make choices about priorities for the country.

Mr. COVERDELL. Right.

Mr. KERRY. Now, when I see chapter 1 unfunded, or I see urban centers where they don't have computers, and I see so many kids in so many parts of the country whose families can't afford any of the amenities that make a difference, I find it very hard as a matter of choice to suggest that even that 50 percent is appropriately spent.

Now, I am not arguing with the Senator. I am not suggesting to him or saying that some family in public school may not benefit from this. I understand some public schools have uniform codes and a parent may be able to go buy a portion of the uniform. I don't know how much $7 a year is going to do. If you are doing it K through 12, that is the interest. The only benefit under the Finance Committee rule is the tax benefit of the tax-free interest savings. So you can withdraw the money you have put into the savings account, but all you are really getting the benefit on is the tax-free component. Say you put $500 in there and you have to draw it out in 2 years at 6 percent, or 5 percent, which is what they are earning nowadays—these things aren't even marketable; none of the major houses are marketing them, so you are going to earn base interest on it and you are not going to get much money as a consequence of that. So when you have very few resources, I say to the Senator, what is the justification?

Mr. COVERDELL. The Senator makes my point. There is so little invested on our part to cause them to do so much. I am stunned that people would be concerned. For this type of investment, why would we not want to produce the $12 billion in new resources that we don't have to appropriate? People do it on their own—not to mention the connection that occurs between the parent and the student.

Mr. KERRY. Mr. President, I say to my colleague—and he knows this full well—there are Members of the Senate who basically have been fighting for years to create sort of a full-fledged support system, through the Federal Government, for education and/or for schools outside the public school structure. That has been a great fight in the Senate.

What I said is it is not the $7 that is critical here; it is the principle. If we adopt in the Senate a notion that we are going to now in the United States have a full-fledged support system for parochial schools and religious schools through the elementary and secondary level, that is new. Once we have made it $7, you are going to come back—or someone is—and say we haven't given them enough; we have to give them $500 because that is more meaningful. Of course, if we were willing to support either private or religious schools previously, what would stop us from giving them more money now? That is what this fight is about; it is not about the $7. Although, as a matter of choice, I don't see why it is we reward people who are already capable of sending their kids to these places and have made that choice versus the people who are having the hardest time making ends meet.

Mr. COVERDELL. Mr. President, 70 percent of all these funds go to families of middle income or lower income.

Mr. KERRY. As I have said, the real fight is the issue of this concept.

Mr. COVERDELL. I can accept it on those terms, but I don't believe the fact we have not taxed that account to be an appropriation of the U.S. Treasury in support of a private or parochial school. We have just not collected the tax; there has been no constitutional challenge or discussion about it. That just won't flow. If we have decided to grant accounts that people's own money goes into and have decided we are not going to tax the interest on it, there is no way in the world that anybody would find that that is a subsidy of parochial education.

Mr. KERRY. Mr. President, my friend knows full well that the famous teacher Stanley Surrey, I think at Harvard Law, coined the phrase ''tax expenditure.'' We make choices in the Senate that if you forego a tax you expect to collect, it is an expenditure. Now, that is a well-known principle in terms of how we operate.

Mr. COVERDELL. It is also a fine line that does not in any way suggest we are making an appropriation. I accept the fact that you might argue, as Senator WELLSTONE did earlier, that it is money that wasn't sent to Washington and you prefer it be sent here so we can be involved with the distribution of it.

Mr. KERRY. Mr. President, I believe my friend will acknowledge, as he has already—I think he said that a majority of this benefit will go to families in private schools.

Mr. COVERDELL. No, I didn't. I said that 70 percent of the families are in public schools. Then I said the distribution would be 50–50. The reason for that is parents who have children in the private schools are paying higher costs. They are paying, of course, the taxes for the public schools as well, and will probably have an incentive to save more. I think that is probably so. I sort of think that while 70 percent are in public schools, the distribution of 50–50 will probably be the case.

Mr. KERRY. Mr. President, if I may again just quickly say the Joint Tax Committee tells us that they arrive at an assessment where under the legislation of the Senator from Georgia, 52 percent of the tax benefit will go to taxpayers with children in private schools.

Mr. COVERDELL. If the Senator is drawing the line of the 2-percent difference and somehow that makes the point——

Mr. KERRY. Fifty percent.

Mr. COVERDELL. I will accept that argument.

Mr. KERRY. For the purposes of this, let us say it is 50 percent. I don't understand the public policy rationale for 50 percent of this benefit that we are going to grant going to private schools when 90 percent of America's children are in public schools, and of that 90 percent, the vast majority are poorer than those 52 percent who are going to get the benefit. It just doesn't make sense.

Mr. COVERDELL. It makes sense to the majority of the Senate, and I hope it will be so again.

In that we are now waiting for the Senator from Oregon, if I might close this out.

Mr. KERRY. Mr. President, I thank my colleague for the dialog. It has been helpful. I always appreciate having it with him.

I thank the Chair.

Mr. COVERDELL. As I do.

Mr. President, this debate will continue tomorrow.

I want to reiterate that the tax savings account helps 14 million families and 20 million children. It provides for employer incentives to educate their employees. One million employees will benefit. It helps students who are in States with prepaid tuition plans because we do not tax them. That will be 1 million students who will benefit from the savings tuition provision. It adopts the proposal of Senator GRAHAM of Florida and Senator SESSIONS of Alabama on State tuition and on school construction.

Go across the face of education insofar as the Finance Committee is concerned. It deals with tax policy. We are not the education committee. We are making the Tax Code friendlier to States, communities, parents, employers, employees, and students to get a better education, 70 percent which will go to families of middle income of $75,000 or less. It is the same means test the President used when he created the HOPE scholarship along with the Congress. The only thing we do is make it four times more powerful than the President's proposal.

As I said, I sort of reel from time to time when they try to make it insignificant, but then it becomes a huge debate. They contradict themselves. If this is only worth ''$7 a year'' and is ''insignificant,'' then the President's proposal is only worth $2.25 because it is one-fourth the value of these accounts.

MORNING BUSINESS

Mr. COVERDELL. Mr. President, I ask unanimous consent there be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

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

TRIBUTE TO MARIE FABRIZIO DICKINSON

Mr. WARNER. Mr. President, I rise today to recognize the distinguished