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Senate

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

PRAYER

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

Gracious Father, thank You for this time of prayer when our minds and hearts can be enlarged to receive Your Spirit. You are the answer to our deepest need. More than any secondary gift You give, we long for the primary gift of Yourself, offered in profound love and acceptance. We have learned that when we abide in Your presence and are receptive to Your guidance, You inspire our minds with insight and wisdom, our hearts with resiliency and courage, and our bodies with vigor and vitality.

In the quiet of this moment, we commit all our worries to You. We entrust to You our concerns over the people in our lives. Our desire is to give ourselves to the work of this day with freedom and joy. Especially give the Senators strength when they are weary, fresh vision when their wells run dry, and indefatigable hope when others become discouraged. In the name of our Lord. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Pennsylvania is recognized.

SCHEDULE

Mr. SPECTER. I thank the distinguished President pro tempore.

On behalf of our distinguished majority leader, I have been asked to make the following announcement. This morning the Senate will immediately resume consideration of Senate Concurrent Resolution 20. There are now 10 hours remaining for consideration of the bill. As announced last night, there will be no rollcall votes this morning prior to 11:00 a.m. However, Members should expect rollcall votes throughout the remainder of today's session as the Senate attempts to complete action on the budget bill.

All Members will be notified of the voting schedule today as it becomes available. Also, the leader has announced that if the Senate completes action on the budget resolution today, there will be no rollcall votes during Friday's session.

Finally, all Senators are reminded that pursuant to a unanimous consent agreement reached yesterday, all first-degree amendments must be offered by 12 noon today.

I thank my colleagues for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Ms. COLLINS). Under the previous order, leadership time is reserved.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. Con. Res. 20, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 20) setting forth the congressional budget for the United States Government for fiscal years 2000 through 2009.

The Senate resumed consideration of the concurrent resolution.

Pending:

Specter/Harkin amendment No. 157, to provide for funding of biomedical research at the National Institutes of Health.

Craig amendment No. 146, to modify the pay-as-you-go requirement of the budget process to require that direct spending increases be offset only with direct spending decreases.

Dodd amendment No. 160, to increase the mandatory spending in the Child Care and Development Block Grant by $7.5 billion over five years, the amendment reduces the resolution's tax cut and leaves adequate room in the revenue instructions for targeted tax cuts that help families with the costs of caring for their children, and that such relief would assist all working families with employment related child care expenses, as well as families in which one parent stays home to care for an infant.

Voinovich amendment No. 161, to use on-budget surplus to repay the debt instead of tax cuts.

Reed amendment No. 162, to provide for certain Federal revenues, total new budget authority, and total budget outlays.

Crapo/Grams amendment No. 163, to create a reserve fund to lock in additional non-Social Security surplus in the outyears for tax relief and/or debt reduction.

Graham amendment No. 164, to express the sense of the Senate that funds recovered from any Federal tobacco-related litigation should be set-aside for the purpose of first strengthening the medicare trust fund and second to fund a medicare prescription drug benefit.

Graham amendment No. 165, to express the sense of the Senate that the Congress and the President should offset inappropriate emergency funding from fiscal year 1999 in fiscal year 1999.

Lautenberg amendment No. 166, to express the sense of the Senate on saving Social Security and Medicare, reducing the public debt, and targeting tax relief to middle-income working families.

Lautenberg (for Schumer) amendment No. 167, to express the sense of the Senate that the Community Oriented Policing Services (COPS) Program should be reauthorized in order to provide continued Federal funding for the hiring, deployment, and retention of community law enforcement officers.

Lautenberg (for Feinstein) amendment No. 168, to express the sense of the Senate regarding school construction grants, and reducing school sizes and class sizes.

Lautenberg (for Feinstein) amendment No. 169, to express the sense of the Senate on the social promotion of elementary and secondary school students.

Lautenberg (for Reid) amendment No. 170, to express the sense of the Senate regarding social security ''notch babies'', those individuals born between the years 1917 and 1926.

Lautenberg (for Boxer) amendment No. 171, to ensure that the President's after school initiative is fully funded for fiscal year 2000.

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

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Lautenberg (for Murray) amendment No. 172, to fully fund the Class Size Initiative, the amendment reduces the resolution's tax cut by ten billion dollars, leaving adequate room in the revenue reconciliation instructions for targeted tax cuts that help those in need and tax breaks for communities to modernize and rebuild crumbling schools.

Lautenberg (for Murray) amendment No. 173, to express the sense of the Senate on women and Social Security reform.

Lautenberg (for Hollings) amendment No. 174, to continue Federal spending at the current services baseline levels and pay down the Federal debt.

Lautenberg (for Boxer) amendment No. 175, to ensure that the substantial majority of any income tax cuts go to middle and lower income taxpayers.

AMENDMENT NO. 157

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, parliamentary inquiry. Yesterday evening, the pending amendment which had been offered on behalf of Senator HARKIN and myself, as principal sponsors, on the National Institutes of Health, was debated shortly before 8 p.m., when voting started on four items. I believe the order was that we would resume consideration today with that pending amendment. My inquiry is, is that correct?

The PRESIDING OFFICER. The Senator is correct. The Senator has 5 minutes 20 seconds remaining under his control.

Mr. SPECTER. Parliamentary inquiry, Madam President. That seems not correct to me. I debated this issue for maybe 10 minutes at the most yesterday. Isn't there an hour allotted to each side on each amendment?

The PRESIDING OFFICER. Under the previous order, the amount allocated to the amendment was reduced to a half-hour for each side for all first-degree amendments.

Mr. SPECTER. A half-hour for each side for all first-degree amendments?

The PRESIDING OFFICER. The Senator is correct.

Mr. SPECTER. We did not use 24 minutes yesterday, Madam President.

The PRESIDING OFFICER. The Senator from Pennsylvania spoke from 7:40 to 7:55. The Senator from Iowa spoke from 9:28 to 9:38.

Mr. SPECTER. Madam President, I am advised by my staff that it would be appropriate to ask for some time off the bill. I ask for an additional 15 minutes off the bill.

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

Mr. SPECTER. I thank the Chair.

Madam President, to briefly recapitulate, this amendment seeks to add $1.4 billion to the allocation for the National Institutes of Health. The NIH is the crown jewel of the Federal Government, having made really phenomenal advances on medical research in its drive to conquer so many of the maladies confronting mankind today.

Last year the budget for NIH was increased by $2 billion and, in the view of the Members, at least the chairman and the ranking, on the appropriations subcommittee having jurisdiction over the Department of Health and Human Services, $2 billion are absolutely necessary by way of increase of the existing budget for NIH, which now is $15.6 billion. There have been really remarkable advances in so many lines, with the research on stem cells having been completed, posing the opportunity for curing so many of the very, very serious ailments.

Testimony was given before the appropriations subcommittee that with diseases like Parkinson's, the cure may be in the range of 5 to 10 years. Great strides have been made on Alzheimer's, on cancer, and so many very other serious matters. We have an offset to cover the $1.4 billion by changing the rules on deductibility from the tobacco settlement.

Madam President, after consulting with the managers on the second slot, which had been reserved, it is my intention to offer a sense-of-the-Senate resolution on behalf of Senator THURMOND, Senator HATCH, Senator SESSIONS, Senator ASHCROFT, Senator SCHUMER, and myself which would increase the funding to the Department of Justice on the prosecution of gun cases from $5 to $50 million. We have seen examples, in Richmond, VA, in Philadelphia, PA, and in Boston, MA, where gun cases have been handled with great success. This follows the passage in 1984 of the armed career criminal bill which provided that any career criminal, someone with three or four major convictions, found in possession of a firearm, would receive a sentence up to life imprisonment.

In 1988, there was an experiment with a program called Trigger Lock in the Eastern District of Pennsylvania which produced extraordinary results, again, focusing on guns. It was a national model. More recently, in Richmond, VA, there has been experience with prosecutions as to guns and also a special program again in the Eastern District of Pennsylvania, coordinated with New Jersey across the river, with $1.5 million going to the Eastern District of Pennsylvania and $800,000 to New Jersey—again, very remarkable results.

In this year's budget, the Department of Justice has allocated only $5 million to this important function. An important hearing was held on Monday of this week, presided over jointly by Senator THURMOND and Senator SESSIONS, on two Judiciary Committee subcommittees. And there the evidence was very forceful about the effectiveness of this gun program.

Madam President, I am not going to offer this amendment at this time, but I did want to utilize just a few moments, as I have, this morning to explain the purpose of the amendment. It will be offered in due course.

How much time remains, Madam President?

The PRESIDING OFFICER. The Senator has used 4 and a half minutes.

Mr. SPECTER. Madam President, I wonder if I might make an inquiry of the distinguished chairman of the Budget Committee, if I might have the attention of Senator DOMENICI.

The second slot was reserved, Mr. Chairman, and has been used for a sense of the Senate on guns, as I have just explained. I wonder if it would be acceptable to the managers if the amendment was sent to the desk and offered at this time, or would it be preferable to wait until a later point to make the submission for the Record?

Mr. DOMENICI. I say to the Senator, if you are asking me, it would be preferable to wait, if you would.

Mr. SPECTER. I will be glad to accommodate the chairman's schedule.

Mr. DOMENICI. I thank the Senator.

Mr. SPECTER. I thank the Chair, and I also thank the Chair for the additional time. And I yield back the remainder of my time.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

AMENDMENT NO. 176

(Purpose: To express the sense of the Senate regarding the modernization and improvement of the medicare program)

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

The PRESIDING OFFICER. Without objection, the previous amendments will be set aside. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] for himself, Mr. BREAUX, Mr. FRIST, Mr. KERREY, Mr. GRAMM, Mr. DOMENICI, Mr. NICKLES, Mr. GRASSLEY and Mr. HATCH, proposes an amendment numbered 176.

Mr. ROTH. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title III, insert the following:

SEC. ___. SENSE OF THE SENATE REGARDING THE MODERNIZATION AND IMPROVEMENT OF THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds the following:

(1) The health insurance coverage provided under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is an integral part of the financial security for retired and disabled individuals, as such coverage protects those individuals against the financially ruinous costs of a major illness.

(2) Expenditures under the medicare program for hospital, physician, and other essential health care services that are provided to nearly 39,000,000 retired and disabled individuals will be $232,000,000,000 in fiscal year 2000.

(3) During the nearly 35 years since the medicare program was established, the Nation's health care delivery and financing system has undergone major transformations. However, the medicare program has not kept pace with such transformations.

(4) Former Congressional Budget Office Director Robert Reischauer has described the medicare program as it exists today as failing on the following 4 key dimensions (known as the ''Four I's''):

(A) The program is inefficient.

(B) The program is inequitable.

(C) The program is inadequate.

(D) The program is insolvent.

(5) The President's budget framework does not devote 15 percent of the budget surpluses to the medicare program. The federal budget process does not provide a mechanism for setting aside current surpluses for future obligations. As a result, the notion of saving 15 percent of the surplus for the medicare program cannot practically be carried out.

(6) The President's budget framework would transfer to the Federal Hospital Insurance Trust Fund more than $900,000,000,000 over 15 years in new IOUs that must be redeemed later by raising taxes on American workers, cutting benefits, or borrowing more from the public, and these new IOUs would increase the gross debt of the Federal Government by the amounts transferred.

(7) The Congressional Budget Office has stated that the transfers described in paragraph (6), which are strictly intragovernmental, have no effect on the unified budget surpluses or the on-budget surpluses and therefore have no effect on the debt held by the public.

(8) The President's budget framework does not provide access to, or financing for, prescription drugs.

(9) The Comptroller General of the United States has stated that the President's medicare proposal does not constitute reform of the program and ''is likely to create a public misperception that something meaningful is being done to reform the Medicare program''.

(10) The Balanced Budget Act of 1997 enacted changes to the medicare program which strengthen and extend the solvency of that program.

(11) The Congressional Budget Office has stated that without the changes made to the medicare program by the Balanced Budget Act of 1997, the depletion of the Federal Hospital Insurance Trust Fund would now be imminent.

(12) The President's budget proposes to cut medicare program spending by $19,400,000,000 over 10 years, primarily through reductions in payments to providers under that program.

(13) While the recommendations by Senator John Breaux and Representative William Thomas received the bipartisan support of a majority of members on the National Bipartisan Commission on the Future of Medicare, all of the President's appointees to that commission opposed the bipartisan reform plan.

(14) The Breaux-Thomas recommendations provide for new prescription drug coverage for the neediest beneficiaries within a plan that substantially improves the solvency of the medicare program without transferring new IOUs to the Federal Hospital Insurance Trust Fund that must be redeemed later by raising taxes, cutting benefits, or borrowing more from the public.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions contained in this budget resolution assume the following:

(1) This resolution does not adopt the President's proposals to reduce medicare program spending by $19,400,000,000 over 10 years, nor does this resolution adopt the President's proposal to spend $10,000,000,000 of medicare program funds on unrelated programs.

(2) Congress will not transfer to the Federal Hospital Insurance Trust Fund new IOUs that must be redeemed later by raising taxes on American workers, cutting benefits, or borrowing more from the public.

(3) Congress should work in a bipartisan fashion to extend the solvency of the medicare program and to ensure that benefits under that program will be available to beneficiaries in the future.

(4) The American public will be well and fairly served in this undertaking if the medicare program reform proposals are considered within a framework that is based on the following 5 key principles offered in testimony to the Senate Committee on Finance by the Comptroller General of the United States:

(A) Affordability.

(B) Equity.

(C) Adequacy.

(D) Feasibility.

(E) Public acceptance.

(5) The recommendations by Senator Breaux and Congressman Thomas provide for new prescription drug coverage for the neediest beneficiaries within a plan that substantially improves the solvency of the medicare program without transferring to the Federal Hospital Insurance Trust Fund new IOUs that must be redeemed later by raising taxes, cutting benefits, or borrowing more from the public.

(6) Congress should move expeditiously to consider the bipartisan recommendations of the Chairmen of the National Bipartisan Commission on the Future of Medicare.

(7) Congress should continue to work with the President as he develops and presents his plan to fix the problems of the medicare program.

Mr. ROTH. Madam President, this amendment is sponsored by myself, Mr. BREAUX, Mr. FRIST, Mr. KERREY, Mr. GRAMM, Mr. DOMENICI, Mr. NICKLES, Mr. GRASSLEY, and Mr. HATCH.

Madam President, one of the most important bipartisan efforts we will undertake in the months ahead will be to address the challenges confronting the Medicare program—a program whose reach and importance in the lives of Americans cannot be overstated. In years past we have looked at the demographics, studied the statistics, and struggled with a sense of vulnerability concerning Medicare and its future.

Our population is aging. Health care costs seem to be growing exponentially. New and necessary technologies are becoming more expensive. And the financial base of the Medicare program provided by working Americans is shrinking in proportion to the number of seniors who depend on it. In less than 10 years, the population of Medicare beneficiaries will begin growing at a rate unseen in the program's history.

In the past, the Medicare population has grown by about 1 percent a year. Beginning very soon, that growth rate will begin to double. In just 10 years, the Medicare program will be required to serve a population that is 20 percent larger than it is today—that is, 46 million seniors—and at that point the baby-boom generation will have only just begun to retire.

Concerning the growth in the cost of health care services, Gene Steuerle of the Urban Institute recently testified before the Finance Committee that an average couple retiring now receives about $250,000 in lifetime Medicare benefits. Once the baby-boom generation is in full retirement, that amount will double. As a result, we will need to dedicate a larger and larger portion of the Nation's budget to pay for Medicare. Medicare is expected to consume an expanding share of the Nation's economy.

In 1998, Medicare spending was an estimated 2.6 percent of the gross domestic product. It is projected to grow to $518 billion—or 3.5 percent of GDP—in 2010. By 2030, Medicare is forecasted to grow to $2.2 trillion, representing 5.9 percent of the GDP.

It is good news that people are living longer, that they are spending almost a decade more in retirement than they were when the Medicare program began. These are demographics we have worked long and hard to bring to pass and we should celebrate them.

However, these were, and continue to be, serious challenges to the Medicare trust fund. The balance in the Part A Hospital Insurance Trust Fund is declining. The end-of-year balance began to drop in 1995, when payments from the trust fund began to exceed income to the trust fund. The Balanced Budget Act of 1997 helped to delay the bankruptcy of the trust fund for a few years, but it will still occur in our lifetimes if something is not done now.

As I said, each of these represents a serious concern, Madam President. But as of late, there appears to be a growing sense of optimism that we can take the favorable economic conditions our Nation is enjoying and, with bipartisan leadership, we can find long-term solutions to these pressing challenges.

Not only is there consensus on both sides of the aisle that something must be done, but there is growing confidence that something can be done. An important component of the answer, we have come to see, rests in the potential of a strong economy and with the willingness of the American people.

Toward meeting the challenges confronting Medicare, we must be guided by five specific criteria:

First, our efforts, if they are to succeed, must have bipartisan support, and they will require leadership from the White House. President Clinton must articulate his strategy for securing and strengthening the Medicare program.

Second, we must assure that the measures we adopt do not undermine the economic growth our Nation needs to continue providing jobs, opportunity, and security for Americans now and in the future.

Third, we must see that our policies are fair, that those who are being called upon to strengthen the system in the short term have the confidence of knowing that the system will be there for them in the long run.

Fourth, reform measures must be holistic in nature, taking into account the challenges we have to preserve and strengthen Social Security and to coordinate other programs that can serve the same constituency benefited by the Medicare and Social Security programs.

Fifth, our reform efforts must find acceptance with the American people.

They must take what has been a good program and make it better—make it better by making it financially sound and easily accessible to those who depend on it.

I am hopeful that the President will provide the genuine leadership required to address the future of Medicare. I encourage him and his administration to come work with us on the Finance Committee. We look forward to working with them. Certainly there are few issues as importnt as this one.

It demands our immediate attention, and the best effort we have to offer. Our work must go beyond the few items he included in his budget. It must take into account the long-term needs of the program, a careful analysis of benefit expansion, such as pharmaceutical drugs, and other concerns.

We must look at how we can best serve the Medicare program in a way that the reforms we offer will positively affect Medicaid. Too often lost in the debate over Medicare reform is the direct impact that Medicare changes will have on Medicaid. These two programs are most obviously linked through the 5.4 million low-income elderly and disabled individuals who are eligible for both. For this dually eligible population, Mediaid essentially serves as a source of wraparound benefits, providing among other important services nursing home care and prescription drugs.

In addition, nearly 600,000 low-income Medicare beneficiaries receive Mediaid financial support to meet Medicare's cost-sharing requirements.

Together, these six million individuals represent 16 percent of the Medicare population, but they consume 30 percent of all Medicare spending and 35 percent of all Medicaid spending. Medicare reform proposals that would impact these low-income populations must be very carefully undertaken to avoid simply shifting costs or responsibilties from one program to the other.

As we face the challenges of reforming the Medicare program, we must explore opportunities to substantially improve the health care experiences of these dually eligible populations. Currently, efforts to coordinate the services covered by the two programs are stymied by barriers to integration.

These barriers include the need for complicated waivers, arbitrary restrictions on mingling Medicare and Medicaid dollars, and difficulties in coordinating program oversight. A reform process undertaken by this Senate presents an opportunity to better meet the needs of a very vulnerable population.

Immediately after passage of this budget, I will begin, as chairman of the committee that has jurisdiction over the Medicare and Medicaid programs, the process of developing a bipartisan, consensus proposal for real Medicare reform. In developing this plan, the Finance Committee will conduct a series of hearings to take testimony from Medicare consumers, trustees, providers, and other experts who are intricately involved with this program and who are in a position to make worthy recommendations on how to proceed with improving the Medicare program.

We will indeed carefully study the recommendations of the bipartisan Commission on the Future of Medicare led by Senator BREAUX. Senator BREAUX and the other members of the bipartisan Commission on the Future of Medicare worked very hard and committed a great deal of time during the past year to try to find a solution to the impending Medicare crisis. They deserve our appreciation for their efforts. The discussions that they had has certainly furthered the Medicare debate and will be invaluable to us as we proceed with this important work. In addition to these measures, the committee will also take into consideration the many concerns and proposals of Senators—on both sides of the aisle—for improving this program which is so important for all of those we represent and are here to serve.

Our effort to lay a solid foundation for the future of Medicare will be a major undertaking. I believe that the budget resolution we are considering now provides the necessary framework. The budget committee has set aside on-budget surplus funds of up to $133 billion that—if needed—can be used for Medicare reform, including prescription drug benefits. Once we have achieved a bipartisan agreement on a comprehensive Medicare plan, we may indeed find it necessary to revisit this budgetary framework—and I expect that we would be able to obtain the necessary votes to proceed with such adjustments.

I strongly urge my colleagues to set aside attempts to legislate Medicare reform in the budget resolution. This is not the time or place for such a complex undertaking. Instead, I urge that we work together over the next few months on a Medicare reform plan. Such a plan should provide the nation's current and future seniors the assurance of health care that is comprehensive in benefits, superior in quality and financially sustainable. This is important to them. It is important to the future. And it is something that can and will be done.

I yield the floor.

Mr. DOMENICI. Madam President, how much time has the Senator used?

The PRESIDING OFFICER. The Senator has used 15 minutes.

Mr. DOMENICI. Senator ROTH is in control of 15 more minutes, so if the Senator desires to yield time.

Mr. ROTH. I yield to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Madam President, I want to ask a couple of questions, if I may, because I'm struck by a paragraph on page 5, beginning with line 8:

> This resolution does not adopt the President's proposal to reduce medicare spending by $19,400,000,00 over 10 years, nor does the resolution adopt the President's proposal to spend $10,000,000,000 of medicare program. . .

That is followed by:

> Congress will not transfer to the Federal Hospital Insurance Trust Fund new IOUs that must be redeemed later by raising taxes on American workers, cutting benefits, or borrowing more from the public.

Would that preclude any use of surpluses if there were additional surpluses that arose?

How can you attribute a tax increase, or more borrowing, directly to this? This is out of the general revenues, and I am curious how the connection is made and whether or not a surplus would be able to be used.

Mr. ROTH. I say to my distinguished colleague that if there are surpluses in the budget, they could be used for Medicare.

Mr. LAUTENBERG. So we are specifically targeting raising taxes. Could this be competitive by using—and this is said with all due respect to the distinguished chairman of the Finance Committee. If tax cuts are put into place, or attempted to be put into place, would the response be, then—and if we prohibit that by virtue of an agreement here and in the House, would that be considered raising taxes if we didn't cut taxes? Would that, in turn, be considered a tax increase?

Mr. ROTH. If I understand your question, no. If we fail to make a tax cut, I don't see that in and of itself being considered a tax increase.

Mr. LAUTENBERG. So that it is possible that there could be a competitive environment where tax cuts are competing with our capacity to continue to fund Medicare. You know, we have a debate about these transfers and whether IOUs are really significant. If we transferred $1 billion in cash to the Medicare trust fund—the insurance trust fund, and they were to go out into the public marketplace and buy $1 billion worth of insurance bonds, or what have you, those IOUs would have established their value—that cash, rather, I am sorry, would have established its value.

Why wouldn't an IOU from the Federal Government, which is where so many companies and individuals put their money because it is the full faith and credit of our Nation, thereby guaranteed by strength more there than anyplace else—why wouldn't those IOUs be considered the same as a cash transfer? It is true that they are going to come out of general revenues to be paid for, but it would also ensure that no pressure on the Appropriations Committee could say, all right, we are not going to be able to fund that, and then a later Congress says, OK, we are going to have to cut back on benefits by raising age or raising deductible, raising copays, or what have you. This at least ensures that that money will be there; those funds will be there off into the future; am I correct or not on that?

Mr. ROTH. Well, let me answer you in general, and then I will ask the distinguished chairman of the Budget

Committee. But it is our position that there are adequate funds both to provide reform of the Medicare program, to ensure its solvency in the long term, as well as to provide for a tax cut and, of course, protect and strengthen Social Security. As to the specifics, I yield to my distinguished colleague.

Mr. KENNEDY addressed the Chair.

Mr. LAUTENBERG. Madam President, I yield 4 minutes to Senator KENNEDY.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Madam President, I am interested in asking, is there anything in this proposal of the Senator from Delaware that will provide the additional funding for Medicare, as we are attempting to move forward, to try to bring about the reforms? These two members of the Budget Committee are here. I am interested in understanding, as we are trying, in the final hours of the budget debate, to make sure the budget is going to have the additional 15 percent so that we can put it on a sound financial basis. I am wondering if there is any indication in this proposal that the Senator from Delaware wants to make sure of the financial security of Medicare before tax cuts, before we are going to go ahead with tax cuts. Is there anything in this resolution I have just received—maybe the Senator from North Dakota or the Senator from New Jersey can show me anyplace in here where this resolution says, all right, let's move ahead with the reform of Medicare before we go ahead and provide these major tax cuts. Is there anything in this resolution that the ranking minority member can tell the membership?

That is really what I think has been the heart of the debate of the proposal of the Senator from North Dakota and others—that we are going to put in place a sound, solid solvency for the Medicare system before we go to tax cuts. And now that we have a new resolution, I am just wondering whether this resolution says we are going to defer the tax cuts, we are going to make sure of the financial stability of the Medicare system and move toward perhaps even a consideration of the Breaux proposal as we consider reforms in the future.

Mr. LAUTENBERG. Madam President, I ask the Senator from North Dakota to oblige, or we will refer it to the author of it.

Mr. KENNEDY. Maybe you should ask the author of the proposal. I ask the author of the proposal whether there is any provision in this part that says we are going to defer tax cuts for wealthy individuals, across-the-board tax cuts that are mentioned in the report of the budget—that we are going to defer that until we get Medicare on a sound financial basis? Is there any reference to that in the proposal? Or if we accept this proposal, is it still the position that we are still going to go ahead and have the tax cuts now in the budget?

Mr. ROTH. In answer to my friend and colleague, I say there is no language in the budget resolution that sets these priorities. But as I said earlier, it is my intent, as chairman of the Finance Committee, which has jurisdiction over these matters, to begin hearings and to develop a consensus on Medicare when we return from the Easter recess. This will be a bipartisan effort. There is no way we can get anything done unless we are able to develop, as I said, a bipartisan consensus. It is my intent to move as expeditiously as possible upon our return.

Mr. KENNEDY. Just to clarify it further, then, it is the position of the Senator from Delaware to go ahead and pass a budget resolution that commits us on a course for significant tax cuts prior to the time that we are going to have the hearings in the Finance Committee to develop a bipartisan proposal on Medicare; that is his position? Or are you going to recommend that we defer the tax cuts until we have the kind of hearings the Senator has suggested and really shape a proposal to put Medicare on both a sound fiscal basis and also to deal with some of the inadequacies of Medicare, like the prescription drug issue?

Mr. ROTH. Well, as I indicated, it is the intent of the chairman to proceed expeditiously, upon our return, with hearings and developing a program on Medicare. As far as tax cuts are concerned, I don't intend to begin work on them probably until sometime early fall. But it is my intention to work immediately on Medicare.

Mr. LAUTENBERG. Madam President, the Senator from Massachusetts asked the very question that I was trying to find out about. And that is that it has the appearance of another attempt to limit the development of a solvent Medicare program in deference to the possibility of across-the-board taxes. That is the sense, with all due expect, that I get out of this. I don't know whether the Senator from Massachusetts views it the same way. But it would be good if we could kind of straighten that out before a vote occurs on it.

Mr. KENNEDY. If I could just ask, because I see others on their feet, on page 2 of the proposal, at the bottom, line 22 says, ''The President's budget framework does not devote 15-percent budget surpluses to the Medicare Program.''

This has been the intention of the Senator from New Jersey and the Senator from North Dakota. It is a goal I support—that we provide at 15 percent. The Senator's resolution says it does not devote the 15 percent. Would the Senator tell us whether he would support the 15-percent allocation? He has it in the resolution, saying that the Federal budget does not devote the 15 percent. Does the Senator want us to devote that 15 percent, or not?

Mr. ROTH. Madam President, let me just point out that as far as the so-called 15 percent is concerned, the Comptroller General said that the President's proposal does nothing to alter the imbalance between the program's tax receipts and benefits payments. It has been cash deficits since 1992, and remains a cash deficit even with the new Treasury securities. Thus, the President's proposal does provide additional claims on the Treasury, not additional cash to pay benefits.

Let me make it very clear, under this resolution we intend to do three things: To strengthen and preserve Social Security, to reform Medicare, and to provide a major tax cut for the working people of America.

Let me stress that this resolution has been carefully crafted by the chairman and others on the Budget Committee to do exactly that. That is our intent, and we shall follow through on the policies laid down in this resolution.

I think the distinguished Senator from Louisiana may care to comment.

The PRESIDING OFFICER. The Senator from Louisiana.

Who yields time to the Senator?

Mr. ROTH. I yield 10 minutes to the distinguished Senator.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. ROTH. Madam President, before that, may I ask that Senator THOMPSON be added as a cosponsor? I did include Senator GRASSLEY and Senator HATCH.

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

The Senator from Louisiana.

Mr. BREAUX. Madam President, I support the Senator's sense-of-the-Senate resolution. I will start off by saying that sense-of-the-Senate resolutions are pretty senseless, because it really is not making law; it is just an expression of what people think. To that extent, it is very important.

Let me just start off by saying that if the debate on Medicare is whether we want a tax cut or whether we want to reform Medicare, we will never reform Medicare. Medicare has been here since 1965, and it has been a political football every year. Every year that we run out of money with Medicare, we fix it by using the SOS approach—same old, same old. Every year when there was a shortfall, we simply tried to reduce reimbursements to doctors and hospitals and said, ''Well, we fixed it because we gave them less money to treat 40 million Americans who need health care in this country.''

The President's budget this year again talks about approximately $20 billion in further cuts to the Medicare program. That is $20 billion less that is going to be available to provide medical benefits to 40 million seniors. That, I would suggest, is not reform. That, I would suggest, doesn't fix anything. That, I would suggest, just makes the problem greater and not less.

The reason I call into question the concept that a 15-percent transfer of the surplus in the form of IOUs to the

Medicare trust fund is not what it seems to be is that, in fact, it is not.

The GAO came to the Senate Finance Committee and they testified very specifically on this proposal. What they said, in bipartisan, unequivocal economic language that I think everyone can understand, is the following. They said this transfer ''. . . has no effect on the current and projected cash-flow deficits that have faced the [Medicare program] since 1992—deficits that taxpayers will continue to finance through higher taxes, lower spending elsewhere or lower pay downs of publicly-held debt than the baseline. Importantly, the President's proposal would not provide any new money to pay for medical services.''

So the concept of saying we are going to fix Medicare by taking 15 percent of the surplus and putting IOUs in the trust fund and that somehow we have fixed the problem is nonsensical. It does not make any sense economically. It is not good policy. It gives us a false sense of security that somehow we have solved Medicare by loading up the trust fund with IOUs. That is not reform. That is not saving the program. That is not giving the program one nickel more in money. It is merely giving the trust fund more IOUs. We are in effect transferring publicly held debt from one account and putting it in another account and saying we fixed the program.

I could not live with that, because I don't think it does anything. It doesn't help the program. It doesn't hurt the program, but it doesn't fix the program.

This resolution says in essence that we are going to have to work in a bipartisan fashion to look at real reform. Our National Bipartisan Commission worked on this for a year. We have a recommendation which will be submitted in the form of legislation. We will have hearings in the Senate Finance Committee. I would like them to report on exactly what we send over there. But if they don't, hopefully it will be something similar. Hopefully, it will be real reform. Hopefully, it will be something that we can quit arguing about—whether we want tax cuts, or whether we want to save Medicare.

The program needs more money. There is no question about that. But it desperately needs reform. The 1965 model runs like a 1965 car, and putting more gas in an old car, it is still an old car. And putting more IOUs in the Medicare trust fund doesn't make it a modern, efficient delivery system for health care in this country.

I think the resolution is a good resolution. It is offered in a bipartisan fashion. It is a sense of the Senate. Big deal. I don't think it will change public policy. But it is so important that it needs a discussion on how we solve this particular issue. It says that Congress should move expeditiously in a bipartisan fashion to reform the program. Yes; we should. It says that Congress should continue to work with the President as he develops and presents his plan to fix the problem with the Medicare program. Yes; he should.

We are not going to fix it. We are going to be looking for issues to beat each other over the head once again. That is the old way of doing it. That is old politics. And people are sick and tired of it on both sides of the political spectrum outside of Washington. Maybe in Washington we love to play political games. We beat them up, they beat us up, and nothing gets done. We end up arguing about failure: It is their fault we didn't fix it. No; it is your fault we didn't fix it. And absolutely nothing is ever fixed with that kind of a procedure.

How much better would it would be for us to gather and work together and fix it? And we can always argue the political argument about who fixed it: We fixed it. No; they fixed it. But at least we are arguing about success about fixing something instead of trying to argue about whose fault it is that nothing gets done on something as important as Medicare, and trying to figure out which wedge issue we are going to use this week and which wedge issue they are going to use next week. Is it not time that we kind of come together and say, ''Look, we have a big problem''?

Today, we spend more money in Medicare than we take in in revenues to pay for it. Today, not in 20 years. Today. If you use all of the revenues in the trust fund, plus the revenues coming in, we are totally insolvent in the year 2008. My fear is that in the year 2007 we are going to still be arguing about whether we want to fix Medicare or whether we want to have a tax cut. That is not the appropriate argument. That is not the discussion we should be engaged in. We can argue whether we need a tax cut, and how we should craft it, and who should benefit from it. That is a separate argument.

We should concentrate now on how to reform Medicare in a bipartisan fashion. I think this sense-of-the-Senate resolution suggests that.

It makes the point that the 15-percent surplus is nothing more than IOUs in the trust fund. It does not add a nickel to the trust fund. That is a correct statement, and that is why I support the resolution.

I yield the floor.

Mr. KENNEDY. Madam President, will the Senator yield?

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I yield myself 2 minutes on the bill.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President and fellow Senators, we have before us a historic resolution, a sense-of-the-Senate resolution with historic and brave Senators on it. If we adopt this and follow it, we will save the Medicare program instead of arguing about it. The basic contention here, plain and simple, is that prominent Democrat Senators are joining with Republicans saying let's quit arguing; let's fix it.

That is the principal thrust of this resolution. I say to Senator BREAUX, Senator KERREY, the chairman of the Finance Committee, and Senator FRIST, you are to be commended and lauded, because I predict on this day we have started down a short path before the year ends of fixing Medicare for the seniors permanently. We do not have to sit around here and argue about IOUs that the President wants to transfer to a trust fund without dedicating any revenue to the trust fund.

How do you fix a trust fund by putting in IOUs when it is all based on revenues coming into the trust fund to pay the bills?

I join Senators—I am the fifth Member—as the Budget chairman, because I believe you are on the way, on the road to real success for our seniors.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

AMENDMENT NO. 176, AS MODIFIED

Mr. ROTH. Madam President, I send a modification to the desk. On page 4, line 15, subparagraph 13 will read:

The recommendations by Senator John Breaux and Representative William Thomas received the bipartisan support of a majority of members on the National Bipartisan Commission on the Future of Medicare.

We delete the words with respect to the Presidential appointees.

Just let me say as a followthrough on the statement by the distinguished chairman of the Budget Committee, the Senator stated it exactly correct. We are on the road to real reform. We want to make sure that this Medicare program exists not only for the seniors today but indefinitely in the future. I pledge to the Senator that that is what my committee will do.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

The amendment (No. 176), as modified, is as follows:

At the end of title III, insert the following:

SEC. ___. SENSE OF THE SENATE REGARDING THE MODERNIZATION AND IMPROVEMENT OF THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds the following:

(1) The health insurance coverage provided under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is an integral part of the financial security for retired and disabled individuals, as such coverage protects those individuals against the financially ruinous costs of a major illness.

(2) Expenditures under the medicare program for hospital, physician, and other essential health care services that are provided to nearly 39,000,000 retired and disabled individuals will be $232,000,000,000 in fiscal year 2000.

(3) During the nearly 35 years since the medicare program was established, the Nation's health care delivery and financing system has undergone major transformations.

However, the medicare program has not kept pace with such transformations.

(4) Former Congressional Budget Office Director Robert Reischauer has described the medicare program as it exists today as failing on the following 4 key dimensions (known as the ''Four I's''):

(A) The program is inefficient.

(B) The program is inequitable.

(C) The program is inadequate.

(D) The program is insolvent.

(5) The President's budget framework does not devote 15 percent of the budget surpluses to the medicare program. The federal budget process does not provide a mechanism for setting aside current surpluses for future obligations. As a result, the notion of saving 15 percent of the surplus for the medicare program cannot practically be carried out.

(6) The President's budget framework would transfer to the Federal Hospital Insurance Trust Fund more than $900,000,000,000 over 15 years in new IOUs that must be redeemed later by raising taxes on American workers, cutting benefits, or borrowing more from the public, and these new IOUs would increase the gross debt of the Federal Government by the amounts transferred.

(7) The Congressional Budget Office has stated that the transfers described in paragraph (6), which are strictly intragovernmental, have no effect on the unified budget surpluses or the on-budget surpluses and therefore have no effect on the debt held by the public.

(8) The President's budget framework does not provide access to, or financing for, prescription drugs.

(9) The Comptroller General of the United States has stated that the President's medicare proposal does not constitute reform of the program and ''is likely to create a public misperception that something meaningful is being done to reform the Medicare program''.

(10) The Balanced Budget Act of 1997 enacted changes to the medicare program which strengthen and extend the solvency of that program.

(11) The Congressional Budget Office has stated that without the changes made to the medicare program by the Balanced Budget Act of 1997, the depletion of the Federal Hospital Insurance Trust Fund would now be imminent.

(12) The President's budget proposes to cut medicare program spending by $19,400,000,000 over 10 years, primarily through reductions in payments to providers under that program.

(13) The recommendations by Senator John Breaux and Representative William Thomas received the bipartisan support of a majority of members on the National Bipartisan Commission on the Future of Medicare.

(14) The Breaux-Thomas recommendations provide for new prescription drug coverage for the neediest beneficiaries within a plan that substantially improves the solvency of the medicare program without transferring new IOUs to the Federal Hospital Insurance Trust Fund that must be redeemed later by raising taxes, cutting benefits, or borrowing more from the public.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the provisions contained in this budget resolution assume the following:

(1) This resolution does not adopt the President's proposals to reduce medicare program spending by $19,400,000,000 over 10 years, nor does this resolution adopt the President's proposal to spend $10,000,000,000 of medicare program funds on unrelated programs.

(2) Congress will not transfer to the Federal Hospital Insurance Trust Fund new IOUs that must be redeemed later by raising taxes on American workers, cutting benefits, or borrowing more from the public.

(3) Congress should work in a bipartisan fashion to extend the solvency of the medicare program and to ensure that benefits under that program will be available to beneficiaries in the future.

(4) The American public will be well and fairly served in this undertaking if the medicare program reform proposals are considered within a framework that is based on the following 5 key principles offered in testimony to the Senate Committee on Finance by the Comptroller General of the United States:

(A) Affordability.

(B) Equity.

(C) Adequacy.

(D) Feasibility.

(E) Public acceptance.

(5) The recommendations by Senator Breaux and Congressman Thomas provide for new prescription drug coverage for the neediest beneficiaries within a plan that substantially improves the solvency of the medicare program without transferring to the Federal Hospital Insurance Trust Fund new IOUs that must be redeemed later by raising taxes, cutting benefits, or borrowing more from the public.

(6) Congress should move expeditiously to consider the bipartisan recommendations of the Chairmen of the National Bipartisan Commission on the Future of Medicare.

(7) Congress should continue to work with the President as he develops and presents his plan to fix the problems of the medicare program.

Mr. ROTH. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays are ordered.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DOMENICI. Will the Senator yield for a UC?

Mr. CONRAD. I will be happy to yield.

Mr. DOMENICI. Madam President, I ask unanimous consent that I be permitted to seek the yeas and nays on an additional amendment that is pending.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOMENICI. I ask for the yeas and nays on amendment No. 161, the Voinovich amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays are ordered.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. As a member of the Budget Committee and a member of the Finance Committee and somebody who was worked and voted for Medicare reform in the Finance Committee as part of a group cochaired by Senator BREAUX along with Senator CHAFEE, I believe we must have reform of the Medicare program. There is no question about that. I applaud the efforts of Senator BREAUX. Nobody has worked harder over a longer period of time to try to get the job done.

As a part of the centrist coalition, I voted in the Finance Committee for a series of difficult steps to begin the process of reforming the Medicare program.

I think my record on the question of being willing to cast tough votes to reform Medicare is beyond question. But I must say, as I look at this amendment that has been offered by the distinguished chairman of the Finance Committee, I have real doubts about this. It looks to me to be a political statement as much as it is an interest in reforming Medicare. When I see in the resolution the suggestion that the President's budget framework does not devote 15 percent of the budget surplus to the Medicare program, I do not think that is a true statement. I have read the President's framework, and it says very clearly that of the surpluses over the next 15 years, 15 percent is dedicated to Medicare. He does it by making a transfer to the trust fund.

People get up and quote the Comptroller General all of the time around here, only they leave out something very important that he said. The Comptroller said in his statement before the Finance Committee that the President's proposal ''provides a grant of a new set of Treasury securities for the Medicare Hospital Insurance Program which would extend the life of the trust fund from 2008 to 2020.''

That is the testimony of the Comptroller General before the Senate Finance Committee. Others have stood in the Chamber and said that he denigrated the proposal. Well, he certainly did raise questions about it in certain ways, but he also made the very clear statement that the President's proposal does extend the solvency of the Medicare trust fund from 2008 to 2020.

Those who stand in this Chamber and tell our colleagues and the American people that the President's proposal does not do anything are not telling the truth. To just be selective in their quotations of the Comptroller General does a disservice to this body and a disservice to anybody else who is listening.

Let's be direct and honest. The President's proposal is to reserve 15 percent of the surpluses over the next 15 years for Medicare. That is a break in policy, without question. It is a change. We should debate the wisdom of that change. But to stand up here and say it makes no difference, that is not factual and it is not honest as far as I am concerned.

Mr. BREAUX. Will the Senator yield for a question?

Mr. CONRAD. I would like to complete the thought and then I will be happy to yield.

As I read this resolution, it is suggesting that it makes no sense to make any transfer from the general fund to the HI trust fund. I do not agree with that. I think that is flat wrong. You can question the policy. You can say, gee, we should not be doing that, but to suggest that in this resolution, to

adopt in this resolution that we are just going to be opposed to a transfer I think is a mistake. That has the cart before the horse.

As I go through this resolution, there are other things that trouble me. I, for one, value the work of the Medicare Commission. I value the work of Senator BREAUX, Mr. THOMAS, and the others who served there, but as I read this resolution it is suggesting that what they came up with in terms of a proposal is what we ought to adopt. I am not prepared to say that because they also proposed a dramatic change in policy. They proposed, instead of what we know now as the Medicare program, a system of vouchers. People would be able to go out in the marketplace and buy insurance, and they would get from the Federal Government, instead of the coverage provided by Medicare, a voucher for a certain amount of money to go out and purchase insurance.

That may be an excellent idea. I do not know. I think we are a long way from making a determination that that is the right course. We have not completed a hearing process in the Finance Committee on that question. As I read this resolution, it is fundamentally endorsing that approach.

Also included in the recommendation of the Commission is an increase in the age of eligibility. That may be necessary, but I do not think we ought to conclude that in the Chamber here today.

So, Madam President, I respect those who bring the amendment before us but I, for one, would not vote for it. I do not think saying, in effect, that we should not make a transfer from the general fund to strengthen Medicare is something we ought to be saying. In fact, I offered an amendment last night that said just the opposite, that we ought to, as part of a reform proposal, put more resources into the Medicare plan. I think it needs more resources.

I also believe it has to be reformed. I think we need both. I am certainly not going to vote for an amendment that suggests that what the President has proposed is wrong. I also think, as I indicated, that some of the statements here are just factually incorrect.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 2 minutes to the distinguished Senator from Louisiana.

Mr. BREAUX. Madam President, I do not necessarily disagree with everything the distinguished Senator from North Dakota has pointed out. It is important for everyone to understand that the suggestion of the administration of 15 percent of the surplus in the form of IOUs into the Medicare trust fund does not give the trust fund one nickel, one dime, one dollar more money. It only gives the trust fund IOUs in the form of Treasury securities on which, in the future, Medicare can go to the general fund and make a claim. That is all it does.

Basically, that is the same situation as we have today because it is an entitlement program. People are entitled to it. The question I have is, are we going to have no limit on how much of the general fund is going to be used to finance Medicare?

Madam President, 37 percent of the money today comes out of general revenues. It was supposed to start off as a payroll tax and that was how it was to be funded. Are we going to go to 40 percent without any concern? Are we going to go to 50 percent without any concern? How much of the general revenues are going to finance Medicare to the detriment of the national defense or anything else that we have as a nation?

I suggest to use this transfer of IOUs without making formal decisions and having serious debate about it is not good policy because it doesn't help Medicare at all. That is why it is important to understand it does not provide any new money to the Medicare program at all.

We should have that debate. We suggested a way of looking at it, but I think just saying 15 percent of the surplus solves the Medicare problem to the year 2030 is very, very erroneous. It is incorrect. We should not rely on that as a way of saving Medicare.

Mr. KENNEDY addressed the Chair.

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

Mr. CONRAD. Mr. President, I yield such time as the Senator from Massachusetts consumes.

The PRESIDING OFFICER. The distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I wonder if the Senator from North Dakota will respond to a question? I listened to my friend from Louisiana. He talked about the IOUs. I find it somewhat difficult to understand how the IOUs can be used for a tax cut of some, I guess, $778 billion but cannot be used for the Medicare trust system.

I have in my hand, from the Office of the Actuary of the Department of Health and Human Services in his submission to the Finance Committee—he is the chief actuary for HHS, and I will make this part of the RECORD—but it says, under this budget proposal, referring to the President's proposal, it would postpone the exhaustion of the trust fund for an estimated 12 years.

I guess we have Members of the Senate saying these are IOUs and you are not going to really do anything by getting that kind of IOU for the Medicare trust fund. Here we have the chief actuary for HHS saying exactly the opposite, that it will extend it to the year 2020. I fail to follow the logic, where you have the IOUs and they are going to be used by our majority, our Republican friends, for tax breaks for wealthy individuals. I wonder if he can help clarify this dichotomy for me?

I ask unanimous consent the letter dated January 27, 1999, be printed in the RECORD.

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

DEPARTMENT OF HEALTH & HUMAN SERVICES,
Baltimore, MD, January 27, 1999.

From: Richard S. Foster, Office of the Actuary.

Subject: Estimated year of exhaustion for the HI Trust Fund under a proposal to augment HI financing with general fund transfers.

To: Nancy-Ann Min DeParle, administrator.

This memorandum responds to your request for the estimated year of exhaustion for the Hospital Insurance trust fund under a legislative proposal developed for the President's Fiscal Year 2000 Budget. At this time, we do not know the full specifics of this proposal. It is our understanding that the proposal would create a new transfer of revenues from the general fund of the U.S. Treasury to the HI trust fund for each year from 2000 through 2014. The transfer amount each year would be set equal to a specified percentage of the HI taxable payroll for the year.[1] The applicable percentages would be specified in the legislation and would equal 15 percent of the unified budget surpluses projected for the President's Fiscal Year 2000 Budget, expressed as a percentage of the projected HI taxable payrolls.

Under the proposal, the future transfers from the general fund would depend only the specified percentages of HI taxable payroll and would not be affected if actual future unified budget surpluses differed from the Fiscal Year 2000 Budget projections. We understand that, in contrast to the associated proposal for the Social Security program, there would be no change in current-law investment practices for the HI trust fund. Similarly, the estimates in this memorandum reflect Medicare's current benefit provisions as specified under present law.

We were provided with projected additional HI revenues under this proposal based on the intermediate set of assumptions from the 1998 Trustees Report, as estimated by the Office of Management and Budget and the Social Security Administration's Office of the Chief Actuary. These amounts are listed below (in billions):

CALENDAR YEAR

[Dollars in billions]

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2000–2004	2000–2009	2000–2014
$17.6	$19.6	$27.2	$26.0	$29.5	$32.6	$40.0	$45.4	$50.0	$55.7	$60.9	$65.9	$70.2	$73.7	$75.5	$119.9	$343.8	$689.9

[1] "HI taxable payroll" is the total amount of all wages, salaries, and net income from self-employment that is subject to the HI payroll tax under the Federal Insurance Contributions Act (FICA) and the Self-Employment Contributions Act (SECA).

Based on the intermediate assumptions and the projected general fund transfers listed above (15% of surplus), we estimate that the assets of the HI trust fund would be depleted in calendar year 2020 under this proposal, as compared to 2008 under present law. Thus, this Budget proposal would postpone the year of exhaustion by an estimated 12 years.

This estimate is subject to change if our understanding of the proposal is incorrect. In addition, it is important to note that the financial operations of the HI trust fund will depend heavily on future economic, demographic, and health cost trends. For this reason, the estimated year of depletion under this proposal is very sensitive to the underlying assumptions. In particular, under adverse conditions such as those assumed by the Trustees in their ''high cost'' assumptions, asset depletion could occur significantly earlier than the intermediate estimate. Conversely, favorable trends would delay the year of exhaustion. The intermediate assumptions represent a reasonable basis for planning.

The estimated year of exhaustion is only one of a number of measures and tests used to evaluate the financial status of the HI trust fund. If you would like additional information on the estimated impact of this proposal, we would be happy to provide it.

RICHARD S. FOSTER, F.S.A.,
Chief Actuary.

Mr. CONRAD. The Senator from Massachusetts makes an interesting point. We have to be very careful in our use of language around here. When people talk about Government instruments as being IOUs, I suppose in a way that is true. But it probably leaves people with a misimpression. These are Government bonds, U.S. Government bonds. There is no more valued instrument in the world than a U.S. Government bond. I would love to have somebody give me Government bonds worth $700 billion. The suggestion that that has no value is an absurdity. It is an absurdity. They are backed by the full faith and credit of the U.S. Government. There has never, ever been a default on an obligation of the U.S. Government. So this kind of careless use of language I think misleads people.

Of course they have value. They have exactly the value that is on their face. These are bonds that have $700 billion worth of value, plus they earn interest. The fact is, this suggestion that it doesn't make any difference if you transfer these instruments, these bonds, to the trust fund is just wrong. They extend the solvency of the Medicare trust fund by 12 years.

Is that the only thing we should do? Certainly not. Senator BREAUX is exactly right. That is not the only thing we should do. Maybe it is not even the first thing we should do. But we have to decide on a budget resolution right now. We do not have the luxury of waiting until the reform plan is passed. We have to make a decision how resources are going to be used around here. What we are suggesting is the resources ought to be used in a certain priority order.

The first priority is using every penny of the Social Security surplus for Social Security. Then we are saying, in the non-Social Security surplus, the next priority ought to be to strengthen Medicare. We think that is a priority of the American people. Yes, there ought to be reform as well, and then we ought to also have some resources that are available for high-priority domestic needs like education and defense—and, yes, tax relief. But the first priority of the non-Social Security surplus is not tax relief, especially tax cuts that are designed to go to the wealthiest among us.

We had, yesterday, a discussion of what some on the other side want in terms of an across-the-board cut. To those who are earning $800,000 a year, they would give $20,000. To those earning less than $38,000 a year on average, they would give $99. I think it is a higher priority for the American people to strengthen Social Security and extend its solvency than to go out and give back $20,000 to somebody who is making almost $1 million a year. That is a question of priorities. It is the difference between us. The Senator from Massachusetts is right on this question.

Mr. KENNEDY. As I understand it, and the Senator could correct me—maybe this is better directed to the Senator from Louisiana—even with the Commission's recommendation—according to the Commission's own report, that will only extend the solvency of the Medicare system 3 to 4 years, on the one hand, even if we went ahead.

I am not disputing that there may be recommendations filed by the Commission that may be worthwhile. But on the one hand we have the opportunity to extend it 12 years under the transfer. On the other hand, even if we accept the Medicare Commission, it is only 3 or 4 years.

So as I understand the position of the Senator, we ought to have the longer extension, we ought to consider the Breaux commission report, and then move ahead and take what steps we need to take in order to strengthen and improve the program, which would certainly include the prescription drugs.

I thank the Senator from North Dakota for yielding.

The PRESIDING OFFICER. Who yields time? The distinguished Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I hope people think very carefully about this amendment as drafted. Because it seems to me, if they vote for it, they are saying they do not want to do anything to extend the solvency of the Medicare trust fund. They are adopting, it seems to me, a view that, at least with respect to the surpluses that are projected over the next 15 years, they do not want to dedicate any of that money to extend the Medicare trust fund solvency, and the fact is the Medicare trust fund is in more immediate danger than is the Social Security trust fund.

We expect insolvency in the Medicare trust fund by 2008. That is why some of us feel strongly that we ought to keep alive the possibility of transferring some of these surpluses that we now project to strengthen and preserve the Medicare system.

Beyond that, I think we have to ask the question, are we ready to say that the solution we want to adopt is what the National Commission on the Future of Medicare adopted? They couldn't reach agreement in terms of the supermajority that was required of them to make a recommendation. It seems to me we ought to keep our powder dry until we consider all of the options that we might want to adopt to reform Medicare.

Again, I say this with the greatest of respect for Senator BREAUX and Senator KERREY and other Members who served on that Commission, along with Mr. THOMAS and others. I have real concerns about what is included in this amendment. Part of it, I think, is just factually wrong. The suggestion that the President is not reserving 15 percent in his framework for Medicare defies the facts. It defies what is clearly in his plan. I do not think it is wise to adopt something that makes false statements.

Mr. WELLSTONE addressed the Chair.

Mr. CONRAD. How much time would the Senator like?

Mr. WELLSTONE. Could I have 5 minutes?

Mr. CONRAD. Mr. President, I am pleased to yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. WELLSTONE. Mr. President, I thank my colleague from North Dakota. Let me first say that sometimes what happens is, you find out about an amendment and you don't have time to really prepare. I have just a couple of observations, nothing really well rehearsed or well prepared about this amendment.

Let me just say to my good friend from Delaware that not only do I think the amendment doesn't give justice to some of the President's proposals, I want to express some very serious reservations about the work of the Commission. It is out of respect for my colleague from Louisiana, but it is just honest disagreement.

I will say this right away: I have respect for Senators who are willing to stake out a position that they think is the right thing to do. Even if there is lots of opposition, they have the courage to do so. Senator BREAUX is that kind of Senator.

For my own part, there are at least two major concerns that I have and that I think should be laid out in this Senate discussion. One is I really do worry a lot about the effort to, if you will, voucherize Medicare. It worries me that we will create a system where those people who are wealthier and probably healthier can opt out for additional kind of coverage, additional plans and, therefore, I think you get

into the problem of adverse risk selection. I think the very thing that has made Medicare such a stirring success for our country, which is sort of we are all in this together, we all pay into it, I think we do serious damage to that principle. I worry that the Medicare system will end up being a system where really what you had left were those that were the frailest and the sickest of our elderly, and we could not sustain it economically. I think that does serious damage to the universality principle of Medicare.

The second point I want to make is that I think the reliance on managed care is profoundly mistaken. I think the record of managed care in rural American is a not a good one. I think the reason we are going to have a major debate on patients' protection, I say to my colleague from Massachusetts, is that many people feel that what has happened is that with the eight or nine largest insurance companies owning and controlling well over 60 percent of the managed care plans, what you have going on in the country is bottom line medicine, where the bottom line is the only line. It has become increasingly corporatized and bureacratized and not at all user-friendly.

I think senior citizens will not do well with a system that relies so much on managed care.

Finally, I want to express my major opposition—and before Senators vote on this, I think they should think about this question—to extending the age from 65 to 67. With all due respect, I don't think we should create yet another group of people who have no health insurance coverage or another group of citizens, in this particular case, 65 to 67, who maybe will purchase the coverage, but they won't be able to afford it.

I think that it is a grave mistake to support this amendment that my colleague from Delaware has brought to the floor. Frankly, I think we should be talking about Medicare for all—universal coverage. I certainly think we should be talking about expanding Medicare to include prescription drug coverage for senior citizens. I have introduced a bill with BARNEY FRANK on the House side to do this, and other colleagues have done this. I think, out of respect for my colleague, it is an honest difference of opinion.

I think this amendment, supporting the work of the Commission, goes in the wrong direction. A, it voucherizes Medicare; leads to adverse risk selection; no longer has the principle of universality applying; those people who are sickest and poorest will be left in, and the system will not sustain itself. That is a mistake. B, the reliance on managed care is mistaken. C, in no way, shape, or form, should we extend the age from 65 to 67.

I yield to my colleague from Connecticut.

Mr. DODD. Mr. President, I thank my colleague for yielding. I say to my colleagues from Delaware and Louisiana, I have listened to this. I regret to say we are going to be voting on this, because there are a lot of things in this Commission report that I think warrant the support of our colleagues, and things where obviously, as my colleagues from Massachusetts and Minnesota and others have pointed out, there is serious disagreement as well.

My concern is that we are going to have a vote on this resolution, and it kind of hardens positions a lot earlier than we should be. This is very serious work. When you get involved in this kind of a vote, people casting positions on a resolution that has no value in law, it seems to me it is not in the best interest, as we try to grapple with a very serious and complex set of questions.

I am caught in a situation where there are a lot of things the Commission did I like. There are things the Commission did I disagreed with. If forced to vote up or down, I guess I have to vote no, but I don't want my vote ''no'' to be construed as disagreeing with everything the Commission has done. If I thought the vote really was going to change the Medicare system, that would heighten the value of the vote, I suppose, to some degree. But since it doesn't have any real impact in law, and I am being asked, as a Member, to make a choice on this, I don't think it is really smart or wise for us to be put in that position on something as important and as complex, where there are serious disagreements over how we ought to proceed.

I don't know procedurally what is possible, but this has been an interesting discussion. I suggest that maybe there is some way this could be vitiated and considered an interesting discussion and debate. But let's not ask Members to vote on a resolution that casts us in a position of making choices on a Commission where there will be a lot of legitimate disagreements.

The PRESIDING OFFICER. The time requested by the distinguished Senator has expired.

Mr. DODD. I thank my colleagues for listening.

The PRESIDING OFFICER. Who yields time?

The Senator from Delaware.

Mr. ROTH. Mr. President, I point out to my distinguished colleague from Connecticut that we are not voting up or down the work of the Bipartisan Commission. We very clearly say in this resolution:

> Congress should work in a bipartisan fashion to extend the solvency of the Medicare program and to ensure that benefits under this program will be available to beneficiaries in the future.

We go on, on the next page, paragraph 6:

> Congress should move expeditiously to consider the bipartisan recommendation of the chairman of the National Bipartisan Commission on the Future of Medicare.

Paragraph 7:

> Congress should continue to work with the President as he develops and presents his plan to fix the problems of the Medicare program.

Mr. President, what I am saying is, we ought to forget this debate, trying to argue about surpluses and so forth.

What we want to do is to get on with the job, to work in a bipartisan spirit. I think the Finance Committee is known for working in a bipartisan spirit. I say to the distinguished Senator from North Dakota, when I say that we are going to start work on this after the recess, that is what I mean and that is what we will do. I think the distinguished Senator knows me well enough to know that I am a man of my word.

I ask that we proceed. Let us get the job done.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. Mr. President, I have respect for the Senate Finance chairman. When he says he is going to do something, my experience with him is, he does it. That is not at issue here or at question.

But I must tell you, I do not read this as a bipartisan amendment. There may be some Democrats who are on it—and I can understand why they are on it—but I tell you, this does not look, to me, like a real bipartisan message that is being sent with this amendment. It looks, to me, like a lot of bash-the-President's proposal and suggestions that what is at the heart of the President's proposal, to transfer some resources from the general fund to strengthen Medicare, has no merit and that the answer is what the bipartisan reform Commission came up with—which did not achieve the necessary agreement of that Commission to make a recommendation.

Frankly, I do not think this body should be in a position now to decide that is the answer. I do not think a plan to——

Mr. WELLSTONE. Would my colleague yield for a question?

Mr. CONRAD. I am happy to yield to my colleague.

Mr. WELLSTONE. Right here:

> (6) Congress should move expeditiously to consider the bipartisan recommendations of the chairmen of the National Bipartisan Commission on the Future of Medicare.

That sounds to me like an endorsement of the Commission's proposal. Am I wrong or right about that?

Mr. CONRAD. It reads that way to me. I read the whole thing in its totality.

Mr. WELLSTONE. People can disagree, but then a vote for this would be an endorsement of any number of the different recommendations. That might be good for some, but I want to make it clear to colleagues, if you move the Medicare age up from 65 to 67, you go forward with the notion of ''voucherizing'' Medicare, which is very different from Medicare today. To me, this is an up-or-down vote on these recommendations. I could not possibly

vote for this right now. I hope other Senators will seriously consider that.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. I just reclaim my time.

Mr. President, I hope colleagues will resist this amendment. I think some of the statements in here are inaccurate. I think it sends a message which is not the message that should be sent at this time. I say that as somebody who is committed to reforming Medicare, as well as one who is committed to putting additional resources into the program.

I yield the floor.

Mr. KOHL. Mr. President, I rise in opposition to the Roth amendment. I recognize, as I know all of my colleagues do, that Medicare is facing very serious financial problems. I agree with the proponents of this amendment that Congress must act carefully and expeditiously, in a bipartisan way, to make the structural reforms necessary to preserve Medicare for both current and future seniors. And I want to commend Senator BREAUX and all of the members of the Bipartisan Commission on the Future of Medicare, for working so hard in this effort and creating a starting point for reform.

However, at this point, that's what the Breaux plan is—a starting point. I do not necessarily agree with every piece of the Breaux plan, but frankly, it is just too early for the Senate to endorse it. The Commission only finished its work last week, and most of us have not had a chance to study the plan in detail. In addition, the Roth amendment dismisses too quickly the President's proposal to devote 15% of the surplus to Medicare. Even with enactment of structural reforms, it is likely that more money will be needed for Medicare, and we shouldn't have to cut other health and education programs to find it. Even more importantly, in order for Medicare reform to be truly successful, it is essential that we all work cooperatively with one another—and with the President. It is unnecessary to pass an amendment that blasts the President's proposal without giving it full consideration.

Mr. President, while I believe we must address Medicare reform, the Budget Resolution is not an appropriate nor meaningful place to do it. The Roth amendment would tie the Senate's hands. It would force us to declare right now that the Breaux plan is the best plan, and that we will not put even a fraction of the surplus into Medicare. I think that would be a mistake. I urge my colleagues to vote against the Roth amendment, and I yield the floor.

Mr. ROBB. Mr. President, through his work on the Medicare Commission, Senator BREAUX has offered some very strong recommendations to deal with our long-term problems in Medicare, and I hope that the Finance Committee will act expeditiously in considering these and other reform elements. While I share many of the sentiments expressed in this amendment, I don't believe it will bring us closer toward finding common ground on the Medicare question. Realization of comprehensive Medicare reform will require a genuine bipartisan effort from all parties involved, and we ought to be working to keep the political tension surrounding this debate to a minimum. I'm concerned that the wording of the amendment offered by Senator ROTH will further divide us rather than bring us together on this important issue. For this reason, I will oppose it.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The distinguished Senator from New Mexico is recognized.

Mr. DOMENICI. We would like to proceed, if we can, with the Kennedy amendment. I ask the Senator, you are on that same amendment, are not you?

Mr. DODD. Yes.

Mr. DOMENICI. Let me just say, we can leave time for more debate on this. The problem is, we are going to run out of time, and people are not going to get any time on a score of amendments that they think are very, very important, also. From my standpoint, you have control of plenty of the time. If we can get on with the next one, you can reclaim time and use it off the bill if there is somebody who wants to discuss this issue.

Mr. CONRAD. Mr. President, we would be pleased to go to the next amendment and lay this one aside. If someone wants to return to it later, we can provide time to them. But we are ready to move on.

Mr. DOMENICI. Let me ask, in terms of time, we still have how much time on the bill? Something like 8 and a half hours?

The PRESIDING OFFICER. The Senator is correct; approximately 8 and a half hours.

Mr. DOMENICI. How much time?

The PRESIDING OFFICER. Eight hours 29 minutes.

Mr. DOMENICI. Has the time been yielded on the amendment itself?

The PRESIDING OFFICER. The Senator from Delaware has 3 minutes 14 seconds; the distinguished Senator from North Dakota has 5 minutes 13 seconds.

Mr. DOMENICI. I am not going to ask them to yield back their time. I ask unanimous consent that we set this aside temporarily while the Kennedy amendment proceeds.

The PRESIDING OFFICER. Is there objection?

Hearing none, without objection, it is so ordered.

Mr. KENNEDY. If I could ask the floor managers, the Senator from New York would like to have general time for 15 minutes, and then we will move ahead with this amendment. We will try to move it along rapidly and not take all the time.

Mr. DOMENICI. I say to the Senator, we will not take it off yours, but take it off the bill. We will charge it equally.

How much time, I ask the Senator?

Mr. SCHUMER. Fifteen minutes.

Mr. DOMENICI. Fifteen minutes.

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

Mr. SCHUMER. I thank my colleagues, the Senators from New Mexico, North Dakota, and Massachusetts, for allowing me to make this address, which is of real importance to the people in my State.

PROTECT ME AND RESPECT ME

Mr. SCHUMER. Mr. President, like many New Yorkers, I have spent a great deal of time in the aftermath of the Amadou Diallo killing reflecting about our city, our police, our country, and our people.

During my career, I think I have been considered a friend of both law enforcement and the minority community. But I have always been troubled by the rift between minorities and the police. And I have always felt that this rift has caused pain and harm to both communities.

There are men, women and children, black and white, alive today because of the work of the New York City Police Department—their fine work. New Yorkers are proud of that fact. Most cops are decent, honorable, and hard-working—and it is wrong to judge all cops by the actions of the bad few.

But what we all must realize is that the momentous drop in crime and the model behavior of many officers does not undo the plain truth that black men and women in New York City who have never broken the law and who should have absolutely no reason to fear law enforcement, are all too often hassled and made to feel like lawbreakers, and that it is different for minorities than for the average white person in the city.

Many whites seem to feel that widespread frisking and patting down is a small price to pay for a steep reduction in crime. But most white people have never been frisked and have no conception of how pervasive the practice is.

But if you talk to black stockbrokers on Wall Street and black lawyers downtown—people who wear a suit and a tie every day—to a person they have a story of being stopped, frisked, and harassed by a police officer.

If you talk to minority co-workers or attend services at African American churches and ask the men and women from the congregation about their interaction with the police—they talk about how they or their law-abiding children were stopped, questioned and searched by the police.

And they will tell you, as they have said to me, that they know this doesn't happen as often to white people. They know that white people are treated differently.

All people, black and white, want very much for their neighborhoods to