The measure contains a number of benefits of particular interest to farmers that I strongly support including a provision that prevents the use of income averaging pushing a farmer into having to pay the Alternative Minimum tax. And it provides for a 10 year carryback for farmers that I have been advocating. This would I believe it would be important to have the carryback provision take effect for loses that occurred in both 1998 and 1999.

On the other hand, the Republican tax amendment has a net cost of over $75 billion over the coming decade that is not offset by closing tax loop holes or by other means. That means that the Republican proposal will have the likely effect of cutting into the funds we need to protect Social Security and to preserve and improve Medicare. That is a real problem under current projections of government revenues and costs. But it is even worse if we end up with a serious downturn in our economy. Some claim that the reason for these tax provisions is a desire to mitigate the costs of the minimum wage increase on small employers. But, the burden on Social Security and Medicare is three times the effect of the estimated effect of the version of the minimum wage provisions in the Majority package.

Many of the provisions are worthy of support, many are also in the Democratic proposal where they are paid for. It also contains some provisions that I support but which were not included in the Democratic proposal because of its cost. These include the tax benefits for health insurance and long term care. On the other hand, this proposal unfairly benefits the wealthy. For example, there is a $396 million cost to the government over 10 years to allow a person to increase the amount of money that can be received from a defined benefit plan from $130,000 to $160,000 per year. Every penny of this cost benefits those at the top of the income scale, not one of whom is making less than 10 times the minimum wage just from one retirement benefit!

Unfortunately, there are a large number of provisions in the GOP plan that reduce the incentive for small businesses to set up a good pension plan for their workers. The tax code provides about $130 billion a year in tax benefits to promote pensions. The purpose of that considerable public investment is to provide incentives for people to invest in pensions and for companies to fund pension plans for all of their workers, not just owners and key employees. Many small employers are pushed by the law's limits on what they can put into their own pension accounts without providing benefits to all employees to provide decent pension plans for their workers. The majority amendment reduces those restraints and will likely result in far fewer employees getting pensions. That is bad public policy.

Lastly, the majority amendment includes provisions that provides significant special interest loopholes in the tax code. There is a provision regarding ESOPs: employee stock ownership

plans. The Treasury believes this provision opens up a significant loophole for some taxpayers. If a high income self employed person or someone in a partnership with others, arranges that all of the people that work with him and his partners are considered employees of another entity, then the partners can incorporate and form an ESOP. Under the provision in the amendment, the doctors could then defer all of the income they desire, effectively as pension income without any limit. So, if they each make $300,000 and one decides that he needs to spend only $150,000 to live on, that high income taxpayer could defer their taxes on the whole whopping $150,000 unspent. That is outrageous. Why should we be putting these very generous loopholes in the tax code that allow a few to not pay their fair share of taxes? They become a special class of taxpayers who only have to pay taxes on what they spend and everything they save goes into the equivalent of a super IRA with all taxes deferred. That makes no sense at all.

We need tax provisions that are designed to promote the creation of pensions for the average employee making $25,000 or $50,000, not creating special provisions only of interest to very high income taxpayers that actually reduce their interest in setting up pension plans for their workers. I urge that we pass the Kennedy amendment and reject the majority amendment.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President do I have some additional time?

The PRESIDING OFFICER. Thirty-two minutes 24 seconds remaining.

Mr. DOMENICI. I note Senator LANDRIEU is here from Louisiana. I won't take that much time, and I will yield back the remainder so she may proceed in morning business, if that is her desire.

Let me just say, it is absolutely amazing that some group proposes that the minimum wage should be increased because the poor families in America, who are out there working at jobs, are the ones it will help, only to find that every study reveals that isn't the case.

I am going to talk a minute about CNN. They proceeded with a very intense analysis of their own, and they have been running it on television. It is sort of shocking to hear what they find versus what we are hearing in justification of a $1 increase in the minimum wage in the next 13 months-14 months.

First, let me start and read the dialog that occurred on CNN with reference to their research and who is helped and not helped by the minimum wage:

Highlight: Next week, Congress will be raising the minimum wage by $1 to $6.15, which could benefit perhaps 10 million low-wage workers. A look at who a minimum wage increase would benefit. Body of the report: Jim Moret, anchor. There were fewer Americans out of work last month. The jobless rate dropped to 4.1 percent, the lowest it has been in 3 decades. Also in the Labor Department's report, average hourly earnings rose by only 1 penny last month to $13.37. That is the average per hour. Next week, Congress considers a minmimum wage of $1 which could benefit perhaps those 10 million low-wage workers.

But who are they?

Our Brooks Jackson has some answers that may surprise you.

He says:

Who would be helped if the minimum wage went up to $6.15 cents?

The answer is:

Not these workers.

The ones they have been talking about.

Bob Seidner, owner, Classic Auto Salon: I wouldn't even consider paying somebody that level, because we're not going to get the level of employee.

Jackson: In today's hot job market, Bob Seidner says he has to pay $8 an hour to get an experienced car washer in Maryland. And in his Atlanta restaurant, nobody stays at the minimum wage for long.

They all move up rather rapidly.

Greg Vojnovic, Restaurant owner: If you look at the economy today, there is so much pressure on the labor marketplace that you can't pay anybody a minimum wage for any period of time. Our typical dishwasher, who is typically the lowest position, is making [more than the minimum wage today. In fact, he is making] $7 an hour.

Jackson: So who would be helped? Experts say fewer than one worker out of every ten, most of them part-time workers, and mostly not in poverty.

Let me repeat that:

So who would be helped? One out of every ten, and most of them are part-time workers and mostly not in poverty.

I am going to jump away from this for a minute and say, who do you think those part-time workers are? They are the teenagers of America who are working in restaurants, drive-ins, and all the kinds of places where they want to get jobs to learn how to work. Let's be honest about it; it would be nice if we could give them a 50-cent increase in the minimum wage in January and 50 cents the next year. But let's also be honest that they are not the poverty people of America; they are teenagers breaking in at their new job. And it is most interesting, for these comments and others that I have read say that even they are getting paid more than the minimum wage these days.

Teenagers like Sara Schroff, a 19-year-old student making $5.15, but only the start. She'll be promoted in a week.

Even McDonald's offers more than the minimum wage.

Says another who has looked out in the job market.

In fact, teenagers make up 28 percent of those who would gain, and only 23 percent of the gainers are the main earners in their families.

Opponents say there's still a good reason to raise the minimum wage.

And the Economic Policy Institute says:

It's true that while the increase is not perfectly targeted, most of the benefits do go to lower-income working families. Fifty percent of the benefits, of the gains from this next increase, will go to families whose income is $25,000 or less; that's lower middle income. . . .

Those working poor households would get only 17 percent of the gain from raising the minimum wage.

Frankly, we have heard all kinds of numbers on how many minimum-wage people we have in America. I am just going to be rebutting their comments for a moment, and then I will tell Americans about our bill.

To get to the 10 million they are bantering around here on the floor, let me tell you where that comes from. Minimum-wage earners are 1.6 million of this 10 million that is being bantered around. Workers making between the present minimum wage and the new wage of $6.15, under these amendments, are 5.9 million. Workers making less than the minimum wage and who are not going to be affected by the minimum wage because they are tip people, or the like, are 2.7.

So, in summary, 1.6 million are really minimum-wage earners working under the minimum wage as a means of recompense for an hour's work. Nonetheless, we have an amendment that I believe is far superior to the Democrat amendment. I am very pleased to have been part of putting it together. We want to raise the minimum wage to keep steadily ahead of inflation, and it will be raised 30 cents in January, 35 cents the following January, and 30 cents the following—$1 in a period of 26 months instead of a period of 14 months.

In addition, very simply put, we change some provisions in the tax law, which I now hear we should not do because it cuts taxes. Well, does anyone seriously believe that with the kind of surpluses we have projected in the United States, we are not going to give the taxpayers back some of that money? I can say, with surpluses that are approaching $3.4 trillion, does anybody believe there is a better time to give the American people a tax reduction, give them back some of their money? If we can't do that now, I ask you, when can we? These are the largest deficit, largest surpluses we could have predicted in the best of times.

The budget is under control. It is growing at the lowest rate in all categories in the past 40 years on an annual basis. We take some credit for that. The President deserves some credit for that. But that is success. That is building a surplus. In the last year, we have not spent one penny of the Social Security trust fund money—in the year that just passed. The Congressional Budget Office says, as a matter of fact, we have a surplus of a billion dollars. That has not occurred in 40 years. We want to say to the Social Security trust fund, you keep all that is yours. That is about $2 trillion. What do we do with the other $1.3 trillion to $1.4 trillion? Do we leave it around here so we can spend it?

Does anybody doubt, if we don't make appropriate tax cuts, or tax reductions, that it won't be spent? We

have already heard that the worst thing to do with the surplus is to spend it. The best economic advisers that our country has say the worst thing you can do is spend it. So we have, in the first 5 years, $18.5 billion in tax relief, mostly for small businesses so they can continue to be the driving force behind America's growth.

I am going to just quickly, in a moment, tick off three or four of those tax proposals that I think are very good. Somebody said this is a waste of effort because if the Republican package passes—and I hope it does because I think it is a very good package—the President will just veto it. Well, I am not too sure of that. Let me make sure the Senate understands that the tax package included in this Domenici, et al., proposal is 12.5 percent of the tax package we passed some months ago. It is 12.5 percent—not 50 percent of it, not 75, but 12.5. If you can't get that through, what can you get through? I believe the President would sign it in a minute because it does the kinds of things that even he has talked about as being necessary for American business to retain its energizing effect and its competitive qualities.

For a moment, let's quickly go through the amendments we have attached and put in the tax amendments in this package.

One: For the first time, we really help workers in America pay for health care insurance. Heretofore, if a worker bought his own insurance, he could not deduct it. He would have to put it in a large pot called health expenditures.

Only if it exceeds 7.5 of his income could it be included in the deduction. We have said let's try this out. Let's see what would happen if workers who buy their own health insurance—for whatever reason—deducted the whole thing the same as a company today deducts the whole thing under an exclusionary rule that we have established by precedent around here, and then we made it part of the rule of law. That is in there.

Self-employed men and women have had a raw deal on health insurance. Everybody in this Chamber knows it. If we have a surplus, we ought to make that right. Let self-employed Americans deduct 100 percent of their insurance costs—not some percentage. That is built in with a rather rapid curve where they will be able to deduct the full amount.

This is a work opportunity tax credit. Almost everybody in this Senate wanted that when we put it in before and made it temporary. It runs along with welfare reform. We have reduced welfare by 48 percent, and we cry out to business to hire welfare trainees. Yet the credit they get for doing that is temporary. We want to make it permanent. So a welfare trainee is more apt to get a job if the employer can get some incentives up front while they are training them and helping them.

Who can be against that? Will the President veto that? I can't believe it.

There is an item where small business can do an expensing of certain capital improvements. But we have a limit on it. Otherwise they have to depreciate it over time. We have increased that to $30,000 a year. It will be marvelous for small business to deduct those kinds of expenses that are encapsulated in that amendment. It will make their businesses grow and prosper. There are two or three others that go with this.

But essentially, I believe when you put that package together you are saying there will be fewer minimum-wage workers in the future, small business will have a chance to profit more, and they will pay higher wages because the marketplace will force them to. In the meantime, we also increase minimum wage by $1. We just take 12 months longer to do it.

I believe it is a good package. I hope the Senate passes it tomorrow. We will have a few more minutes of debate tomorrow before the vote. In the meantime, I hope everyone looks at the package in their offices and will get briefed on it because it is a very good package. I not only yield the floor, but I yield back any time that I had on my amendment.

AMENDMENTS NOS. 2768 AND 2772 EN BLOC

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I ask unanimous consent that the pending amendment be laid aside, and that two amendments be called up en bloc, No. 2768, relating to retroactive finance charges, and 2772 relative to residency issues on credit card issuance.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. LEVIN] proposes amendments numbered 2768 and 2772, en bloc.

Mr. LEVIN. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments, en bloc, are as follows:

AMENDMENT NO. 2768

(Purpose: To prohibit certain retroactive finance charges)

At the appropriate place, insert the following:

SEC. ___. PROHIBITION ON CERTAIN RETROACTIVE FINANCE CHARGES.

Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by adding at the end the following:

''(h) PROHIBITION ON RETROACTIVE FINANCE CHARGES.—

''(1) IN GENERAL.—In the case of any credit card account under an open end credit plan, if the creditor provides a grace period applicable to any new extension of credit under the account, no finance charge may be imposed subsequent to the grace period with regard to any amount that was paid on or before the end of that grace period.

''(2) DEFINITION.—For purposes of this subsection, the term 'grace period' means a period during which the extension of credit may be repaid, in whole or in part, without incurring a finance charge for the extension of credit.''.

AMENDMENT NO. 2772

(Purpose: To express the sense of the Senate concerning credit worthiness)

At the appropriate place, insert the following:

The Federal Trade Commission shall report to the Banking Committee of Congress within 6 months of enactment of this act as to whether and how the location of the residence of an applicant for a credit card is considered by financial institutions in deciding whether an applicant should be granted such credit card.

Mr. LEVIN. Mr. President, I ask unanimous consent that those two amendments be laid aside and that I be permitted to call up amendment No. 2658 relating to the nondischargeability of debts arising from firearm-related deaths.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LEVIN. I thank the Chair. I thank my friend from Iowa.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, with Senators permitted to speak up to 10 minutes each, with the exception of Senator LANDRIEU.

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

The Senator from Louisiana.

THE LAND AND WATER CONSERVATION FUND

Ms. LANDRIEU. Thank you, Mr. President. I have a few important things to say tonight. I will try to fit that in with the time that has been allotted to me.

There are many important issues that need to be resolved in the next few days in order for us to wrap up this year and move on. The minimum wage debate is clearly a very significant issue for us. I am glad we will be voting on it and, hopefully, come to a resolution tomorrow. There are other issues pending that have yet to be resolved. That is why I rise tonight to speak for a few minutes about one of them that is very important to the people of my State, the State of Louisiana.

I say at the outset as respectfully as I can that I am going to object to proceeding to any additional actions of the Senate until this issue is resolved, or until there is an answer in terms of what our options are. Some of us are not party to some of the discussions that are going on behind closed doors and some being reported. There is some information that I am very interested in receiving, and many people in Louisiana are interested in the information because it has to do with money