Should his situation persist, the Indiana-based Hudson Institute, a prominent think tank, estimates that in just a few years it will cause a 5 percent drop in the growth rate of total economic activity, also known as gross domestic product. That means a whopping $200 billion loss in national output—nearly $1,000 for every American.

''It is as if America ran out of iron ore during the industrial revolution,'' one industry official notes.

The problem is particularly acute in Michigan, where high-tech needs are higher and the unemployment rate is lower than the national average. Indeed, so severe is the crunch of skilled workers here that many high-tech employers in Oakland County recently convened a conference to discuss ways of attracting more workers to the state.

Despite the burgeoning demand, the immigration ceiling for highly skilled immigrants has remained fixed at 65,000 for the past eight years. Indeed, for the first time in history, American employers last year reached this cap one month before the end of the fiscal year. This year they are expected to hit the limit even sooner.

Protectionists and nativists will no doubt denounce Sen. Abraham's bill as a threat to American workers. Many call for increased subsidies for ''job training'' programs. But such programs have seldom yielded the promised benefits.

The real threat to American workers is that companies will be forced to move abroad in search of talent.

[From the Seattle Times, Feb. 23, 1998]

END NATIVIST HIRING CAPS

For six years, Congress has mandated that the high-tech industry compete with one hand tied behind its back. It's time to loosen the cuffs.

The handicap comes in the form of an obscure immigration limit called the H–1B visa program. The product of a nativist backlash against highly skilled foreign workers, the law prevents software firms, tech companies and others from freely employing the best and brightest around the world. The 1990 provision set a national cap on visas for foreign professionals—including computer engineers, programmers, doctors and professors—of 65,000 a year. Demand has skyrocketed and the high-tech industry faces a critical labor shortage.

Supporters of the cap say imported workers are stealing jobs for native-born professionals. Nonsense. From its founding, this country's economic growth and intellectual achievements have been fueled by talented immigrants, not curtailed by them.

The domestic textile industry, space program, physical sciences, biotech and computer industry all gained from the contributions of immigrants—many of who become tax-paying American citizens, created thousands of new jobs for their fellow countrymen, and greatly increased the nation's stock of human capital. Just consider: A third of all American Nobel Prize winners were born overseas.

Twelve percent of the fastest-growing firms in the nation today were founded by immigrants. Andrew Grove, a Hungarian emigre, was the force behind Intel. Charles Wang, a Shanghai native, founded Computer Associates—a company employing thousands and generating millions of dollars each year. Eckhard Pfeiffer, CEO of powerhouse Compaq, is from Germany.

Microsoft relies on skilled immigrants for about 5 percent of its work force. At Seattle-based ZymoGenetics, two foreign recruits—one from India and one from Austria—collaborated on a new form of insulin that captured 45 percent of the world market and catapulted the local biotech firm to success. The stories of immigration-inspired innovation and job creation in the Puget Sound region are endless.

Certainly, the federal government should support efforts to train (or retrain) a home-grown, high-tech work force. But the key lesson here is that immigration is not a zero-sum game. Labor produces more labor; there is no finite number of jobs in any industry.

Next week, Congress will hold hearings to re-examine the H–1B visa limits. Nativist demagogues will protest loudly. But erecting barriers to a small but invaluable stream of skilled immigrants hurts no one but ourselves.

If lawmakers ignore employers, don't be surprised if high-powered high-techs move jobs overseas or contract out to foreign firms. By curtailing through foolish hiring restrictions the flexibility and growth of some of the nation's most dynamic industries, ''America First'' demagogues are putting America last.

[From the Fairfax Journal, Mar. 10, 1998]

JOBS GO BEGGING

Those who calculate such things say that more than 19,000 high-tech jobs are going begging in Northern Virginia. The situation is bad enough that firms offer bounties to employees who lure in others with particular skills. Meanwhile, a Virginia Tech study done for the Information Technology Association of America suggests that more than 340,000 highly skilled positions are unfilled around the country—more than the population of Arlington, Alexandria, Fairfax City and Falls Church combined.

Those numbers have spawned hurry-up efforts in Northern Virginia (Northern Virginia Community College and the Herndon-based Center for Innovative Technology are major players) and around the country to train more computer-savvy workers before American companies start to lose their competitive edge globally or the companies feel compelled to ship more work overseas.

But in addition to workforce training efforts, high-tech companies ought to be able to bring more of those foreign workers to our shores before they ship jobs elsewhere.

Bills introduced in Congress by Rep. Jim Moran, D–8th District, and Sen. Spencer Abraham, R-Michigan, would increase companies' access to foreign professionals. Abraham's bill, would increase the cap on ''H1–B'' visas to 90,000 workers a year from 65,000. The H1–B program allows companies to sponsor foreign professionals who generally get permission to stay for six years. In 1997 the 65,000 cap was reached in August and this year companies are expected to reach the cap in May—such is the demand.

Moran's bill, part of a package designed to train more high-tech workers, would allow the Secretary of Labor to grant permanent residency status to information technology professionals for three years without quotas, as is done now with nurses and physical therapists—as long as the efforts don't take away jobs or earnings from Americans. Indeed, the job vacancies suggest that no skilled worker, native-born or immigrant, is scrounging for work at the moment.

Moran's measure goes in the right direction, although anti-immigrant sentiment around the country is strong enough that he might have to resort to a cap of some sort as a political fallback. In any event, measures that open up American access to highly trained technology professionals deserve the support of the entire Northern Virginia delegation in Congress.

Allowing more foreign professionals into the U.S. makes all the sense in the world. It would help keep the economy humming in technology hubs such as Northern Virginia, and it would give companies second thoughts about taking jobs overseas. Further, these workers are anything but budding welfare cases. They have to be paid the prevailing wage for their skills—and the wages are darn good.

High-tech firms say that easing the worker shortage is critical to maintaining growth and competitiveness. Increasing the number of Americans who receive high-tech training, and bringing in more foreign workers who can do the work, are two parts to improving the situation. There are enough jobs going begging to try both approaches.

SPECIAL EDUCATION FUNDING

Mr. GREGG. Mr. President, I noted today that the President, speaking before his labor union leadership in Las Vegas, attacked the Republican budget and Members of the Republican Senate who voted for that budget, I being one, for underfunding his initiatives in education.

I believe that deserves a response because it is a duplicitous statement, to be kind. Let's talk about what has actually happened here. The President sent us a budget. It was a budget which was supposed to follow the agreements which we had reached last year under the 5-year budget agreement which reaches a balanced budget. But because new funds have been identified, according to the President, as a result of the tobacco settlement, he decided to change that.

Prior to sending us a budget, the President for days went out on the trail and proposed new program after new program after new program—140 I think is the number, $140 billion worth of new programs. Some of that was money on top of old programs, but the majority of it was on new programs, and all of it was outside the original budget agreement, and so he has sent us his budget which proposes all this new programming.

Now, what did the members of the Republican Budget Committee do, and what did the Republican membership of this Senate do in passing the budget out of committee last night? We did two things. One, we said we reached an agreement last year so let's stick with that agreement. Let's continue to work towards balancing this budget. That happens to be a priority.

In that context, we funded child care initiatives, new child care initiatives to the tune of $5 billion, bringing the total child care initiatives in this Congress being funded to somewhere in the vicinity of $74 billion. At the same time, we funded an expansion in NIH research activities, over $15 billion over the next 5 years, a huge expansion, a 40 percent increase in NIH funding.

We also said that if there is a tobacco settlement, the proper place to put that money is in the Medicare accounts. Why? Because as we have learned, Medicare is the most threatened major Government program that we have today. We know that Medicare

goes broke in the year 2005, 2007, somewhere in that range. It is essential that we fund that program so that senior citizens will have insurance.

What is one of the main drivers of the cost of Medicare? Tobacco smoking. In fact, a recent study—I think it was done at Harvard—concluded that it cost $24 billion a year in Medicare costs in order to address the issue of tobacco. And so it is appropriate that any tobacco settlement money should go to the Medicare accounts. And that is what we decided to do.

We also did something else, and this is on what I wanted to focus. We decided that the Congress should live up to its obligations in education to the special-needs children. Back in 1975, the Congress passed a law called the IDEA, 94–142, which said that children with special needs should have adequate education, and should be able to do it in the least restrictive environment. It was a good bill. It was an excellent law. As a result of that law, many children who had been shuttled off out of the local school systems, who had been put, unfortunately, in back rooms with teachers who had no experience and no skills to work with them, many children who simply because of their physical disability or their emotional problems were basically treated as pariahs within their school systems, were brought into the light and were given good educations.

It has been an extremely successful undertaking. But at the time that we passed that law we said to local school districts, listen, we know this is going to be very expensive. We as a Congress know we are asking you to do something that is very expensive, so we as a Congress will pay 40 percent of the cost of the education of that special-needs child.

Congress, acting as Congress unfortunately does so often, and the Presidency, acting also in concert, have not fulfilled their obligation to pay 40 percent. No. In fact, as of 2 years ago, the Federal share that was being paid was down to 6 percent of the cost of the education of the special-needs child.

So what had happened in the school systems? In local school systems across this country, special-needs children and their parents were being pitted against the parents and children who did not have need for the resources of those special-needs children.

What you had, I know very well, in school systems in New Hampshire was that over 20 percent of the local school dollars were going to support the special-needs child, and they still are. It was not unusual to cost $10,000 a year just for transportation of a special-needs child. Sometimes it would cost $30,000–$40,000 a year for the education of the child. And this was a situation where the special-needs child was not asking for something outrageous. They were asking for their rights under the law.

Unfortunately, in asking for those rights, they were finding themselves pitted against the parents of the other children in the school system and the local taxpayers.

Why was that? Well, because the Federal Government was not paying its fair share of the cost of that education. And the practical effect of that was that when the Federal Government failed to pay the 40 percent it was supposed to pay and was only paying 6 percent, the difference was having to be picked up at the local school district level. That meant that the money which the local school district may have wanted to spend on some other activity of education was being allocated to pay for the special-needs child.

Now, what happened here was that the special-needs child was being unfairly and inappropriately put in a position of conflict with other children in the school system. The special-needs parents at school meetings across the country were finding themselves confronted by other parents who were upset that they did not have adequate resources because resources were going to assist the special-needs child. Why? Because the Federal Government was not paying its share of the burden of the special-needs child's education. Instead of paying the 40 percent which we said we would pay, we were down to 6 percent.

So the Republican Senate, as the first act of taking control of this body, made the first bill which we put on the agenda a statement that we were going to try to put an end to this unfunded mandate activity, that we were going to try to right the situation, so that special-needs children would not be put in this intolerable position and their parents would not be put in this intolerable position, and so we would give relief to the local taxpayer, and so the Federal Government would live up to its obligations under the IDEA bill. That was S. 1. That was how high a priority we put on it here in the Senate as Republicans. We not only said it in the Senate and said it in the S. 1 bill—we did it.

In the first year we controlled the legislative process in this body under the leadership of Senator LOTT, with my support and the support of a lot of other people, we increased funding in the special-needs accounts, in the special-ed accounts, by $780 million. In the second year that we controlled the appropriating process, we increased funding in the special-ed accounts by $690 million. These were dramatic increases in those accounts, but nowhere near the increases that are necessary to reach the 40 percent. As a result of those initiatives, we now have funding for special education up to about 9.5 percent of the cost. It is a long way from 40 percent but a significant increase over the 6 percent where we started.

That is a long explanation that gets to the point of what the President has said yesterday and why what he said is so disingenuous. How much money do you think this administration put into the special-education accounts in its budget that it sent up here? Remember, they put $12 billion into new education programs, new school construction, after-school programs, and more teachers for smaller classroom size. How much money of that $140 billion of new program and new initiative did they put into the special-needs program? the special-ed program? Mr. President, $35 million—not billion, $35 million. Essentially zero, when you look at it in the context of the overall budget requirements. They essentially said that, as a matter of policy, this administration does not care what happens in the special-needs account. It does not care what happens to the special-needs child. Rather, they would like to start new programs that will create new political sound bites, that will pay off new, different political constituencies that happen to support them. But as far as special-needs kids are concerned—zippo, for them.

The practical effect of this is what is really insidious, because the $12 billion that they use to create new programs, new education programs, which basically pay off the teachers unions, gives them some sort of new initiative to talk about. Class size and building schools are two initiatives which the federal government actually has no role in, which have always been a local school responsibility. What more a local school responsibility and local school decision and discretion than what buildings a school has and how big their classes are? The administration took the two initiatives where there is no Federal role and they fund it with $12 billion. But in an area where there is a Federal role, where the Federal Government has said it has a 40 percent obligation, they put absolutely no money.

How are they able to do this expansion of these education initiatives in the area of classroom size and in the area of building buildings? The way they were able to do it—and this is, as I mentioned, what is truly inappropriate about their proposal—the way they were able to do it was they essentially robbed the money from special-needs kids. If they had taken the $12 billion of new initiatives—which are political in nature, in my opinion—and put it into the special-needs program for the kids who need it, they would have come very close to reaching the 40 percent which would be the funding levels that the Federal Government had committed to relative to special needs.

So they are essentially saying not only that they are not going to help special-education kids, but that they are going to take from special-education kids for the purpose of funding their initiatives instead of funding the special-education obligations which are already on the books. And the effect of doing this is as follows. Essentially, what they are saying is that we are going to create new categorical programs which require States and local

school systems to do what we want them to do here in Washington. Essentially they are saying you, the local school district, in order to get the money which you are owed by the Federal Government, you are going to have to spend it the way we—somebody down at the Department of Education or somebody at the National Education Association labor union—want you to spend it. You are not going to be able to make that decision at the local level. You are going to have to do what we tell you that you have to do here in Washington. Had they, on the other hand, taken that money and put it into the special-needs program, put it towards the special-education student, then they would have freed up money at the local level. Then they would have given the local communities the flexibility to say how they wanted to spend their local dollars. But, by not giving the local communities those dollars for special education, by, rather, setting up these categorical programs, they ratchet down the Federal control of the local school systems.

They are saying we are going to hit you with a double whammy, local school system. First, we are not going to fund your special-ed program so you have to take from your local tax base to do that, which doesn't allow you the flexibility to use your local taxes on the educational activities you want. If you want to build a building, you cannot do it under your own terms. If you want to add a science program, you cannot do it. If you want to add some sort of foreign language program, you cannot do it—because the dollars to do that are going to have to be spent to pay the Federal cost of special education. But if you want to get more money from the Federal Government, you have to do exactly what we want you to do in the area of class size and in the area of building buildings. It is, to say the least, a rather insidious approach to trying to take control over the local school systems. And it is a cynical approach, because the loser in this is the special-needs child, because the special-needs child is still left out there in the cold, to have to fight with the local school district in order to get the adequate funding to take care of his or her needs which should have been paid for by the Federal Government.

I think I was just delivered a chart which maybe makes this point a little more precisely. Let me read it first.

If you look at current funding for IDEA State grants, it is $3.8 billion. The funding that would bring the Federal Government to its promised 40 percent is $16 billion. The President's proposed funding for 5 years for educational programs which are not IDEA related is $12.34 billion. So, you can see fairly clearly from this chart what I have just pointed out, which is that if the President and his people were willing to fund the obligations of the special-needs children that are on the books instead of trying to create new programs which take more control over the local school systems, limits the flexibility of the local school systems, underfunds the special-needs children—if they were willing to live up to the obligation which they had made as a commitment under Federal law, funding 40 percent, a lot of the pressure would be taken off the local school systems and they would have the monies necessary to pay for special-needs kids and they would also have the flexibility to do whatever they wanted with the additional money that would be freed up from the local tax base.

So we come back to this budget and the fact that the President claims that his education initiatives were not properly addressed and the Republican budget doesn't adequately address education. The Republican budget does not take the President's approach. We put $2.5 billion of additional money into the IDEA program. No, we do not fund all the new initiatives that the President wants because we believe we should fund the initiatives that are on the books first. We believe we should take the special-needs child out from under the cloud of the Federal Government not fulfilling its obligations, free up the local taxpayer and the local school board so it has the money to make the decisions that are needed to be made at the local level rather than have the Federal Government not fund the special-needs programs but create new categorical programs which try to take control over the local school system.

So, the President, as I mentioned earlier, is at the least, to be kind, being disingenuous, inconsistent, and in this instance specifically not fulfilling the obligation of the Federal Government to the special-needs child. So I am perfectly happy, as we move forward on the debate on this budget, to put the Republican budget on education up against the Democratic budget on education—up against the President's proposals on education.

I come to this floor as someone who headed up a school for special-needs children and who recognizes, on a personal level, how important it is that we give these kids full and adequate education. I come to this floor speaking on behalf of Republicans on the Budget Committee who say we will make our stand, we will be happy to make our stand on fulfilling our obligation to the special-needs child, and we will be happy to debate with any member of the minority party who wants to come forward with the President's proposal and claim that new initiatives—which will take more control over the local school systems, which are basically sops to various political groups who support them, and which do absolutely nothing to fulfill our obligation to the special-needs child—take priority, take priority over the law as it has already passed that said we would pay 40 percent of the cost of those children but, more important, over the fact that we have, for too long, left these kids in the lurch and put them in the intolerable position of having to compete for resources to which they, under the law, have a right.

I yield the floor.

SUPPORT FOR MICHIGAN STATE UNIVERSITY IN THE NCAA MEN'S BASKETBALL TOURNAMENT

Mr. ABRAHAM. Mr. President, with the serious issue of NATO expansion out of the way, I want to draw my colleagues' attention to another topic with national implications. Tonite, Michigan State University will face the University of North Carolina in the semifinals of the NCAA Men's Basketball tournament.

In anticipation of this contest, I would like to announce a friendly agreement between myself and my colleague from North Carolina, Senator FAIRCLOTH. As an alumnus of Michigan State University, I have so much confidence that the Spartans will beat the Tar Heels that I have indicated to the Senator from North Carolina I will make available to him a bushel of the finest, fresh Michigan cherries in the event that somehow my expectations are dashed. It is my understanding that the Senator from North Carolina has promised, if I am correct, that Michigan will receive a product of North Carolina origin, specifically North Carolina peanuts, if we should win.

When the best of the Big Ten faces the best of the Atlantic Coast Conference, I will bet on the Big Ten every time, Mr. President. Michigan State may be the underdog on paper, but seeds and rankings mean nothing once the ball is tipped. I know that Coach Tom Izzo's squad is having their best season in years, and their ride isn't going to end just yet. I look forward to the result and reporting back to the Senate at my next opportunity.

I yield the floor.

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

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

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask unanimous consent that Mark Williams, Maria Piza-Ramos, and Jeff Pegler be accorded privilege of the floor for the pendency of the debate on Senator COVERDELL's legislation.

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

Mr. GRAHAM. Thank you, Mr. President.

PUBLIC SCHOOL CONSTRUCTION

Mr. GRAHAM. Mr. President, in this period for morning business, I would