EDUCATION SAVINGS ACT FOR PUBLIC AND PRIVATE SCHOOLS

The PRESIDING OFFICER. Under the previous order, the hour of 4:45 having arrived, there will be 30 minutes of debate prior to the vote on cloture on H.R. 2646. Debate time is equally divided and controlled for the majority by Mr. COVERDELL and by the Democratic leader.

The Senate resumed consideration of the bill.

Mr. KENNEDY. Mr. President, I yield myself 5 minutes of the opposition time.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I urge the Senate to reject cloture on this bill. Improving education can and must be a top priority for Congress and the nation. But this Republican bill flunks the test. They call it their ''A+'' bill, but it's anti-education. It deserves an ''F.''

It is the nation's public schools that need help. So what do our Republican friends do? They propose legislation to aid private schools. That makes no sense at all. Our goal is to strengthen public schools, not abandon them.

Incredibly, the Republican strategy on the Budget Committee is more of the same. The Republican plan does not provide for key investments to improve public education. It does not provide help to reduce class size. In fact, the Republican plan proposes a cut of $400 million—$400 million—in the budget category for education next year. If that anti-education plan is passed, schools and students will get even less help next year than they are getting this year, just when they need help the most.

It is clear that our Republican friends are no friends of public schools. They have an anti-education agenda. They want tax breaks for the wealthy who send their children to private schools. They want to cut the budget for public schools. The Republicans have put their cards on the table—and it's a losing hand for education.

If they really wanted to improve the nation's schools, they wouldn't propose a $30 billion tax break, while cutting funds for education.

Now, with this cloture vote, they are trying to gag Democrats to prevent us from offering proposals that will genuinely help education. They are trying to force the Senate to pass their private school bill or no bill.

The use of tax breaks to subsidize parents who send their children to private schools is a serious mistake.

This chart indicates who the winners and losers are. Ninety-three percent of the children in this country go to public schools; 7 percent go to the private schools. Yet when you look at the money, where the money goes, 48 percent to the public schools, and 52 percent to the private schools.

This bill does nothing to address the serious need of public schools to build new facilities and repair their crumbling existing facilities. It does nothing to reduce class size in school. It does nothing to provide qualified teachers in more classrooms across the Nation. It does nothing to help children reach high academic standards. It does nothing to provide after-school activities to keep kids off the street and away from drugs and out of trouble. It does nothing to improve the quality of education for children in public schools.

Working families do not have enough assets in savings to participate in this scheme. This regressive bill does not help families struggling to pay day-to-day expenses during their children's school years. This so-called education bill does nothing for education. It simply provides a tax shelter for the rich.

Congress should be building new schools, not building new tax shelters for the wealthy. Congress should be reducing class size, not reducing aid to public schools.

We know what it takes to achieve genuine education reform. The place to start is by resoundingly rejecting cloture on this defective bill and then amending it in the ways that would genuinely help the Nation's schools.

How much time does the Senator from Nebraska desire?

Mr. KERREY. Five minutes.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I also rise in opposition to cloture. If you look out across America today and look at the growth in the economy and the economic success and the various reasons why we have that economic success, it is clear that one of the things we need to do is invest in our infrastructure.

We just passed an ISTEA bill, $200 billion or so in investments in roads, bridges, in our transportation system to make it more productive. Our people are part of our infrastructure.

What we are saying on this side is that, if you want to provide a tax break, we ought to also be doing something about our schools that are crumbling, about our class sizes that have grown too large. There is a lot more we can do than just this piece of legislation. That is all we are asking for.

There is an opportunity to offer some constructive amendments that would substantially improve this piece of legislation. Otherwise, as many others have commented, the distributional analysis is lousy and it does precious little to help those who are in the greatest need.

Mr. President, there is another reason that has not been mentioned on the floor that I want to talk about a bit. Our American taxpayers have a deadline called April 15 which is less than four weeks away. That is their deadline, their schedule. Under law they have to have their taxes paid. On the 4th of November last year the House, by a vote of 426–4, passed a piece of legislation that would restructure the IRS and give the Commissioner the authority to manage in a fashion that almost everybody says ought to be done. In addition to that, the House legislation gives taxpayers new power. If the IRS sends out a collection notice, you know with certainty that they better be certain that they are right; otherwise, they are going to have to pay your legal fees and other fees associated up to $100,000 of punitive damages.

In addition, Mr. President, in the legislation passed by the House by 426–4 last November—which, if we had taken it up and passed it here, could be conferenced and down to the President for signature by the April 15 deadline. That should be our deadline. By the way, the American taxpayers don't have an Easter recess. They can't go home and say, ''I'll see you after the April 15 deadline.'' There are also new requirements in the IRS reform proposals that are on the table which calls for the Commissioner of the Internal Revenue Service to be present when we are passing new tax laws to speak out for the American taxpayer and say, this is what it will cost the taxpayer to comply. You have given a great speech about how this new tax break such and such and such and such, but this is what it will cost the American taxpayer to comply.

Now, just listen to this new tax idea. Since 1986 this Congress has amended the tax law 60-odd times. When we continue to do it, talk about how complex the Tax Code is and why simplicity is needed, some of our greatest advocates of flat tax and simplicity are not wildly enthusiastic about something that will add substantial complexity to their tax returns.

Let me walk through this education legislation, which allows for tax-free withdrawals from education accounts for room and board, uniforms, transportation expenses, or supplementary items and services, but only if these things are required or provided by the school. Now, this not only requires families to have a pretty sophisticated understanding of the law before they take their money out; it also appears that to be on the right side of the law, parents would need to be able to justify their expenditures with detailed records.

Who is going to be checking those records? Will the IRS be asking taxpayers to submit bus fare receipts and clothing bills with tax returns? Mr. President, if they don't provide that information when they file, are we going to be asking for it in an audit situation? Don't forget that this K–12 provision sunsets in 2002. What does that mean? That means if we pass this legislation, we will have three separate rules governing the education savings account. This year, an account that can be used for higher education, but not K through 12; next year, through 2002, we have different rules allowing tax-free withdrawals from the account; and after that, K through 12 withdrawals could be made, but only from the contributions and earnings from 1999 to 2002.

Now if you understand that, I am surprised, because I don't think your constituents will know. Will taxpayers know how much they take out is tax free? I doubt it. How will the IRS know? How will the IRS attempt to explain these new rules to taxpayers, and who will understand them?

Mr. President, that is why the law should say that the Commissioner of the IRS is going to be at the table when we write a tax law, to give us an estimate of what it will cost. The majority leader of the House came before the IRS Commission, which I chaired, and said it costs taxpayers upwards of $200 billion to comply with the existing code—with the existing code, Mr. President. And here we are again—probably on the way home to give speeches about the complexity of our code—adding additional complexity.

Mr. President, we are going in the wrong direction. This bill takes us in the wrong direction. We should schedule the IRS bill that passed the House. If we are not able to come up with a piece of legislation in the Senate, we need to bring the House bill to this floor, pass it, get it to the President for his signature, so that on the 15th of April the American taxpayers will have the power they deserve. Give the Commissioner the authority he needs. And, finally, get that Commissioner at the table when this Congress is taking up a new tax bill so on a piece of legislation like this we will have his estimate of what it will cost the American taxpayer to comply with some new idea that we have that we say is going to benefit the American people.

I yield the floor.

Mr. COVERDELL. How much time remains on the opposition?

The PRESIDING OFFICER. The opposition has 4 minutes and your side has 13.

Mr. COVERDELL. I yield 5 minutes to the chairman of the Finance Committee.

Mr. ROTH. Mr. President, first, let me say there is nothing more important than for this Congress to enact legislation to make the IRS taxpayer friendly. This has become a critical issue, primarily because of the hearings held in the Finance Committee that have shown abuse of taxpayers. That must be changed.

Now, as I have said many times, the House version of reform is a good beginning. But I have to emphasize, that is all it is—it is a good beginning. But it does not go far enough to make the kind of changes, the kind of reforms the American taxpayer deserves.

The Finance Committee has been working hard to improve that legislation. It is legislation that we will take up with the committee, full committee, in the next 2 weeks. We expect to mark it up and report it out. But I want to emphasize that I will not be satisfied, and I am not going to push forward legislation that does not help the taxpayer as they so fully deserve.

Now, Mr. President, as for the Coverdell bill, there is no question where I stand. The fundamental responsibility parents have is to raise children who are prepared for adulthood, children who will themselves become nurturing parents, productive citizens, and vital leaders in the future. Toward achieving this objective, there are few things as important as education.

Mr. President, family is the foundation of our children's education. And family is at the heart of the Coverdell bill. The objective here is simple—to empower fathers and mothers to be proactive in directing the educational endeavors of their children—to give them the resources they need to make decisions consistent with their unique needs and determined goals.

This bill allows us to join hands with parents everywhere—to let them use their money to educate their children. This bill allows them to increase their contributions from $500 per year to $2,000 per year. This money will be available tax free for college expenses. It allows for withdrawals to be used for elementary and secondary education expenses. And it covers public and private schools.

The bill also makes state-sponsored prepaid tuition programs tax-free, not tax-deferred, meaning that students will be able to withdraw on a tax-free basis the savings that accumulate in their pre-paid tuition accounts. Parents will have the incentive to put money away today and their children will have the full benefit of that money tax free tomorrow.

Already, forty-four states have prepaid tuition plans in effect, and the other six have legislation to create a state plan, or they have implemented a feasibility study. Many cities and states are offering families the power of choice when it comes to selecting what school their children will attend. Others are embracing programs that make private schools more accessible.

Those who disagree with these important measures are really suggesting that the money earned by these parents does not belong to them, that government is best at determining how their money is spent, that there is no need to change business-as-usual in our effort to improve the way we educate America's children. Clearly, this is not the message we're hearing from home. Our states and communities—our families—are embracing innovative educational programs. They realize the old way isn't working. Many cities and states are offering families the power of choice when it comes to selecting what school their children will attend. Others are embracing programs that make private schools more accessible. These measures are having a positive impact.

These measure are an important step forward, and the Senate can demonstrate its leadership on education by adopting this legislation. Let's be bold, Mr. President. Our policies must offer Dad and Mom the resources they need to actively guide Junior's education. The Coverdell bill does this. It is a very important step in the right direction, and I urge my colleagues to support it.

It's time for innovation. It's time to empower parents. It's time to prepare for the future. This is what the Coverdell bill is all about.

I yield the floor.

The PRESIDING OFFICER (Mr. COATS). Who yields time?

Mr. COVERDELL. How much time is remaining?

The PRESIDING OFFICER. The Senator from Georgia has 7 minutes 20 seconds.

Mr. COVERDELL. Mr. President, I believe we must be reading from different scripts on this legislation. This is the sixth day of the filibuster from the other side and, if successful, it will keep 14 million families from opening a savings account; it will keep $2.5 billion from supporting students in public schools over the next 4 years; it will keep $2.5 billion from supporting children in private and home schools over the next 4 years; it will stop 1 million students who would benefit from tax relief on State prepaid tuition, and 17 others to consider it; it will block 1 million workers, including 250,000 graduate students, from benefits from their employers for advanced education or continuing education; it will block $3 billion in new tax-exempt, private activity bonds, which will stop dead the construction of 500 schools. That is what the filibuster will block.

I find it strikingly similar to the debate in opposition and the suggestion from the National Education Association and Mary Teasley, who says these tax-free savings accounts disproportionately benefit wealthy families who already send their children to private and religious schools. Bunk.

Seventy percent of the families that will use these accounts have children in public schools. And my view is that Ms. Teasley is probably doing reasonably well.

This is a letter from a very fine lady named Louise R. Watley, chairperson of the City Wide Advisory Council on Public Housing in Atlanta. She has been a resident of the Carver Homes Public Housing Community since 1955. She says:

> I have witnessed generations of young African Americans grow up in one of our nation's poorest neighborhoods. In the 1980s, I fought the epidemic of crack cocaine among our youth by working to kick drug dealers out of our community. In the 1990s, I find myself fighting the epidemic of hopelessness that has resulted from the increasing failure of our public schools to educate poor, urban children. As the Chairperson of the City Wide Advisory Council on Public Housing, and on behalf of the thousands of Atlanta public housing residents the Council represents, I ask you to provide us with hope for improving the K–12 education of our children.
>
> . . . Please support the passage of the A+ Accounts for Public and Private Schools Act as well as stronger Federal charter school legislation and demonstration public and private school choice projects. Please allow the poorest children in Atlanta and Georgia to escape ineffective and unsafe schools.

Mr. President, I have a feeling that this woman has a little more personal experience than this lady defending the status quo who works for the NEA.

I ask unanimous consent that the letter from Louise R. Watley be printed in the RECORD, along with the letter from the National Education Association, for whom the White House now does its bidding.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CITY WIDE ADVISORY COUNCIL ON PUBLIC HOUSING, INC.,
Atlanta, Georgia, March 19, 1998.

From: Louise R. Watley.
To: Senators Paul Coverdell and Max Cleland.
Re: H.R. 2646, S. 1590, and Related School Improvement Legislation.

DEAR SENATORS: As a resident of the Carver Homes Public Housing Community since 1955, I have witnessed generations of young African Americans grow up in one of our Nation's poorest neighborhoods. In the 1980s, I fought the epidemic of crack cocaine among our youth by working to kick drug dealers out of our community. In the 1990s, I find myself fighting the epidemic of hopelessness that has resulted from the increasing failure of our public schools to educate poor, urban children. As the Chairperson of the City Wide Advisory Council on Public Housing (''CWAC'') and on behalf of the thousands of Atlanta public housing residents the Council represents, I ask you to provide us with hope for improving the K–12 education of our children.

During the just-completed session of the Georgia General Assembly, at the urging of CWAC, an overwhelming majority of the black caucus supported a bipartisan effort to strengthen Georgia's weak charter school laws. Because of their new appreciation for the terrible condition of public schools in our low-income neighborhoods, these representatives put aside political and racial differences and ''did the right thing.'' Because of their courage, we now can create a model public charter school at Carver Homes.

By way of this letter, I urge both of you to continue this important trend of granting parents greater choice in the education of their children. Please avoid the temptation of sacrificing the poorest children in America in order to protect an education bureaucracy that seems to care more about money and job security than it does about helping children to read, to write and to recognize right from wrong.

Please support the passage of the A+ Accounts for Public and Private Schools Act as well as stronger federal charter school legislation and demonstration public and private school choice projects. Please allow the poorest children in Atlanta and Georgia to escape ineffective and unsafe schools. Is it too much for us to ask for the same educational opportunities that are available to those who have moved out of our communities to where better public schools are located or those who can afford to send their children to private schools?

Sincerely,

LOUISE R. WATLEY,
CWAC Chairperson.

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, March 11, 1998.

U.S. Senate,
Washington, DC.

DEAR SENATOR: On behalf of the 2.3 million member of the National Education Association (NEA), we reiterate our opposition to the ''education IRAs'' for private schools in S. 1133 and urge you to vote against passage of this bill or any similar provision. No modification or additional amendments to this provision, such as school construction, would change our position. Positive ideas, such as modernizing public school buildings, should not be tied to tax schemes to benefit private and religious schools.

Instead of supporting S. 1133, NEA urges you to vote for a substitute to provide tax credits to subsidize $22 billion of school modernization bonds over 10 years. These bonds would enable states and local public school districts, which serve more than 90 percent of all students, to provide safe, modern schools that are well-equipped to prepare students for jobs of the future. School modernization bonds would target one-half of the funds to schools with the greatest number of low-income children and allow states to decide where to distribute the remaining half. This would ensure that rural, urban, and suburban schools all benefit from these bonds.

The provision in S. 1133 to create tax-free savings accounts to pay for private and religious schools would do nothing to improve teaching or learning in our public schools. It would also disproportionately benefit wealthy families who already send their children to private and religious schools. The public and parents say they want federal investments to improve teacher training, promote safe schools, and establish programs to help all students reach high standards. Tax shelters, as proposed by S. 1133, would do nothing to help achieve these goals.

Further, this tax-free savings account does not guarantee parents a choice of schools. Private school admissions officers would decide which students to accept. An editorial about S. 1133 in the September 11, 1997 issue of the *Christian Science Monitor* stated: ''Sounds innocent enough. But where does it lead? It's a small step toward positioning government behind private—most often church-related—elementary and secondary education.''

NEA urges you to vote for the public school modernization bond substitute and against cloture and final passage of S. 1133 if it contains the private school tax scheme.

Sincerely,

MARY ELIZABETH TEASLEY,
Director of Government Relations.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, first of all, the distinguished Senator from Georgia mentioned a filibuster. All we are asking for on this side of the aisle is a chance to do more. We look out in America and see crumbling schools and class sizes growing. We see a much bigger problem than you all see. So we are just asking for an opportunity to be able to offer amendments to this bill, and offer them in a normal, expeditious fashion.

Mr. COVERDELL. Is the Senator aware of the offer the majority leader made to the minority leader about 2 hours ago that we accept for debate the 14 amendments that have been put forward on education—9 on your side and 5 on our side?

Mr. KERREY. Mr. President, I will let the minority leader speak to that himself. He has just come to the floor. In his absence, I was making the point that you-all control the agenda on the floor. You decide what comes up.

I heard the chairman of the Finance Committee say that nothing is a higher priority than the restructuring of the IRS. We worked for 5 days on the Ronald Reagan Airport. We debated human cloning for 4 days. You have to decide what you want to schedule and what you think is the most important priority.

In regard to the IRS, this education legislation will make our Tax Code more complicated, no question about that. You can't deny that that's the case. Our Tax Code is going to get more complicated, not less complicated. Under current law, the Commissioner is not at the table. The Commissioner doesn't get the opportunity to express a view, whether that view is against what the President wants to do or against what the Congress wants to do, or to just tell us what it is going to cost the taxpayers to comply. The bill passed the House on November 4, and since that time 16 million Americans have been sent collection notices. In the bill passed on the floor in November, the Commissioner has a seat at the table to talk to us about the cost of compliance, talk to us on behalf of the taxpayer, what it is going to cost them to try to take advantage of some new tax loophole, new tax provision that we are writing into law.

That is all I was saying, Mr. President. I am also saying that, as regards the IRS restructuring, forget all other deadlines. The American taxpayers have a deadline on the 15th of April. Let's conform our deadline to theirs. Again, the distinguished chairman of the Finance Committee has been a leader in this. He held excellent hearings on this and has been very straightforward in doing that. But the clock is ticking. Collection notices are going out. The IRS continues to operate. This bill was passed in the House by a vote of 426–4, including the vote of Speaker GINGRICH, Majority Leader ARMEY, and every single Republican in the House of Representatives. It is a strong bill. The chairman has excellent ideas. Bring it to the floor and offer it as a managers' amendment so we can get it to conference and on to the President for signature—not for us, but for the taxpayers who are going to be subject to the power and abuse of the IRS as long as we allow the current law to continue.

One additional thing. The Senator from Georgia held up a letter from, I guess, the NEA, National Education Association, talking about the distributional analysis. The cite I have been using is not from the NEA; it's from the Joint Committee on Taxation. It was the Joint Committee on Taxation that provided us with that analysis. We didn't have this analysis when we marked up the bill in the Finance Committee. Now we have the analysis. We have an analysis that shows what the distributional impact is going to be.

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

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

CONGRESS OF THE UNITED STATES,
Washington, DC, March 2, 1998.

MEMORANDUM:
To: Maury Passman and Nick Giordano.
From: Lindy L. Paull.
Subject: Revenue Requests.

The attached tables are in response to your request dated January 28, 1998, for revenue estimates of H.R. 2646 as passed by House of Representatives and as modified by Senator Lott's second degree amendment as well as the corresponding number of taxpayers estimated to benefit from H.R. 2646.

Additionally, you requested information regarding the utilization of educational savings accounts for public versus private education. We estimate that approximately 38.3 million returns would have dependents in schools at the primary or secondary level in 1999. We estimate that, of those eligible to contribute, approximately 2.9 million returns would have children in private schools, and that approximately 2.4 million of these returns would utilize education IRAs.

We estimate that the proposed expansion of education IRAs to include withdrawals to cover primary and secondary education expenses would extend approximately 52 percent of the tax benefit to taxpayers with children in private schools. We estimate that the average per return tax benefit for taxpayers with children attending private schools would be approximately $37 in tax year 2002.

Conversely, we estimate that, of the 38.3 million returns eligible, approximately 35.4 million returns would have dependents in public schools, and that approximately 10.8 million of these returns would utilize education IRAs.

We estimate that the proposed expansion of education IRAs would extend approximately 48 percent of the tax benefit to taxpayers with children in public schools, with an average per return tax benefit of approximately $7 in tax year 2002.

Mr. McCONNELL. Mr.President, I come to the floor today to support legislation that addresses an important issue facing American families today—the education of their children. An area of particular interest to me has always been making a college education more affordable. For the past several years, I have introduced legislation to provide tax incentives to families who save for college.

I have not been alone in my efforts to give parents more flexibility to choose the school which is best for their child and make those decisions more affordable. Under the leadership of the 105th Congress, there has been a strong focus on education. My colleague from Georgia, Senator COVERDELL, has championed the cause by introducing legislation which would increase the amount families can save for elementary and secondary education in an education IRA. I also want to commend Senator ROTH, the Chairman of the Finance Committee, who has worked tirelessly to help all Americans save more for their retirement. I want to thank the Chairman for his support of these education savings initiatives, especially his support of the state-sponsored savings and pre-paid programs.

Mr. President, anyone with a child in college knows first-hand the expense of higher education. The GAO has also confirmed the astronomical increase in college costs. According to GAO, tuition at a four-year university rose 234 percent between 1980–1994, while median household income rose only 84 percent and the consumer price index rose a mere 74 percent. A similar study conducted by the College Board found that tuition and fees for a four-year public university rose 100.3 percent from 1987–1997, while median household income rose only 34.5 percent. Throughout the 1990's, education costs have continually outstripped the gains in income. Tuition rates have now become the greatest obstacle students face in attending college.

Due to the high cost of education, more and more families have come to rely on financial aid to meet tuition costs. In fact, a majority of all college students utilize some amount of financial assistance. In 1995, $50 billion in financial aid was available to students from federal, state, and institutional sources. This was $3 billion higher than the previous year. A majority of this increase was in the form of loans, which now make up the largest portion of the total federal-aid package at 57 percent. Grants, which a decade ago made up 49 percent of assistance, have been reduced to 42 percent. This shift toward loans further burdens students and families with additional interest costs.

This legislation is a serious effort to support long-term saving. It is important that we not forget that compound interest cuts both ways. By saving, participants can keep pace with tuition increases while putting a little away at a time. By borrowing, students must bear added interest costs that add thousands to the total cost of tuition. Savings will have a positive impact, by reducing the need for students to borrow tens of thousands of dollars in student loans. This will help make need-based grants, which target low-income families, go much further.

This legislation also recognizes the leadership that states have provided in helping families save for college. In the mid-1980s, states identified the difficulty families had in keeping pace with the rising cost of education. States like Kentucky, Florida, Ohio, and Michigan were the first to start programs in order to help families save for college. Nationwide more than 30 states have established savings programs, and over a dozen states are preparing to implement plans in the near future. Today, there are nearly one million savers who have contributed over $3 billion in education savings. The provision which I authored, which allows tax-free education savings in state-sponsored savings plans for education purposes, provides a $1.5 billion tax break for middle-class savers nationwide. In Kentucky, over 2,700 families have established accounts, which amount to about $6.4 million in savings

Mr. President, many Kentuckians are drawn to this program because it offers a low-cost, disciplined approach to savings. In fact, the average monthly contribution in Kentucky is just $52. It is also important to note that 58 percent of the participants earn under $60,000 per year. By exempting all interest earnings from state taxes, this proposal rewards parents who are serious about their children's future and who are committed over the long-term to the education of their children. Clearly, this benefits middle-class families.

In 1994, I introduced the first bill to make education savings exempt from taxation. Since then I have won a couple of battles, but I still haven't won the war. To win the war Congress needs to make education savings tax free—from start to finish. The bill we are considering today will do that. In 1996, Congress took the first step in providing tax relief to families investing in these programs. In the Small Business Job Protection Act of 1996, I was able to include a provision that clarified the tax treatment of state-sponsored savings plans and the participants' investment. This measure put an end to the tax uncertainty that has hampered the effectiveness of these state-sponsored programs and helped families who are trying to save for their children's' education.

In 1997, the Job Protection Act expanded the definition of ''qualified education costs'' to include room and board, thus doubling the amount families could save tax-free. In Kentucky, room and board at a public institution make up half of all college costs.

Already, we can see the result of the tax reforms in the 105th Congress. In 1996, Virginia started its plan and was overwhelmed by the positive response. In its first year, the plan sold 16,111 contracts raising $260 million. This success exceeded all goals for this program. While we made important gains, we need to finish what we have already started and fully exempt the investment income from taxation.

Last month, the Finance Committee approved legislation, sponsored by Senator COVERDELL and Senator TORRICELLI, which would allow parents to place as much as $2,000 per year, per child, in an education savings account for kindergarten through high school education. I am proud to join several of my distinguished colleagues to support the A+ Education Savings Accounts Act. I believe this measure will continue the Republican effort to move the money and decision-making authority out of Washington and back where it belongs, at home with parents and their locally-elected school boards.

As revised by the Finance Committee, these after-tax, non-government dollars would earn tax-free interest and could be used for expenses and tuition associated with any school from kindergarten through high schools. Under this plan, parents, grandparents, and scholarship sponsors may contribute up to $2,000 a year per child. The build-up of interest within the account is tax free if used for the student's education.

For students who attend private or religious schools, money can be withdrawn from an A+ Account to pay for tuition. For those who attend public school, this money can be used for after-school tutoring, any transportation expenses, or to purchase a home computer. Moreover, parents of special needs children could use this money for lifelong education expenses, including tutoring, occupational therapy, vocational training, and skill development for independent living. As you can see, this program is targeted to provide for the educational needs of all Americans.

The Joint Committee on Taxation has estimated that more than 10 million families with children in public schools will take advantage of these accounts. Moreover, it has said that 70 percent of the tax benefit will go to the families with annual incomes of $75,000 and less.

Last year, the Coverdell-Torricelli initiative passed the House and received 56 votes in this Senate. It is in our best interest as a nation to maintain a quality and affordable education system for everyone. We need to decide on how we will redirect families' resources in order to enable them to use their education dollars most effectively. We can help families make their money count in a meaningful way for their children's education by ensuring that they have choices. At a modest cost, we can help families help themselves by rewarding savings. This will reduce the cost of education and will not necessarily burden future generations with thousands of dollars in loans.

I urge my colleagues to support this valuable legislation this year to reward those who save in order to provide a college education for their children.

Mr. DASCHLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The minority has 37 seconds remaining. The majority has 3 minutes 35 seconds.

Mr. DASCHLE. Mr. President, I know a lot of people are hoping to catch airplanes. We would like to keep as close to the 5:15 vote as we can. Again, I appreciate the majority leader's offer. Unfortunately, the offer does not include the Democratic substitute; it doesn't include the Dodd tax credit amendment for child care expenses; it doesn't include the Boxer after-school programs amendment.

That makes my point. I think we can work out a way in which to deal with these amendments, but given the time, there certainly isn't the opportunity to do that right now. So things have not changed, unfortunately, to date, even though I think a good-faith effort has been made to try to accommodate some of this. We will have to continue to talk about it, and we are prepared to do that.

I yield the floor.

Mr. LOTT. Mr. President, in keeping with trying to start the vote on time at 5:15, I will also be brief. I want to emphasize that this is the sixth day that we have had this legislation before us. We have had opportunities to try to come to some agreement. I have offered to agree that there would be a substitute offered by the minority. Then I suggested that there be a substitute and a couple of amendments on both sides. Then there was an indication that, well, if we could get other amendments that are relevant to education, maybe that would be a good idea. So I suggested that we go with the 14 education and tax-related amendments that were actually filed, 9 of which were minority amendments, and 5 would be offered by the majority. The indications are that that is not acceptable. The leader indicated it didn't include the substitute. We would be flexible in doing that.

What I am interested in doing is finding a way to get us to a conclusion on the very important issue of education, and there is support on both sides. We have had a cloture on the motion to proceed. Now we are going to have two votes on cloture on the bill itself. There is a question of how long we can continue this. We have other business we need to do. So I urge my colleagues, if those of you that are with us on a bipartisan basis really want the Coverdell savings account for children in America, if you want prepaid tuition to be available with the tax benefits, if you want employer education benefits to be available to your college students, this is the opportunity.

So I understand that the minority leader wants his Members to stick with him. But this is an important issue. We need to get to the substance. Then, even when we get through the cloture vote, when we get cloture, we could still work out an agreement for some other amendments that would not be in order postcloture, unless we agreed to.

But, as I told Senator DASCHLE a couple of days ago, I am interested in getting this bill done. I am willing to be flexible to agree to some amendments on education. I do not want to run far afield. I don't think we ought to be shifting amendments, or health amendments, or things that are not related to education and taxes in this bill. There will be other opportunities. This is not the last day. We have a budget resolution coming up. We have a supplemental coming up.

So I will be glad to work with Senator DASCHLE, and will continue to work with him on that.

I urge colleagues, if you support savings accounts and these other issues, the time is now, vote for cloture.

I yield the floor.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.

The bill clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on H.R. 2646, the A+ Education Act:

Trent Lott, Paul Coverdell, Jeff Sessions, Connie Mack, Bill Roth, Judd Gregg, Christopher Bond, Tim Hutchinson, Larry E. Craig, Robert F. Bennett, Mike DeWine, Jim Inhofe, Bill Frist, Bob Smith, Wayne Allard, Pat Roberts.

CALL OF THE ROLL

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

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on H.R. 2646, the Education Savings Act for Public and Private Schools, shall be brought to a close?

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

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from Illinois (Ms. MOSELEY-BRAUN) is necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Ms. MOSELEY-BRAUN) would vote ''no.''

The yeas and nays resulted—yeas 55, nays 44, as follows:

[Rollcall Vote No. 38 Leg.]

YEAS—55

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

NAYS—44

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

NOT VOTING—1

Moseley-Braun

The PRESIDING OFFICER. On this vote the yeas are 55, the nays are 44. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The Senate will come to order. The majority leader.

UNANIMOUS CONSENT AGREEMENT

Mr. LOTT. Mr. President, after conversation with the Democratic leader, I now ask unanimous consent that the next cloture vote be postponed to occur Tuesday, March 24, at a time to be determined and announced at a later date.

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

ORDER OF PROCEDURE

Mr. LOTT. Now, that will be the last vote of the night, then. There will not be recorded votes tomorrow, although the Senate will be in session for debate on the NATO enlargement and, hopefully, on an amendment, with a vote on that amendment scheduled for probably 5:30, around 5:30 on Monday. The reason we did this, there is a serious effort underway, on a bipartisan basis, of those who support this legislation to work with the leaders on both sides of the aisle to get a process where we can have a fair consideration of this bill and amendments that are important to the Members, and get to a conclusion on the whole process by late Wednesday afternoon. I think that is fair. I think that Members on both sides would like to do it. But I do think, as is the tradition in the Senate, the leaders on both sides need to work with their Members to develop a process that they can be comfortable with. I think I have shown a willingness to do that, and I believe Senator DASCHLE is going to be working on that with me and the bipartisan supporters of this legislation. Thank you for your effort. I will see some of you tomorrow and the rest of you Monday afternoon.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia will be recognized as soon as we have order in the Senate. The Senator from Georgia.

MORNING BUSINESS

Mr. COVERDELL. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak for up to 5 minutes each.

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

The Senator from Georgia.

EDUCATION SAVINGS ACCOUNTS

Mr. COVERDELL. Mr. President, I thank the majority and minority leader for efforts to bring to resolution the ability to deal with this education proposal. I do want to make one comment for which there was not sufficient time in the 15 minutes allotted to each. Mr. President, in the final minutes of the last half-hour allotted to our debate before the vote, once again I heard the suggestion that the amount of tax benefit that would accrue to these 14 million American families that the Joint Tax Committee feel would take advantage of these education savings accounts is minimal and insignificant. Of course, I find it ironic that we would be operating under Presidential veto threats and five filibusters for something perceived to be so insignificant.

What these arguments fail to measure is the other information from the Joint Tax Committee. One says 14 million families will use this; 70 percent of them will be families with children in public schools; and in the first 4 years, these families with, I admit, just a little tax incentive, will save voluntarily about $5 billion. In over 8 years it will exceed $10 billion. That is not insignificant. That is putting billions of all new money behind improving education in America.

The Joint Tax Committee says about half of that will go to students in public schools and half in private. That may be. They have not evaluated the fact that sponsors, churches, corporations, friends, neighbors, and grandparents can also contribute to the account. The value of that has yet to be interpreted.

The other argument was that this account tends to benefit the wealthy. The Joint Tax Committee says 70 percent of it goes to families of $75,000 or less. But I think you have to step back and understand that the governance of these accounts—who can use them, which is pushing towards middle income and lower—is identical, I repeat, identical to the formula that was adopted by the other side and signed by the President for savings accounts for higher education. There is no difference.

So, I find it ironic that we would be arguing about this benefiting someone who they do not think should receive the benefit when it was just fine and dandy when it was signed on the White House lawn last fall. It is the same.

I guess the piece that is forgotten in this debate over how much is saved is they only focus on the interest saved, which is marginal. But they forget that it is the interest on a big piece of principal, and that for most families who open this savings account, the net effect of their savings will be 50 to 100 percent greater than the average family is saving in America today.

If nothing else was done at all, isn't it a good idea to cause Americans to save billions of dollars? But, in fact, it won't be just saved. This money is going to go to help children.

So far, this filibuster—and I will stop with this, Mr. President—this filibuster would keep 14 million families from opening a savings account; 20 million children from benefiting from it; in the first 4 years, $2.5 billion going behind kids in public schools; $2.5 billion going behind kids in private schools; 1 million workers who will receive benefit from their companies to extend their education; 1 million students who would have a tax advantage who bought prepaid tuition in 21 States; 250,000 graduate students who would now become eligible for employer-paid continuing education; and 500 schools won't be built because it makes new financing available for school districts across the whole land to build schools, and we are filibustering that kind of growth.

I am very hopeful that the work of the two leaders over the weekend will untie this knot and we can get on to being a good partner for families with children in schools in America. We sure need to do it. I yield the floor.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

FAMILY GROUP CONCERNS

Mr. DEWINE. Mr. President, I would like to begin today a discussion on a piece of legislation that I have been working on, and others have been working on, for the past 7 months. I believe this legislation is vitally important to the economic well-being of our country—and I hope the full Senate will have an opportunity to debate this bill in the very near future.

The legislation that I am referring to is S. 1186, the Workforce Investment Partnership Act.

I have come to the floor on a number of occasions in the past to stress the immediate need to reform the Federal job training system. This need increases each day the Congress does not act.

During the numerous oversight hearings held in the Senate over the last 3 years, we have heard that we face in this country a fragmented and duplicative maze of narrowly focused job training and job-training-related programs, programs administered by numerous Federal agencies that lack coordination, lack a coherent strategy to provide training assistance, and lack the confidence of the two key consumers who utilize these services; namely, those seeking the training and those businesses seeking to hire them.

Throughout the hearing process, I have heard that reform is needed because the economic future of our country depends on a well-trained work force. Employers at every level are finding it increasingly difficult to locate and attract qualified employees for high-skilled, high-paying jobs, as well as qualified employees for entry-level positions.

Let me just give, Mr. President, one example. Right outside the Capital, right outside Washington, DC, in Northern Virginia, there are 19,000 high-tech, high-paying jobs that remain unfilled because individuals lack the skills to fill them. However, even with the shortage of skilled workers in Northern Virginia, you will still hear radio ads during morning drive time urging people to move to North Carolina to fill high-tech jobs down there.

Ohio faces a similar problem. Manpower, Incorporated recently released a poll which indicated that the Dayton area had a bright future in terms of job growth. Forty-two percent of area companies plan on hiring more manufacturing workers. However, while employers plan to hire, the availability of skilled workers to fill those jobs remains low. A Cleveland Growth Association survey recently showed that employers are becoming increasingly