Health Benefits system, so that the dollars seniors use for private health insurance are pooled, and they have real negotiating power so they are in a position to get more reasonable prices for their medicine.

Some have said we ought to just put the Government in charge of this, sort of have rate regulation. Well, I think that would be a big mistake. The biggest concern I have about that approach is it would cause a lot of cost shifting. You could have the Government be the big kid on the block and drive the system through the Health Care Financing Administration, but you would put all the costs onto somebody who is 27 or 28 and is working hard trying to get ahead, and their prescription drug bill would have gone up because the Congress didn't address this Medicare issue in the right way.

Fortunately—and I think he deserves enormous credit—Senator DASCHLE has been working to try to reconcile the various approaches. He has talked with me about this issue, almost on a daily basis, in an effort to try to have the Senate come together and enact meaningful relief. He stakes out principles that I think can be supported on both sides of the aisle—principles such as making sure the program is voluntary, that no senior citizen be required to do anything; if they wanted to keep their current coverage, they would be allowed to do that. We want to make sure the action we take on prescription drugs is consistent with long-term Medicare reform. I think the approach I have advocated, in terms of creating more choices and more options in the marketplace, is consistent with responsible Medicare reform.

We have talked about bargaining power in the private sector, the way the responsible private insurance companies have acted. I think that is something that will attract Members on both sides of the aisle. I think Senator DASCHLE is absolutely right in terms of trying to bring the Senate together to find the common ground and pass meaningful legislation.

We will have a chance this week to make the first significant step in the Senate toward passing this legislation. As the Budget Committee meets—and I sit on the Budget Committee, and Senator SNOWE sits on the Budget Committee—we will have a chance to ensure that in this budget, which is not just facts and figures but, really, the hopes and aspirations of the American people—we, in effect, set aside the funds needed to go forward and enact a meaningful prescription drug program for the Nation's older people.

I don't want to see this Congress adjourn without making this important addition to the Medicare program. There is not a single expert in the health field—Democrat or Republican—who doesn't believe that if you designed the Medicare program from scratch today, you would not cover prescription drugs. They all think it is something that is essential to meaningful Medicare reform. I intend to keep coming back to this floor again and again and again throughout this session of the Congress to talk about prescription medicine.

For about 7 years, before I had the honor of being elected to the other body, I was director of the Gray Panthers at home. We believed that prescription drug coverage in Medicare was important then. But, frankly, it is vastly more important now because the drugs of this century essentially aren't just drugs that, as we saw back then, are primarily to help people when they are sick; the new drugs are absolutely key to helping folks to stay well. They help folks to lower blood pressure and cholesterol. It is a way to hold down Medicare costs. Because of the result of folks being able to stay healthy, they don't land in the hospital and incur enormous costs that are engendered by Part A of the Medicare program.

I am going to keep coming to the floor of this body to talk about the need for bipartisan action on prescription drugs, to urge the Senate to follow the counsel of Senator DASCHLE. I know Senator SNOWE and others on the other side of the aisle are interested in finding common ground. I am going to keep urging that we work on this issue and not adjourn this session of Congress until we have provided this relief to the Nation's older people. I come again with a whole sheaf of cases of older people who are writing and asking what we can do to help. They are asking Congress to act this year, not put this off until after the election and use it as a political football again.

I think we owe it to the Nation's older people and their families to address this issue, as Senator DASCHLE suggests, in this Congress; that we come together as Members of the Senate to make this improvement to the Medicare program that is long overdue. I intend to keep coming back to the floor of this body again and again and again reading these direct and very poignant accounts about why this coverage is so important until we get this legislation enacted.

I yield the floor.

## RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, at 12:31 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

## SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 5, which the clerk will report.

The assistant legislative clerk read the title as follows:

A bill (H.R. 5) to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, before proceeding to the opening statements, I yield to Senator GREGG who will speak briefly on his proposed amendment. I yield 10 minutes to the Senator.

Mr. GREGG. Mr. President, I appreciate the courtesy of the Senator from Delaware allowing me to proceed out of order. I very much appreciate that generosity on his part. I also appreciate his courtesy as we develop this piece of legislation and congratulate the Senator for bringing it to the floor.

Repealing the earnings limitation is a very important step to assist people who have reached eligibility age for retirement to have a better lifestyle. It allows them to work harder, work longer, work at their option versus at the Government's option, and keep the proceeds of what they earn versus losing it because of this artificial reduction in their benefits, which is presently the law under the earnings limitation test.

It is a very appropriate piece of legislation. It is one which I fully congratulate the chairman of the Finance Committee for authoring and bringing forward, and it is something which I have strongly supported for many years. In fact, yesterday I spoke at some length relative to a bill that has been introduced by myself and a number of other Members of the Senate, including members of the Finance Committee, Senator KERREY, Senator BREAUX, Senator GRASSLEY, Senator THOMPSON, and Senator ROBB, along with Senator THOMAS. That piece of legislation is a comprehensive attempt to reform Social Security, to make it solvent for the next 100 years. As part of that comprehensive reform, we included the earnings limitation repeal, which is very appropriate legislation.

However, I do think if it were being done in a perfect world it would be done in a comprehensive reform of the entire Social Security system because we well know Social Security is facing disastrous consequences beginning in the year 2008 when the baby boom generation retires, followed closely by the year 2014 when the system actually starts to run a cash deficit and is aggravated to the point of crisis by the period 2020 to 2040 when we actually run up an absolutely massive deficit which will have to be passed on to the younger generation through tax increases or through a cut to the benefits of the older generation, but it would be a deficit in the vicinity of $7 trillion under the present benefit structure.

We need to address that. We need to address the whole issue of Social Security reform, in my opinion. That is why

I have worked with Members of the Senate to draft this comprehensive bill.

As I said, one element of the comprehensive bill is the repeal of the earnings limitation. That is a very appropriate step and one which should have been taken many years ago, that will be very beneficial for our Nation as our population and the demographics of our population ages so people, as they become older but are still living longer, will have the opportunity to participate in the workforce, be productive citizens without being penalized by the Government and having some of their benefits taken away under Social Security.

As part of the earnings limitation repeal, I wanted to introduce an amendment to address some of the issues of transparency, of disclosure, of telling people in America in plain English what the Social Security system's present economic status is and what it is going to be in the future. The proposal I was going to offer was basically a mirror of the proposal which came out of the professional group which oversees reviewing the Social Security Administration, the Technical Panel on Assumptions and Methods of the Social Security Advisory Board, a board put together as an arm of the Social Security Administration to come up with ideas for how to improve the Social Security Administration.

They came up in November of 1999 with a whole series of proposals as to information that should be made available to the American public. It was not complicated information, and in fact they stressed it should be put forward in plain English terms so Americans everywhere could understand the status of the Social Security system.

But it was important information, such as:

What will the program cost each year? We should know that as an American people.

What is the projected cash-flow deficit in the program? That is another very important fact we should know in deciding how we are going to deal with Social Security.

What are the benefits the system can actually fund? I cannot think of any information that would be more important than that.

What is the impact of all of this on the overall Federal budget? That is another very important point of information.

All this information should be made available to the American public. That is why the Technical Panel on Assumptions and Methods of the Social Security Advisory Board recommended this type of disclosure occur. So my amendment was going to make as part of the law a commitment we would make those disclosures to the American people through the auspices of the Social Security Administration. It is basic information, critical information for people making informed decisions.

Regretfully, I tell the American people that we have a very big problem coming. Maybe there was some resistance because if that type of information were available, people would start scratching their heads, saying, ''Gee, we do have a big problem; maybe we should address it.'' That is the goal I have, obviously—to use this information to energize action and move this Congress, and especially the White House, down the road of substantively addressing the whole Social Security issue rather than this narrow question of the earnings limitation question.

However, having stated the outline of the amendment and having gone into much more depth yesterday, I have been working with the chairman, and he has agreed, to try to work this type of language into some other process where it will not complicate his life on this bill but where it will still be language which will at some point become law and which will effectively address the issues raised by the Social Security Advisory Board so we can get full disclosure to the American people.

I very much appreciate the chairman's commitment to work with me on this. As a result, I have decided not to offer this amendment.

I believe the chairman has requested I yield to him the time which would have been available under my amendment.

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

The Senator from New York.

Mr. MOYNIHAN. Mr. President, I wonder if I could detain the distinguished Senator from New Hampshire for just a moment to say how very much I agree, and I am sure this side agrees, with the points he has made, as the chairman has indicated.

In August of 1994, legislation reestablished the Social Security Administration as an independent agency. It had all but got lost in the Department of Health and Human Services. In the Congressional Directory there were more than 200 names between the name of the Secretary and the name of the Social Security Commissioner. It was very much an agency far down and with no real independence. It is now an independent agency. It has a trustees' report that comes out every year—the trustees being the Secretaries of the Treasury, of Labor, of Health and Human Services, the Commissioner of Social Security and two public trustees. It has the Social Security Advisory Board.

Now, after many years, we are sending out each year to every citizen over 25 a statement of how much they have paid into the system and what they could expect to receive as a benefit at the age of retirement and such like—information nobody ever had before. You could get it, but you had to know where to look for it. The kind of openness Senator GREGG speaks of continues this disposition. I hope we will reinforce it. I certainly think we could have language in our report commenting in this regard. I congratulate the Senator for what he has said.

Mr. GREGG. If the Senator from New York will yield, I appreciate those comments. I know the efforts which have been made by the Senator from New York, trying to make the Social Security system solvent. I greatly admire them.

I would say, this information would be in addition to the information that is already available. The Senator from New York makes the point, people are now told how much they should receive in benefits. What they are not told and what this information would tell them is, where are we going to get the money and what are the shortfalls in the Federal Government that will be created by paying those benefits, and isn't that what you should be worried about as a recipient: Where is the money going to come from?

Mr. MOYNIHAN. A fair point.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I thank Senator GREGG for his statement. I express my appreciation to Senator MOYNIHAN for his statement as well. I look forward to working with the Senator from New Hampshire as well as the ranking member on how to provide the information needed to allow a clear and concise understanding of Social Security. We look forward to proceeding ahead with this proposal.

Mr. President, I ask unanimous consent the remaining time allotted for debate on the GREGG amendment be equally divided, under the control of the two managers.

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

Mr. ROTH. Mr. President, today is a great day for millions of seniors, for their families, and for their employers. The Senate will vote shortly to repeal a provision in the Social Security law that discourages seniors from working, the so-called earnings limit. Repealing this earnings limit is an important step in preparing Social Security for the 21st century.

Social Security is a marvelous program. Now and in the future, both for today's seniors and for our children, Social Security is the foundation of a secure retirement for most Americans. Social Security has lifted millions from poverty and is especially important to women. But the Social Security earnings limit discourages seniors from working. Seniors can have their benefits reduced by as much as one-third as long as they work. As a result, many seniors choose to cut back their hours or stop working altogether.

The fact is, the earnings limit is a part of a bygone era. It is the product of the Great Depression, a time when folks believed that an individual should retire completely and make room for others to work. It is antiquated and antiproductive.

Although Congress has made the earnings limit less onerous over the years, it has worked only too well. In the early 1950s, almost 50 percent of men over age 65 were working. Today,

it is only 17 percent. These numbers are even lower for women. But in the new economy we realize the importance of men and women remaining productive participants in our workforce. In the new economy, we appreciate skill and experience.

Abolishing the earnings limit is not only good for seniors, it is good for America. It is good employment and economic policy. It is also good government. It will improve public service by the Social Security Administration.

Repealing the earnings limit will help strengthen the retirement security of Americans by giving seniors a choice of working longer and saving more.

As Americans live longer, work will likely be more and more important to the financial security of seniors, again, especially for women. Also, seniors who work may be better able to voluntarily delay their Social Security benefits. As a result, they will receive a larger check when they do elect benefits, in effect, by banking those benefits.

Repealing the earnings limit is good employment and economic policy. We live in a world of great new potential and exciting changes. The Internet—the communications revolution—is creating huge new opportunities. Breakthroughs in biotechnology promise longer and healthier lives.

Among all this change, however, there is one constant: Our success as a nation depends on the hard work and talent of our people. Today, we understand economic growth is a function of the number of workers and the productivity of each worker. As a nation, we benefit from more workers, not fewer.

According to Federal Reserve Chairman Alan Greenspan, we are beginning to suffer from a serious worker shortage that threatens our economic expansion. In just 5 years—in 2005—when baby boomers reach retirement age, we will need more older Americans working just to maintain the Nation's labor force.

We do not need disincentives that discourage some of our Nation's most experienced workers from working. Abolishing the earnings limit will allow us to protect the Nation's economic gains of the past 17 years. It will not only help to raise the standard of living for many of our seniors but help keep the strongest economic growth in our lifetime on track. This is a win-win situation.

Repealing the earnings limit has one other very important value: Improving public service by the Social Security Administration. Administering the earnings limit is complex; it is difficult. It costs something close to $100 million per year and is the culprit in the vast majority of Social Security benefit payment errors. These payment errors are a huge source of frustration to seniors. With this legislation, we will now be avoiding that.

Let me also note that there are no long-term costs associated with this bill. No senior receives any greater amounts of benefits. Rather, we simply provide seniors with greater choice over when they receive these benefits.

I am very proud of what the Senate Finance Committee and the Senate itself has been able to accomplish over the past 5 years. We have balanced the budget and have begun to pay down the public debt. We have strengthened Medicare and expanded health care, especially for children and people with disabilities. We have provided new educational opportunities. We have fixed a broken welfare system. We have cut taxes. We have reformed the IRS. We have protected the Social Security trust fund.

With the passage today of the Social Security earnings limit repeal, we will add one more significant accomplishment to this list. Without question, there is still much to do on Social Security reform. But this legislation is a clear and vivid demonstration that we can work together in a bipartisan way to achieve lasting and valuable changes in Social Security.

In closing, let me note that the President has asked for a clean bill, one without extraneous amendments. With the exception of the managers' amendment, which fixes a technical problem with the House bill, we intend to provide that.

I urge all my colleagues to support this bill, to sweep away the earnings limit—a relic of the Depression—and to move Social Security into the 21st century.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, it is a special joy for this Senator, in his last months of his last term, to rise on this subject in perfect unity with the chairman. I will make remarks out of habit and custom perhaps, but I could not say anything better than has been said. I endorse it completely.

The House has done us a service in sending us a bill which we have been working on for years. Just 4 years ago, we increased the earnings limit to where it would be $30,000 by the year 2002. But now this gets rid of it. It is an anachronism. As the chairman said, when we enacted Social Security, unemployment was 25 percent. Sir, it is now 4 percent. The range of skills in our economy was wholly different then. Coal mines were no place for 70-year-olds; computer terminals are. It is as simple as that.

An absolutely important, central point to make is, the repeal of the earnings test has no long-run cost. All of the foregone benefits of continued work were made up later when retirement came, or at age 70. As the chairman has accurately said, calculating that makeup can be fantastically complex and has been costly.

It is the one complaint citizens have with Social Security. They believe they are not getting what is theirs. The adjudication and so forth is a needless waste and an expensive one. With this legislation, the problem will be behind us.

Repealing the earnings test, for those reaching normal retirement, will increase outlays by $19.4 billion over 6 years and $20.3 billion over 11 years, but this is simply the up-front costs of a long-term absolute even outcome. Extra benefits will not be paid because over time it will be, as you can say, a wash. The advantages are so much greater to pass this now when we have some comfort in our budgetary surplus in the Social Security trust fund. It is the right thing to do.

I say, and I think so would my revered chairman, that we would prefer to abolish all earnings tests for all retired workers. Right now, people can retire at age 62 and receive benefits, and there is a corresponding diminishment thereafter. We could get rid of all that very readily. But it is not before us today. Sufficient unto this day is the work we will have done.

I will leave it there, sir. I have some comments, but I will not go much further.

There are those who say: If you let people retire early at a lower level of benefit, they will do so. Then, later on their spouses will be deprived, and so forth. That is an argument I am not sure is appropriate to social insurance.

It is a fact that three-quarters of all persons now retire before age 65, which argues, I think—and I don't know why we can't learn more about this; we can if we would try—that Americans are pretty well off. They are in a position to do so, and they opt for it. We must keep in mind we are talking about social insurance. It is not for us to judge the behavior of the citizens who have paid into a system and are being paid back by it.

I think the finest summation of this was made by Winston Churchill in 1911. He was then a member of Parliament from the Liberal Party, and it fell to him to manage, as we are managing here, a system of unemployment insurance which we would get to in 1935 as a title in the Social Security Act. It took us another generation.

Churchill at that time was met with the argument that if you gave unemployed workers a benefit, an insurance benefit—they would pay into the system, the employer and the workers—that they would spend the money on drink. He said: ''Well, yes, perhaps; it's their money.'' He was not one much given to the ''nanny state,'' as I think the term was in these years.

It is not for us to judge how wisely people will exercise their options. They are their options. Today we have freed up the system, making it more comprehensible and saving a lot of administrative effort that is really, again, not productive.

I look forward to a good debate. I see my friend from Nebraska on the floor. He has been hugely influential in the discussion and debate about these matters in years past. I know he will be now. I look forward to listening with close attention to his comments.

With that, I thank the chairman once again and yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, did the chairman rise to speak again?

Mr. ROTH. We did have Senator KYL coming down to speak next, going back and forth.

Mr. KERREY. Is he arriving here imminently?

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. KERREY. Mr. President, I intend to vote for this piece of legislation. I think it is good and needed legislation. But I don't think anybody should be deluded as to why we are taking it up.

I remember the Boskin Commission. A number of years ago there was a question as to whether or not the CPI was overstating the actual cost of living for seniors who were eligible either for an old age, a survivor, or a disability payment. There was a question as to whether or not it was overstated. So we impaneled this commission to evaluate whether or not it was overstated. They came back and said, yes, it was overstated by a point, 1.1.

Out of 535 Members of Congress, maybe 20 people declared they were willing to vote for a 1.1-percentage reduction. If Boskin had come back and said it was understated by a point, there would have been 535 votes for it just like that. Nobody would have minded messing with the Bureau of Labor Statistics. Nobody would have cited philosophy, et cetera.

We are a Congress that has been talking about Social Security reform, saving Social Security first. The President had a year's worth of discussions. We have been talking about this for several years now. It is not rocket science. Social Security is not a difficult problem to figure out. It is not like health care. Medicare is very complicated. Teenage violence is very complicated, as is the disintegration of the family. There are a lot of issues which are so complicated that it is hard to come up with an answer. But this one is not.

What happened is, from 1983 until approximately 12 months or so ago, the Social Security system was generating some assistance to us in reducing the size of our deficit. So when the Social Security transaction to purchase bonds occurred and the Treasury ended up with some cash, they used the proceeds to pay for general services of the Government. Very few people objected to that, so long as it was helping us.

Well, now we are into a surplus. All of a sudden you can't do that anymore. All of a sudden we find ourselves in a position to be able to take care of the earnings test.

I will make it clear. I am for ending the earnings test. The Senator from New York and I have a piece of legislation that will eliminate the earnings test all the way to 62. Our proposal brought a problem to the surface. This bill has not been heard by the Finance Committee. We have not considered some of the problems that may be created as a consequence of taking this action.

Members should understand that the earnings test isn't just a deduct. It is also an add-on to future benefits. That is why it doesn't cost us anything over 20. Over 10, it costs us $22 billion. Over 10 years, this proposal costs us $22 billion. If I came down and proposed a $22 billion add-on for Americans under the age of 5, there would be a budget point of order offered against it. But because it is for Americans over the age of 65, for some reason, there is silence on that point.

I can't quite figure it out. Maybe a colleague will be able to tell me why no budget point of order was filed against a proposal to spend $22 billion more on people over the age of 65, where there would be if one were to be filed on people under the age of 5. I am sure there is an explanation for it. I am not smart enough to be able to figure it out.

A consequence of this is going to be largely good. Under Social Security, we have an old age, a survivor, a disability, and a medical benefit called Medicare and Medicaid. The old age benefit is the one to which we are referring. I believe Americans who are over the age of 65—that is who this affects. Eighty percent of all new beneficiaries take Social Security benefits at 62, 63, and 64. So this affects the 20 percent who wait until 65. They are going to have to measure whether or not this is going to be good for them. For most of them, it will be good. For most of them, they will be able to say: Well, I am not likely to be living long enough to benefit from the ''add-back'' that is going to occur later. So perhaps I am going to come out money ahead.

Again, understand that the earnings test doesn't only have a subtract. It adds back in future years.

One of the interesting things is, when we have proposed to eliminate the earnings test at 62, 63, and 64, some people have come forward and said that that could increase the number of women who are living in poverty because they are going to calculate that that add-back later on is more beneficial to them than the elimination of the earnings test at 62, 63 and 64. I don't know if that is going to happen for people age 65, 66, and 67. It may. There may be some for whom the earnings test is not a benefit. The committee hasn't heard it.

It is politically popular. It passed the House, I believe, unanimously. It will pass the Senate 100–0 as well. There will be nary a dissenting vote when it goes through the Senate. But it has not been heard by committee. It was heard by the Ways and Means Committee. It was not heard by the Finance Committee. It has a lot of political steam behind it.

This is a good thing to put on an add. This is a good thing to say you support. It is very difficult to be against this proposal.

I point out, again, we have not done comprehensive reform of Social Security. People under the age of 40 are going to pay a terrible price for that. We have an unprecedented demographic problem. It is not comparable to the problem the Senator from New York faced in 1983 when Social Security was fixed once before. The last time, we fixed Social Security for a number of reasons. The political environment has changed. I can't imagine enacting what was enacted in 1983, given the current political climate, which is essentially: I want to fix the problem, but I am against any increase in taxes or any cuts in benefits. If you can give me a good solution for Social Security that doesn't increase taxes or doesn't cut benefits, I am for it. Otherwise, don't sign me up for anything.

Well, we would not have enacted the 1983 reforms if that was the standard we used to guide us. The problem we face in the future is not the same as the problem we faced in 1983. It is a demographic problem that is unprecedented in this country—a doubling of the number of beneficiaries. We are going to have a very steady increase in the number of people in the workforce of 7 or 8 million people working over the next 30 years, 40 million new beneficiaries. It is not likely that the baby boomers will come to Congress and ask for less. They are probably going to ask for more and say Boskin was wrong, that the CPI should be increased by two or three points because they have lots of things they want to buy.

Postponing this problem makes it difficult for us to stand before an audience of people under 40 and say we care about them, because they are going to face a tremendous problem. I heard the Senator from New York mention this change in the law that we had 2 years ago, where the Social Security Administration sent out a notice that wasn't accurate. They should have sent out one to everybody under 40 which said under current law you have a 33-percent cut in benefits heading your way. They did not disclose that. They presumed in that notice that Congress was going to increase the taxes by 50 percent. Well, I daresay if you came to the floor of the Senate now and offered an amendment to increase the payroll tax by a point, you would be lucky to get a half dozen votes.

I think this is a good piece of legislation. It is long overdue. The distinguished chairman described it accurately. I think, for the most part, it is going to be beneficial to people over the age of 65. Though I think there will unquestionably be some, as there would be 62, 63, and 64, who, as a consequence of not getting that add-back later on, may find themselves actually not being helped as much as we think.

I will support the underlying legislation and look forward at a later point in this debate to offering an amendment.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Arizona, Mr. KYL.

Mr. KYL. Mr. President, let me express my appreciation to Senators ROTH and MOYNIHAN, and especially to Senators BOB KERREY and JUDD GREGG for their efforts. This is clearly an idea where the time has come. My colleagues are correct to emphasize that saving Social Security for the future will require us to put aside the prospect of partisan gain for the good of the country and of our senior citizens. I respect the point they have made.

I hope the step we are taking today, which could not be taken without a bipartisan consensus, bodes well for future reform of Social Security. I am quite pleased to see that the Senate is on the verge of taking this momentous action of eliminating the earnings test for those between the ages of 65 and 69. It is a step that is long overdue.

Many of us have been calling for the repeal of this test for many years. In fact, the occupant of the Chair and I were part of the 100th class of Republicans in the House of Representatives who made repealing this earnings test one of our projects. We have been at this for a long time. When I came to the Senate, I joined Senator JOHN MCCAIN, who has been a champion for this cause, in introducing the Senior Citizens' Freedom to Work Act in the opening days of the 106th Congress. When we did that, I wondered whether it would fare any better than when we had offered it in the past. Now, at long last, we have forged a bipartisan consensus for taking action which even includes the President, and relief is finally in sight for working seniors.

I have always believed it just wasn't right to impose steep taxes on people who tried to work after reaching retirement age. It isn't right that under current law seniors between the ages of 65 and 69 lose a dollar for every $3 they earn above the threshold of $17,000. In fact, last year, 800,000 seniors lost a portion of their benefit because of this unfair tax. It isn't right that, combined with regular income taxes, and the taxation of Social Security benefits, the earnings test subjects some working seniors to an effective marginal tax rate of more than 100 percent. That is not right.

We all know this earnings test was created during the Depression era when policymakers felt an urgent need to give opportunities to young workers by encouraging seniors to leave the workforce. Today, America faces an extraordinarily tight labor market and seniors are living longer, more productive lives.

In that context, a policy that penalizes our most experienced citizens for their hard work is not just unfair, it is counterproductive. America needs the skills and knowledge senior citizens have acquired, especially in today's competitive global marketplace.

I believe repealing the earnings test also affirms our commitment to the values of self-help and personal responsibility.

After working to accomplish this repeal throughout my entire time in the Congress, I am very pleased to note that we are so close to completing the job today. Again, my compliments to all those people who have worked so hard to make this a reality.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Arizona, Mr. MCCAIN.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I thank Senator ROTH for his leadership and stewardship of this important legislation.

Obviously, I urge my colleagues to support swift passage of this much needed legislation to eliminate the unfair and discriminatory Social Security earnings test.

For over a decade, I and a few staunch supporters have been fighting to eliminate the earnings test that penalizes senior citizens who want or need to work. We began our battle in 1989 and have offered legislation in each of the last six Congresses to repeal the earnings test. In the beginning, we had only a few allies, notable amongst which was the National Committee to Preserve Social Security and Medicare, which has been at the forefront of this effort, as have my dear friends JOHN KYL and MIKE DEWINE.

I am pleased now that so many Members from both sides of the aisle, as well as President Clinton, understand that senior citizens have a right to work without being penalized for doing so. With this recent groundswell of support, we can finally eliminate this penalty on our Nation's hard-working senior citizens.

I ask unanimous consent that a letter from the National Committee to Preserve Social Security and Medicare in support of this legislation be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit 1)

Mr. MCCAIN. Mr. President, most Americans are shocked and appalled when they discover that older Americans are penalized for working. Americans should never be penalized or discouraged from working. Yet that is exactly what the Social Security earnings test does. The earnings test punishes Americans between the ages of 65 and 70 who want to remain productive after they reach retirement age and are eligible to receive Social Security benefits.

The Earnings Test mandates that, for every $3 earned by a retiree over the earnings limit, the retiree loses $1 in Social Security benefits. This is clearly age discrimination, and it is very wrong. Due to this cap on earnings, our senior citizens, many of whom exist on fixed, low incomes, are burdened with a 33.3 percent tax on their earned income. When this is combined with Federal, State, local and other Social Security taxes, it amounts to an outrageous 55 to 65 percent tax bite.

In 1996, Congress passed and President Clinton signed into law the Senior Citizens Right to Work Act. This legislation took a step in the right direction by gradually increasing the $11,250 earnings limit to $30,000 by the year 2002. This year, the earnings limit is $17,000. But an individual who is struggling to make ends meet with just their Social Security benefits plus $17,000 a year in earned income should not be faced with an effective marginal tax rate that exceeds 55 percent.

The Social Security Earnings Test is a relic of the Great Depression, designed to move older people out of the workforce and create jobs for younger workers. Today's booming economy, with the lowest unemployment rate in three decades, can support full employment for both young and old. In addition, experts are predicting a labor shortage as the ''baby boom'' generation ages, with our elderly population growing much faster than the number of younger workers entering the workforce. According to the U.S. Chamber of Commerce, ''retaining older workers is a priority in labor intensive industries, and will become even more critical by the year 2000.'' The Social Security Earnings Test is counter-productive because it discourages these willing, diligent older Americans from staying in the workforce.

Our senior citizens can continue to make valuable contributions to our economy. Often, their knowledge and experience compliments or exceeds that of younger employees. Tens of millions of Americans are over the age of 65, and together they have over a billion years of cumulative work experience.

More importantly, many of the older Americans penalized by the Earnings Test need to work in order to cover their basic expenses, including food, housing, and medicine. Many seniors do not have significant savings or a private pension. For this reason, low-income workers are particularly hard-hit by the Earnings Test.

In fact, wealthy seniors, who have lucrative investments, stocks, and substantial savings, are not affected by the earnings limit. Their supplemental ''unearned'' income is not subject to the earnings threshold.

Finally, let me stress that repealing the burdensome and unfair Earnings

Test will not further jeopardize the solvency of the Social Security Trust Funds. Those who claim otherwise are engaging in cruel scare tactics. The Social Security benefits working seniors lose due to the Earnings Test penalty are benefits they earned by contributing to the system throughout their working years. In fact, studies indicate that repealing the Earnings Test would actually result in a net increase of $140 million in federal revenues because more seniors would be earning wages and paying taxes, including payroll taxes that would go into the Social Security Trust Fund.

Repealing the Earnings Test is very important to the financial security of many of our nation's seniors. But let me take this opportunity to remind my colleagues of the very precarious financial condition of the entire Social Security system and the urgent need for a serious, bipartisan effort to reform and revitalize this cornerstone of many Americans' retirement planning.

My colleagues must recognize that repealing this onerous tax on our nation's senior citizens is an important step toward a fairer, flatter, simpler tax code. The 44,000-page Code is a cornucopia of favors for special interests and a chamber of horrors for average Americans. It penalizes people for getting married and for wanting to pass along the fruits of their labors to their children. It is overly complex and burdensome.

We should act now to eliminate the loopholes and subsidies for corporations and special interests. We should act now to eliminate the onerous marriage penalty, reduce estate and gift taxes, and encourage families to save and invest for their future priorities, such as college and health care needs. We should begin the march toward a fairer, flatter tax system by expanding the 15 percent tax bracket to allow more Americans to pay taxes at the lowest rate. Combined with the repeal of the Social Security Earnings Test, these and other changes to the tax code would provide much-needed tax relief to those who need it most—our nation's low- and middle-income senior citizens and families.

The only way to achieve real reform of the Social Security system is to work together in a bipartisan manner.

I am speaking specifically of the leadership of the Senator from New York, Mr. MOYNIHAN. I can think of no greater gift to the American people than to act on this issue before Senator MOYNIHAN leaves this body. It's time to abandon the irresponsible game of playing partisan politics with Social Security. Democrats will have to stop using the issue to scare seniors into voting against Republicans. Republicans will have to resist using Social Security revenues to finance tax cuts. And both parties must stop raiding the Trust Funds to waste retirement dollars on more government spending. We must face up to our responsibilities, not as Republicans or Democrats, but as elected representatives of the American people with a common obligation to protect their interests.

We have an obligation to ensure that Social Security benefits are paid as promised, without putting an unfair burden on today's workers. Experts agree that the only way to save Social Security without cutting benefits or raising payroll taxes is to allow every American to invest a portion of their Social Security savings in private, higher-yielding accounts. I believe a good start would be to let each person invest about 20 percent of what they pay in payroll taxes in a personal retirement account. These personal accounts would be controlled by the individual, and the individual would be able to monitor the growth of their investment. An added benefit is that each account would be a ''personal lockbox'' that could no longer be used by Congress for pork-barrel projects.

In the near term, there is a cost to moving funds out of the Trust Funds into these private accounts, and we must set aside the funds necessary to pay promised benefits while the personal accounts of workers are maturing. Simply locking up the Social Security surplus that comes from payroll taxes—a considerable accomplishment in and of itself—is not enough to save Social Security. We will need between $5 and $7 trillion in additional funding over the next 50 years to keep the current system running. I believe we must start now by reserving 62 percent of the non-Social Security budget surplus to shore up the Trust Funds while we begin to implement a plan for personal retirement accounts.

By passing this important legislation to repeal the Social Security Earnings Test, we have the opportunity to restore to our nation's seniors the right to work without penalty to ensure their financial security. But this is just the first step. We must work together to develop fair and effective reforms that will preserve and protect the Social Security system for current and future retirees, while allowing all Americans, particularly low- and middle-income individuals, the opportunity to share in the great prosperity that our nation enjoys today.

I thank the Senator from Delaware for his leadership. I especially thank the Senator from New York for his courageous leadership in suggesting a viable and important way to save Social Security, along with the Senator from Nebraska, Mr. KERREY. I tell the Senator from New York that I talked about it during this entire campaign. It resonates, people want it, and we ought to enact it.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, I yield another 15 minutes to the Senator from Arizona.

(Laughter.)

Mr. MCCAIN. Mr. President, I would like, if the Senator from New York will allow me, 1 more minute.

Mr. MOYNIHAN. Of course. Please.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, I say to the Senator from New York that all over in this campaign I talked about the leadership of Senator MOYNIHAN of New York, Senator KERREY of Nebraska, and their proposals, which met with some derision in some quarters. But the fact is, when you consult the experts, they will tell you this is really the only way we can allow people to invest their retirement funds in a personal savings account over which they then will have control. But we need to get money into the fund in order to allow them to do that.

I think the Senator from New York has made an enormous contribution. I hope we can join together in a bipartisan fashion and enact that proposal. It may not be a perfect proposal; there may be some changes that need to be made on it; but the heart of it is the solution to the Social Security crisis, which we all know is coming beginning in the year 2014.

I thank my colleague from New York.

I yield the floor.

EXHIBIT 1

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE,
*Washington, DC, March 20, 2000.*

Hon. JOHN MCCAIN,
*Russell Office Building, U.S. Senate, Washington, DC.*

DEAR SENATOR MCCAIN: On behalf of its millions of members and supporters, The National Committee to Preserve Social Security and Medicare thanks you for your leadership on earnings limit repeal. We are truly grateful for your committed efforts on behalf of senior Americans.

Senator McCain, I remember when we began the battle to eliminate the unfair Social Security earnings limit more than a decade ago. At that time, we had just a few allies in Congress. You immediately recognized the inherent unfairness of punishing seniors who, either out of necessity or choice, continued to work after reaching the normal retirement age.

We are quite pleased to see so many members of Congress now willing to fight for seniors' freedom to work. With this newfound support, the egregious earnings test will likely be eliminated for those who have attained normal retirement age.

The members of the National Committee to Preserve Social Security and Medicare are delighted that passage of earnings limit repeal now seems imminent. Thank you again, Senator McCain, for your determined efforts and tenacious commitment. Without your hard work over the years, I doubt that we would be facing victory on this important issue.

Sincerely,

MARTHA A. MCSTEEN,
*President.*

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Texas.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Delaware and the Senator from New York for their leadership on this issue, finally getting it to the floor in this form. I think it is very clear we are going to pass it and give the needed relief to our senior citizens.

I could not go forward without mentioning my colleague, Senator MCCAIN. Senator MCCAIN received a huge welcome back to the Senate. No one has forgotten what has happened in the last 3 months. I think a great impact has been made on the politics of our country. I think the contribution made by Senator MCCAIN will resonate for a long time to come. He has brought new people into the process. He has shown what courage is. He has given people an idea of what courage and serving one's country can do. I think he has added tremendously to the process. Our Republican caucus met at noon, and he got the longest standing ovation he probably ever will get. Certainly it was heartfelt. I think everyone is very glad we are going to have him back and working with Members to put together many of the reforms about which we have been speaking.

It happens that the bill we are discussing today was originally introduced by Senator MCCAIN. He was the first to introduce the bill to repeal the earnings test on Social Security benefits.

In 1935, when Social Security was passed, we had a very different senior citizen population and a very different need in our country. People didn't live as long. They were not as healthy. They were not as vigorous. They didn't want to work, by and large, after the age of 65. Today, if people want to work after the age of 65, they have contributed to Social Security all their lives, and they decide they want to take their benefits, what happens? They get docked. For every dollar over $17,000 a Social Security recipient receives, they lose $3 in their Social Security benefits.

Today is not 1935. Today people are vigorous. Many people want to work. Many people want to supplement their incomes. We also have a need for more workers in this country. We have very low unemployment. Our high-tech companies are asking people to come back to work. They need skilled workers. Our service industry is burgeoning. It needs skilled workers. This group of senior citizens is among the best in our country, and they now have a surtax because they receive Social Security benefits.

Let me give an example. If someone earns $26,000 a year and they are on Social Security, they lose $3,000 of their benefits. The average Social Security recipient receives $9,600 in benefits. So one-third of their benefits is lost if they go to work.

What Senator MCCAIN said is very important. The people to whom this matters most are the people who need it. It is not the person who has been fortunate in life and has investments; they are not worried about the $9,600 or $12,000 in Social Security benefits. It is the person who is living on $26,000 or $30,000 a year who wants to be able to work to add a little extra cushion. That is what was intended under Social Security; that would be a baseline. Hopefully, one would have the ability to have savings to add to their retirement security. Some people have not gotten the savings so they want to work.

There is no reason in today's good times to severely penalize a solid worker, someone we actually need for our economy.

I thank Senator ROTH from Delaware and Senator MOYNIHAN from New York for bringing this bill to the floor. Senator ASHCROFT has been a great leader, as well as Senator MCCAIN. Many have worked together on this.

The bottom line is, this is an idea where the time has passed. It hasn't come, it has gone. We should have done this years ago. We have chipped away at it. We are on a roll right now to take that earnings test up to $30,000 from $17,000. That is not good enough. We can eliminate it. This is the right thing to do. This is the time to do it. We have a burgeoning economy. We need the workers. We need the high-tech employees. We need these solid citizens in our economy. If they want to be here, they should have the choice.

I urge our colleagues to pass this quickly. I hope we can pass it cleanly, get it to the President, and give these people the opportunity to make their choices in their senior years.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I first thank the Senator from Texas for her more than generous remarks to our committee. We appreciate that.

I believe now a distinguished member of the committee about whom Senator MCCAIN was speaking a moment ago, the Senator from Nebraska, has an amendment to offer. I believe there is an hour.

AMENDMENT NO. 2885

(Purpose: To redesignate the term for the age at which an individual is eligible for full, unreduced old-age benefits)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment numbered 2885.

Mr. KERREY. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mrs. HUTCHISON). Without objection, it is so ordered.

The amendment is as follows:

At the end add the following:

**SEC. . REDESIGNATION OF TERM FOR AGE AT WHICH AN INDIVIDUAL IS ELIGIBLE FOR FULL, UNREDUCED OLD-AGE BENEFITS.**

(a) IN GENERAL.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by striking ''retirement age'' each place it appears and inserting ''the age of eligibility for full, unreduced old-age benefits'';

(2) by striking ''early retirement age'' each place it appears and inserting ''the age of earliest eligibility for old-age benefits''; and

(3) by striking ''delayed retirement'' each place it appears and inserting ''delayed entitlement for old-age benefits''.

(b) CONFORMING AMENDMENT.—Section 202(q)(9) of the Social Security Act (42 U.S.C. 402(q)(9)) is amended by striking ''early retirement'' and inserting ''early entitlement for old-age benefits''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

Mr. KERREY. I understand under a previous unanimous consent the vote will occur at 4 o'clock. Is that correct?

Mr. MOYNIHAN. That is entirely agreeable to us.

Mr. ROTH. We are happy to have the vote at 4 o'clock. There is no unanimous consent stated.

Mr. KERREY. I am not sure I will take a full 30 minutes on my side. Let me describe the amendment first and see where it goes.

My amendment is essentially a conforming amendment. It is an amendment that conforms a change we are about to make with the change in the language relating to earnings that occur between age 65 and 69.

Senator MOYNIHAN and I have a proposal to eliminate the earnings test from 62 to 65. Some groups are opposed because they are concerned that for low-income working women there could be an increase in the number of women who are under the poverty guidelines as established by the Federal Government. It is an interesting fact. I am not sure of the validity of the forecast.

We are changing the program from a retirement program to an old-age program. I support that change. To change Social Security so that it is no longer a retirement-based program is very important.

Since 1935, we have either said to workers: You have to retire before you are eligible; or we have said: If you continue to work, there will be a penalty that will occur as a consequence of whatever earnings you have.

That is what we are trying to eliminate.

My amendment is a fairly simple, straightforward amendment. I don't know that I need to talk a great deal about it. It merely inserts language that makes it clear that full or semi-retirement is no longer required to collect benefits, that what is necessary is to merely meet a tested age—62, 63, 64, and on and on—and for those currently affected by the earnings test, for 65 through 69, there will no longer be a test of earnings and a deduct that will occur.

But, in addition to eliminating the earnings test, we are also fundamentally changing the old-age benefit part of the Social Security program, I believe in a way that is constructive, that will change the program from a retirement-based program to a program based on a test of age.

I am attempting with this amendment to merely bring the language of the law in conformance with what we will be doing with the underlying provision, which is to say you no longer have to retire and have little earned income in order to receive benefits. All

you have to do under this program is meet a test of age. That one dollar for three dollars—up to $17,000 of income—deferrment of benefits will no longer occur—from 65 to 69.

I support the underlying bill. This amendment will bring the language of the law in conformance to what the underlying bill does.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ROTH. Madam President, I ask unanimous consent the vote occur on or in relation to the pending Kerrey amendment at 4 p.m. and the time between now and the vote be equally divided in the usual form.

I further ask unanimous consent that passage of H.R. 5, as amended, occur at 10 a.m. on Wednesday, March 22, and that paragraph 4 of rule XII be waived.

Finally, I ask unanimous consent the time between 9:45 a.m. and 10 a.m. on Wednesday be equally divided between the chairman and ranking minority member of the Finance Committee for closing remarks on the Social Security earnings bill.

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

Mr. ROTH. In light of this agreement, I announce on behalf of the leadership the 4 p.m. vote today will be the last vote of the day.

Mr. MOYNIHAN. Mr. President, I see the Senator from Nebraska would like to resume his discourse.

The PRESIDING OFFICER (Mr. CRAIG). The Senator from Nebraska.

Mr. KERREY. Mr. President, I am going to speak until Senator ROBB gets down to the floor.

As I said earlier, I support the elimination of the earnings test from 65 to 69, and believe the amendment I have offered would be a positive conforming change that will make it clear, regarding Social Security at age 65, there is no longer a requirement to be retired. That is what the current law says, you have to be retired. ''Retirement benefit at normal retirement age'' is how it is described in the statute. My amendment would conform the changes we are making in H.R. 5 to alter the program that reduces benefits according to income from one that would no longer offer that reduction to beneficiaries.

Beneficiaries evaluate their income versus what Social Security is going to do all the time. One of the interesting things about the program is to observe that nearly 80 percent of beneficiaries take an early benefit. They have a 20-percent reduction in benefits.

The baby boomers may come in here 15 years from now and want to get rid of that, for all I know, but right now it is a 20-percent reduction in benefits. Mr. President, 80 percent of Americans, when they become eligible for the old age benefit, will opt to take that 20-percent reduction—not all of them are doing it at 62—some are taking a smaller cut in benefits at 63 or 64—because they calculate the benefits will be greater than retiring at 65 if they survive for 10 years. There is a lot of thinking that goes on, including with the earnings test, the calculation of what the deduction will mean and what the add-back will provide in future years.

I would like to spend a little time again, until Senator ROBB gets down here, to talk about the underlying problem. The earnings test elimination bill, the legislation we are going to pass 100–0 tomorrow, does address one of the problems, though it only addresses it partially. It addresses the earnings test imposed from age 65 to 69. It does not address the earnings test imposed from age 62 to 64. But there are other problems that the status quo creates for future beneficiaries. We need to think about it that way. I would like to show my colleagues the ways delaying reform will cause future workers and beneficiaries to suffer.

The biggest problem with delaying reform is that it forces hard working, lower and middle class Americans to bear a disproportionate share of the burden of debt reduction—the same people who bore a disproportionate share of the great deficit reductions in 1980s and 1990s. People being paid by the hour are now being told we are going to use a significant portion of their FICA taxes—which are supposed to be dedicated to benefit payments—to pay down debt. That is basically what this phrase ''saving Social Security'' means when you examine it more closely.

It is true the debt will be nearly eliminated by 2013 if we use all of the surpluses to pay down debt—but then it goes right back up again in the 2020s to fund Social Security benefits for the baby boomers. So, if you are under the age of 15 today, when you become eligible you are looking at debt levels that will be somewhere between two and three times what they are today. So the do-nothing plan, taking no action at all—there are still 500 Members of Congress who have not signed onto a specific piece of legislation—results in a substantial increase in the debt out into the future.

The other thing that could happen in the future a consequence of this huge demographic bulge of baby boomers is a massive payroll tax increase or a cut in benefits. The baby boom generation will start retiring in 2010. There will be a 40-million-person increase in the number of beneficiaries from 37 to 77, but only a 7 or 8 million person increase in the number of people who are working.

Social Security is essentially a tax on people who are working, transferred in a progressive fashion to people who are eligible as a consequence of meeting a test of age, survivorship, or disability. It is a progressive transfer program. We have a trust fund that accumulates as a reserve against contingencies but it is a pay-as-you-go program. It is a tax that is transferred in a very progressive fashion. Indeed, that 12.4-percent tax today, along with the tax on income and the interest that is earned on the debt that is paid with income taxes, there is about $150 billion more—$550 billion of total income coming into the Social Security system this year against about $400 billion in checks that are written to pay for it.

That reserve builds up over time. I will not go into that particular problem, but anytime you have to convert any of those bonds, you have to use income taxes to convert the bond. Starting in about 2014, we will have to start drawing the trust funds down with additional infusions of income tax into the program.

What does this all mean for today's workers? If you are under the age of 40—there are approximately 150 million Americans under the age of 40—you are looking at the following problem: Congress will either have to reduce your benefits by 33 percent or Congress will have to enact a payroll tax increase of about 50 percent to accommodate the demand that will be there, the liability that will be there, under current law.

Obviously, a tax increase of that magnitude seems unacceptable. But this is what current law calls for. So if you are a Member of Congress that supports the do-nothing approach, you support a 33-percent cut in benefits or a 50-percent increase in taxes.

The reason I mention that is that with the plan I have introduced with Senator MOYNIHAN, the plan we have introduced with Senators BREAUX, GREGG, and ROBB, I have received a lot of attacks. People say: You are reducing benefits out in the future. How dare you reduce benefits out in the future, let alone suggest we need some additional revenue with tax increases?

None of the proposals out there have called for massive tax increases. Our proposal has a 2-percent reduction in the payroll tax, but it is funded with offsets in benefits out in the future, as well as increased benefits coming from the individual accounts—

Mr. MOYNIHAN. Will the Senator yield?

Mr. KERREY. Yes.

Mr. MOYNIHAN. Two percentage points?

Mr. KERREY. Two percentage points, that is correct. Not 2 percent of the 12.4; but 2 percentage points overall, from 12.4 to 10.4 percent. Under current law, a substantial increase in the publicly-held debt will occur.

In addition, there is a problem with the existing program in that low-income-earning beneficiaries do not have enough of their income replaced by the current benefit formulas. The Social Security reform proposal that I have

introduced with a bipartisan group of Senators increases benefits for low income workers by changing these benefit formulas.

I hear lots of my colleagues, especially on this side of the aisle, talk a lot about the rich getting richer and the poor getting poorer. It is true that the gap is widening, but if you want to solve the problem, you cannot do it just by increasing the minimum wage or increasing the earned-income tax credit. You have to change the law so people of all incomes have the opportunity to generate wealth. The current Social Security program does not offer that opportunity. Our proposal would.

Finally, there is growing intergenerational inequity in our Federal budget. We may not be spending too much on people over age 65 today. But by the time I am eligible for Social Security, and the cohort coming right behind me—the baby boomers—in my view, we will be.

So colleagues understand, today if you take all Federal and State funding on people over the age of 65 and the people under the age of 18—that is State and Federal spending—we spend three times as much on people over age 65 as we do on people under the age of 18.

Again, I do not think it is too much today. I do not think we are spending an excessive amount today. But spending on seniors continues to increase. The year-to-year spending increases are getting larger. Again, nobody should suffer the illusion of where this money comes from. It comes from a tax on wages on today's workers.

If we underinvest in the skills and the training and the education of these kids, which in my view we are, in favor of politically popular moves that spend more and more money on people over the age of 65—and understand, there are 50 percent more Americans under the age of 18 than over the age of 65—if we continue to do that for very long, when we get to the year 2030 there will only be two workers per retiree. If I get to pick Warren Buffett and Bill Gates, I am in good shape. But I don't. I pick an average. One of the things we need to consider, as well, is the do-nothing plan is heading in a direction of creating, in my view, substantial intergenerational inequities in the Social Security program itself.

Social Security and Medicare are popular because they currently have some semblance of generational equity. People of all ages support Social Security and Medicare because they see them as a fair social contract. But in 10 or 15 years from now, my view is, looking at the numbers, and with there likely to be a decreasing number of young people, they are not going to have to be told by politicians, they are going to look at the contract and say: Wait a minute, this deal is not very good for me. They are not going to like it and will rise up and get angry about it.

For these reasons, I would argue that the status quo plan offered by the do-nothing caucus is dangerous. What we need is a comprehensive reform plan—that is bipartisan in nature—to finally fix the problems in the Social Security.

Obviously, the elimination of the earnings test is a very popular Social Security reform measure. The other ones are unpopular but require difficult votes in order to make the changes. I hope that we, at some point, are able to come together to solve the larger problem of Social Security that exists in all these different ways.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I thank the Senator from Nebraska once again and say I regret he was necessarily away from the floor when the Senator from Arizona spoke almost precisely in your terms, and spoke about the legislation you have offered, and said, yes, it would often produce derision when you talked about it on the campaign trail—we know a little bit about derision, both of us do—but he said a bipartisan solution is necessary and possible. If we cannot see it coming, we will be remembered for not having done so.

I see that my friend, the distinguished Senator from Virginia, is on the floor.

Would the Senator like 5 minutes?

I yield 5 minutes to the Senator from Virginia—more if he requires it.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I thank the distinguished Senator from New York. I am delighted to join, as I just mentioned to him, the ''amen'' chorus.

I rise to support my friend from Nebraska in his continuing effort to strengthen Social Security for the long term. I commend him for his tireless work on behalf of the seniors of this country, as well as their children and grandchildren, as he fights to both strengthen Social Security and lessen the burden of debt we leave to future generations.

I share Senator KERREY's frustrations over the failure of this body to strengthen Social Security. I am pleased we can now afford to repeal the earnings test. I fully support this bill. But this is only one of many steps that need to be taken. We cannot continue to deal with a program as large and as vital as Social Security on a piecemeal basis. We owe both our seniors and our children so much more.

The facts are simple. By the year 2013, payroll taxes we collect will not be sufficient to pay for Social Security payments. By the year 2034, the program will only be able to pay for 72 cents out of every dollar of benefits we have promised senior citizens in America. Worst of all, these figures are based on our economy continuing to click along at the same pace it is right now. If we have a sudden downturn or period of stagnation, we will be in trouble much sooner.

It is time to start telling the American people the truth. If we do not strengthen our Social Security program, we will have to either cut benefits or increase payroll taxes—or both. We cannot afford to let that happen.

Even worse, from my perspective, the bills would have to be paid by our children and grandchildren. They deserve a better legacy from us than a mountain of debt.

The good news is, slowly but surely, we are making progress. In the past several years, we have been able to remove the Social Security trust fund surplus from the calculation of the onbudget surplus. While I am pleased we have taken this first step toward fiscal responsibility, we need to do much more. Setting aside the surplus in the Social Security trust fund is prudent, but it does not take care of the underlying and very fundamental problems.

Now is the time to act. We need to strengthen the Social Security program so today's senior citizens get the benefits they have been promised. We need to strengthen the Social Security program so our children and grandchildren are not unfairly burdened with our debt. We need to do more. I support what we are doing today, but we need to do more.

I conclude my remarks by thanking the distinguished senior Senator from New York, who is, regrettably, in the judgment of many of us, going to be retiring from this institution, and the distinguished senior Senator from Nebraska, who, equally regrettably, is going to be retiring from this institution. Both will be sorely missed.

With that, I yield the floor.

Mr. MOYNIHAN. I thank the Senator most sincerely.

Mr. ROTH. Mr. President, I yield 5 minutes to Senator HAGEL.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Mr. President, I add my thanks to the distinguished chairman of the Finance Committee and the ranking member, Mr. MOYNIHAN. And I tag on to what my friend and colleague, Senator ROBB, said regarding the loss to this body and to America as we find Senators MOYNIHAN and KERREY serving their last year in the Senate. In a narrow, parochial sense, Mr. KERREY's impending retirement makes me the new senior Senator from Nebraska. However, I would have gladly put that aside for the interest of our senior Senator from Nebraska staying on, as well as Mr. MOYNIHAN, who adds the kind of enlightenment, enhancement, and leadership to an issue that is so critical to this country and to our future.

With that, I, too, rise in support of H.R. 5, the Senior Citizens' Freedom to Work Act of 2000. I am also a cosponsor of the Senate companion bill, S. 2074, the Social Security Earnings Test Elimination Act.

I think it is appropriate this afternoon to acknowledge our friend and colleague, Senator MCCAIN, who has recently rejoined the Senate after his odyssey throughout America over the

last few months. Senator MCCAIN was an early sponsor of repealing the Social Security earnings test and fought hard and provided essential leadership early on. I acknowledge Mr. MCCAIN's early leadership on this issue.

We have heard today how this legislation will repeal the Social Security earnings test, which is a disincentive for seniors to work by reducing seniors' Social Security benefits according to the amount of income they earn. We know this legislation will allow seniors between the ages of 65 and 70 to go back to work or continue to work and not worry about being penalized for their productivity or losing their Social Security benefits.

As America moves into the new century, it will need more workers in the workforce, not less. Productive capacity is the engine that drives economic growth. That means we must have skilled workers and managers and experienced workers and managers. The passage of this bill helps America with this great challenge. It will help America retain this vital resource of skilled and experienced workers and managers.

However, this legislation will not fix Social Security. It will not fix our long-term workforce challenge. The solvency of Social Security is one of the great challenges facing America today. We must reform Social Security or it will not be there for future generations. We know the figures.

In 1999, there were 35 million Americans, 13 percent of total population, 65 years of age or older. By the year 2030, there will be 70 million Americans, 20 percent of the total population, who will be 65 years of age or older. In 2010, the first group of the 76 million baby boomers will become eligible for Social Security benefits. And in 2030, the number of workers paying into Social Security per beneficiary, as Senator KERREY has acknowledged, will drop to 2 from the present 3.3.

With this increasing number of beneficiaries and a smaller workforce contributing to the Social Security system, if Congress does not enact reform, Social Security benefit payments will begin to exceed the taxes collected in the year 2014. My colleagues who have spoken before me on the floor this afternoon have pointed out in rather significant clarity the consequences of that.

I don't have all the answers to what we must do, but I am sure of one thing—this Congress needs to act sooner rather than later. We must reform Social Security and improve it for future generations.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. HAGEL. I ask for an additional 1 minute.

Mr. ROTH. One minute.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. I thank the Chair.

We know there is an anticipated projection of a $2.3 trillion surplus in Social Security trust funds over the next 10 years. But we do know that if, in fact, we are to reform Social Security, whatever projected surplus occurs must remain in Social Security. Second, we must reform Social Security in a way that starts to develop personal wealth. Personal retirement accounts would harness the power of private markets and compounding interest, providing a much higher rate of return on each individual's investment. This also gives ownership to each individual, meaning choices and more responsibility for their own economic future.

The changes we make to Social Security should not affect current or soon-to-be beneficiaries. We can create a system that still provides a safety net for those who are most vulnerable in society but offers younger workers the opportunity to create wealth and save for their futures.

Finally, the Social Security system we now have affects all Americans. It will continue to affect all Americans. The decisions we make today will profoundly affect the lives of all Americans. We must not squander the time we now have to deal with the solvency of Social Security.

I strongly urge my colleagues to vote in favor of the passage of this relevant, important, and timely legislation.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that the pending amendment be set aside so I may offer an amendment.

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

AMENDMENT NO. 2886

Mr. ROTH. Mr. President, I submit a managers' amendment on behalf of myself and Senator MOYNIHAN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for himself and Mr. MOYNIHAN, proposes an amendment numbered 2886.

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

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

The amendment is as follows:

Strike all after the first word and insert the following:

**1. SHORT TITLE.**

This Act may be cited as the ''Senior Citizens' Freedom to Work Act of 2000''.

**SEC. 2. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking ''the age of seventy'' and inserting ''retirement age (as defined in section 216(l))'';

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking ''the age of seventy'' each place it appears and inserting ''retirement age (as defined in section 216(l))'';

(3) in subsection (f)(1)(B), by striking ''was age seventy or over'' and inserting ''was at or above retirement age (as defined in section 216(l))'';

(4) in subsection (f)(3), by striking ''age 70'' and inserting ''retirement age (as defined in section 216(l))'';

(5) in subsection (h)(1)(A), by striking ''age 70'' each place it appears and inserting ''retirement age (as defined in section 216(l))''; and

(6) in subsection (j)—

(A) in the heading, by striking ''Age Seventy'' and inserting ''Retirement Age''; and

(B) by striking ''seventy years of age'' and inserting ''having attained retirement age (as defined in section 216(l))''.

**SEC. 3. NONAPPLICATION OF RULES FOR COMPUTATION OF EXEMPT AMOUNT FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.**

(a) IN GENERAL.—Section 203(f)(8) of the Social Security Act (42 U.S.C. 403(f)(8)) is amended by adding at the end the following new subparagraph:

''(E) Notwithstanding subparagraph (D), no deductions in benefits shall be made under subsection (b) with respect to the earnings of any individual in any month beginning with the month in which the individual attains retirement age (as defined in section 216(l)).''.

(b) CONFORMING AMENDMENT.—Section 203(f)(9) of the Social Security Act (42 U.S.C. 403(f)(9)) is amended by striking ''and (8)(D),'' and inserting ''(8)(D), and (8)(E),''.

**SEC. 4. ADDITIONAL CONFORMING AMENDMENTS.**

(a) ELIMINATION OF REDUNDANT REFERENCES TO RETIREMENT AGE.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c), in the last sentence, by striking ''nor shall any deduction'' and all that follows and inserting ''nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.''; and

(2) in subsection (f)(1), by striking clause (D) and inserting the following: ''(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,''.

(b) CONFORMING AMENDMENT TO PROVISIONS FOR DETERMINING AMOUNT OF INCREASE ON ACCOUNT OF DELAYED RETIREMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by striking ''or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit'' and inserting ''or, if so entitled, did not receive benefits pursuant to a request by such individual that benefits not be paid''.

**SEC. 5. EFFECTIVE DATE.**

The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1999.

Mr. ROTH. Mr. President, let me briefly describe the managers' amendment. This amendment would fix a technical problem with the House bill that would inadvertently impose a more stringent earnings limit on certain Social Security beneficiaries age 64 than provided under current law.

I ask unanimous consent that a description of the amendment be printed in the RECORD.

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

DESCRIPTION OF THE MANAGERS' AMENDMENT

The Managers' amendment would make a technical correction to H.R. 5, the ''Senior

Citizens Freedom to Work Act'', that abolishes the Social Security earnings limit for Social Security beneficiaries ages 65–69. As written, the House bill would impose a more stringent earnings limit on certain Social Security beneficiaries who are age 64 than provided under current law after 2000.

CURRENT LAW

Under current law, there are two earnings limits, one that applies to Social Security beneficiaries ages 62–64, the other to beneficiaries ages 65–69. In 2000, under the earnings limit for beneficiaries 62–64, a beneficiary has his or her Social Security benefits reduced by $1 for every $2 in earnings over $10,080. For beneficiaries 65 to 69, benefits are reduced by $1 for every $3 in earnings over $17,000; this threshold rises to $25,000 in 2001 and $30,000 in 2002. There is no earnings limit for beneficiaries over age 70.

Eligibility for the 65–69 earnings limit is determined by the calendar year in which that beneficiary turns 65, regardless of the month in which the beneficiary actually turns 65. Thus, for example, in 2000 a beneficiary who turns 65 in December would have the 65–69 earnings limit apply to him or her throughout the entire calendar year of 2000. Eligibility for the age 62–64 earnings limit, and for no limit at age 70, begins with the month a beneficiary turns 62 or 70.

HOUSE BILL

H.R. 5 would abolish the earnings limit for beneficiaries above the ''normal retirement age'' (currently age 65). However, effective 2001, under H.R. 5, a beneficiary would not be eligible for the age 65 earnings limit (i.e., no earnings limit) until the month in which that person reaches age 65. Otherwise, the age 62–64 earnings limit would apply. Thus, a beneficiary who turned 65 in December 2001 would have an earnings limit for most of 2001 of $10,440, which is substantially less than current law ($25,000).

SENATE MANAGERS' AMENDMENT

The manager's amendment would make a technical correction to H.R. 5 to continue permanently the current law practice that for the year in which a Social Security beneficiary reaches the normal retirement age (currently age 65), the current law age 65–69 earnings limit applies until the month in which the beneficiary reaches the normal retirement age (age 65). When the beneficiary reaches the normal retirement age, the earnings limit would no longer apply.

Mr. ROTH. Mr. President, I yield back all time on this side.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I express the gratitude I have, and I am sure our revered chairman has, for our staff who worked this out. It was not easy. It was a weekend's work at a minimum, which sounds simple when so described, to try to get it into legislative language. But it was necessary. It is understood on the House side that, yes, that was a mistake we had not realized or we had not taken care of. So we now have done so.

I yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 2886) was agreed to.

AMENDMENT NO. 2885

Mr. ROTH. Mr. President, what is the order of business?

The PRESIDING OFFICER. There are 12 minutes remaining on the Kerrey amendment.

Mr. MOYNIHAN. Mr. President, I see the distinguished Senator from Indiana has risen. Does he wish to speak?

Mr. ROTH. Mr. President, I was going to make a statement first.

Mr. MOYNIHAN. The Senator from Delaware will speak and then 5 minutes, or such as remains, will be yielded to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I begin by recognizing the important contributions of Senator KERREY, both to the Finance Committee and to the Senate. In particular, he is a unique and important voice in the national debate on Social Security and Medicare reform. He has taken thoughtful but not always popular positions on how these programs should be reshaped, both to better serve our Nation's seniors and to ensure that these programs can be sustained.

Indeed, much of the current debate over Social Security reform dates to 1993, when Senator KERREY conceived and then later chaired the Bipartisan Commission on Entitlement and Tax Reform. On the Finance Committee, his energy and expertise are highly regarded by his colleagues.

Having said that, I must oppose this amendment. I understand why Senator KERREY has offered it. And on a more appropriate bill, I might support it. Certainly, as a nation, we need to rethink carefully what we mean by retirement. However, I believe instead we should act to move this legislation to the President as quickly as possible. That means no other amendments other than the managers' amendment, which fixes a technical problem of the House bill.

I have received a letter from Chairman ARCHER and Congressman RANGEL saying that any other extraneous amendments will require a conference. Needless to say, other issues might be raised in the conference.

Mr. President, I trust my friend from Nebraska will understand why I oppose this amendment. I hope he will accept my pledge to continue to work with him on these important issues.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I yield 5 minutes to the Senator from Indiana.

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

Mr. BAYH. Mr. President, I thank the Senator for his indulgence. This is my first opportunity to point to the fact that Senator MOYNIHAN's mother was a longtime resident of our State. We are very proud of that fact, and I am pleased to note it today. Our colleague, Senator GREGG, is not with us, but I thank him for his leadership on this issue. It is not surprising to me that a former Governor is leading the way on a matter of such importance in terms of fiscal responsibility. Likewise, I commend our colleague, Senator KERREY. I am not the least bit surprised that someone whose courage has been tested on the field of battle also has the courage to address one of the foremost challenges of our time—a challenge that is important to the future of our country, yet escapes the ability of many politicians to address. I salute Senator KERREY for his leadership on this very important issue.

I, too, rise in support of the cause of repealing the earnings test limit on the Social Security benefits. It is the right thing to do at this time with unemployment being so low and the economy so strong. This will inject much needed talent on the part of senior workers into the economy. It is only right that if people are living longer, we should enable them to earn more to support themselves. Since it doesn't have a long-term fiscal impact, it is the right thing to do from that standpoint.

On this particular bill and on this particular vote, no profiles in courage will be written on the floor of the Senate today. I am concerned and I add my voice to others—a growing chorus—in calling for meaningful reform in the Social Security system and to ensure its long-term financial viability.

The trends are disturbing. Over the last 40 years, the percentage of our Federal budget that has now gone to entitlement expenditures has doubled from about a third of Federal expenditures to two-thirds. Some projections are accurate. In the coming decades, fully 100 percent of Federal expenditures may be comprised of entitlements, leaving nothing left for things such as education, the environment, children's issues, health care, or national defense—literally nothing but entitlements, as important as they may be.

Clearly, this is a course that we cannot sustain forever. Likewise, I note that the percentage of Federal revenues raised through taxes funding entitlements has also doubled over the last 20 years, from 16 percent to fully one-third of Federal revenues now raised from payroll taxes. These taxes are regressive in nature and fall heavily and disproportionately on the middle class.

I believe in the importance of investment in education, science, research, and other important areas of our national budget, and it is because I believe in the importance of tax relief for the middle class that I believe very strongly we must embrace the cause of meaningful reform of entitlements in general, and particularly Social Security, if we are going to enable ourselves to meet these other important challenges as well.

This is something that should unite the right and the left. Those on the right should be concerned about a return to the days of debt and deficit spending and the corresponding slowdown in economic growth that would inevitably result. Those on the right should be concerned about an increasing percentage of our Federal budget basically being put on fiscal autopilot.

Those on the left should be concerned about shoring up and preserving not just temporarily, but in the long run, a fundamental part of our Social safety net, the Social Security system, a legacy of which we can rightfully be proud. And those on the left should also be concerned about maintaining the discretionary ability to invest in the other important things that will make our country a more prosperous and decent place in the years to come.

Despite this seeming ground for compromise between the left and right, too often a consensus evades us. It is difficult in a democracy to make hard choices. Yet our constituents have a right to expect no less from us. It takes wisdom and courage on the part of those proposing this reform, forbearance upon our political opponents' part, and ultimately wisdom and understanding on the part of the American people.

I wish to close my remarks by commending those who have risen to speak out in favor of the cause of meaningful entitlement reform. It is essential not only to preserving the benefits for those we claim to champion today; it is also important for proving the efficacy of our democratic institutions on the threshold of the 21st century. I thank my colleagues for their courage in taking up this issue. Senator KERREY's voice will be missed in the years to come. I hope to add mine in my own humble way, and ultimately we will achieve this objective. I thank Senator MOYNIHAN and yield the floor.

Mr. MOYNIHAN. Mr. President, the chairman has very generously agreed to allow the Senator from Nevada to speak for 5 minutes. That would perhaps run us over the 4 o'clock time set for the vote. I ask unanimous consent for an extra 2 minutes in that regard.

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

The Senator from Nevada is recognized.

Mr. BRYAN. Mr. President, I express my appreciation to a very distinguished and fair chairman and the ranking member for accommodating this Senator.

I rise in strong support of the Senior Citizens' Freedom to Work Act, bipartisan legislation to repeal the Social Security earnings limit.

For a number of years, I have joined with my colleague, Senator MCCAIN, in efforts to repeal this unfair penalty. In my judgment, this legislation is long overdue. The earnings limit has unfairly penalized Social Security recipients who have chosen to continue to work and discouraged others from remaining in the workforce and contributing to our country's economic growth.

It is confusing to beneficiaries and it is difficult to administer. It is time to repeal the earnings limit and thus allow Social Security recipients who continue to work to do so without a reduction in their benefits.

It becomes very clear that the time has come to revoke this unjustified policy when we consider why it was imposed in the first instance. The Social Security earnings test was a Depression-era policy, originating nearly 70 years ago as a mechanism to cope with the high levels of unemployment. Our country now faces a very different dilemma—a tight labor market in many areas, including my own State of Nevada, which makes it difficult to recruit qualified employees.

It is simply illogical to prevent those who are willing and able to do so from joining the economy by working in areas that desperately need their talents. While many people choose to retire from their jobs at the traditional age of 65, or earlier, more and more workers want to continue working well into their late sixties and into their seventies.

One of the incentives, of course, for working beyond retirement age is the greater financial security that their additional income provides. However, for people between the ages of 65 and 70, the financial benefits of staying in the workforce are diminished by the unjustified earnings limit. Too many seniors, especially those with high medical bills, struggle on their very limited incomes. The last thing they need is a Government-imposed penalty.

Currently, for every $3 a worker aged 65 to 70 earns above $17,000, the worker's Social Security benefit check is reduced by $1. That is quite a disincentive to working. At a time when we put great emphasis on all Americans joining the workforce, it makes little sense to discourage employment for a large, experienced, and valuable segment of our population.

It is also important to note that the repeal does not adversely affect the long-term financial health of the Social Security trust fund. Eventually, the Social Security Administration would actually save money because it would not have to administer the complicated earnings test.

This, then, is a win-win situation for all involved. Seniors can continue to work and earn income without their previously earned Social Security benefits being unfairly reduced while the Government is minimally affected.

Our colleagues in the House of Representatives have recently voted unanimously to pass this legislation. It is now our turn to do so, and I hope the Senate will act swiftly to enact this legislation to repeal this unfair penalty.

I yield the floor.

Mr. MOYNIHAN. I yield 30 seconds to the Senator from Nebraska.

Mr. KERREY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KERREY. Mr. President, my amendment is merely a conforming amendment. If you support the underlying amendment, which changes Social Security from a retirement program to a program that simply has a test of age as opposed to a status of work, I urge colleagues to make this change. It will make it a lot easier to do reform in the future. It has nothing to do with moving the eligibility age; that stays the same. The amendment substitutes the words ''old age'' and ''age test'' for the word ''retirement.'' So they will no longer be required to retire in order to be eligible for this benefit.

The PRESIDING OFFICER (Mr. GORTON). The question is on agreeing to the Kerrey amendment.

Mr. ROTH. Mr. President, I would like to expedite the consideration of this amendment. But it is important that we move ahead with the legislation so that it can be referred expeditiously to the President. For that reason, I move to table the amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Hampshire (Mr. GREGG) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 55, nays 44, as follows:

[Rollcall Vote No. 41 Leg.]

YEAS—55

| | | |
|---|---|---|
| Abraham | Enzi | Nickles |
| Allard | Fitzgerald | Roberts |
| Ashcroft | Frist | Roth |
| Bennett | Gorton | Santorum |
| Bingaman | Gramm | Sessions |
| Bond | Grams | Shelby |
| Brownback | Grassley | Smith (NH) |
| Bunning | Hatch | Smith (OR) |
| Burns | Helms | Snowe |
| Campbell | Hutchinson | Specter |
| Chafee, L. | Hutchison | Stevens |
| Cochran | Inhofe | Thomas |
| Collins | Jeffords | Thompson |
| Conrad | Kyl | Thurmond |
| Coverdell | Lott | Voinovich |
| Craig | Lugar | Warner |
| Crapo | Mack | Wellstone |
| DeWine | McConnell | |
| Domenici | Murkowski | |

NAYS—44

| | | |
|---|---|---|
| Akaka | Feinstein | Lieberman |
| Baucus | Graham | Lincoln |
| Bayh | Hagel | McCain |
| Biden | Harkin | Mikulski |
| Boxer | Hollings | Moynihan |
| Breaux | Inouye | Murray |
| Bryan | Johnson | Reed |
| Byrd | Kennedy | Reid |
| Cleland | Kerrey | Robb |
| Daschle | Kerry | Rockefeller |
| Dodd | Kohl | Sarbanes |
| Dorgan | Landrieu | Schumer |
| Durbin | Lautenberg | Torricelli |
| Edwards | Leahy | Wyden |
| Feingold | Levin | |

NOT VOTING—1

Gregg

The motion was agreed to.

Mr. COVERDELL. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, following my brief remarks and the remarks of Senators BAUCUS, BUNNING, and GRAHAM, in that order, I ask unanimous consent that all time be yielded back on the pending Social Security bill and there then be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

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

Mr. COVERDELL. I encourage any Members who wish to speak on the Social Security issue to do so in morning business following the unanimous-consent agreement just propounded.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I join in the request of the Senator from Georgia. Other fair matters have arisen that require our chairman and ranking member to be, in effect, in a meeting. Therefore, we are leaving the floor open and encourage all who wish to speak to come and do so.

Mr. COVERDELL. I thank the Senator from New York.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, it is interesting that so much of our labor law dates back to the mid-1930s. H.R. 5 is a measure that deals with modernizing attitudes about work habits and workers and bringing them into the new century.

It was in 1935, during the Great Depression, that it was decided to discourage people who were 65 and older from working. That was done by saying: If you do work, we can't keep you from working, but for every $3 you earn, we are going to take $1 of it, or charge you a surtax of 33 percent. It was a very arduous and imposing tax on individuals on Social Security.

There are a number of major changes that have occurred in the workplace, but two I emphasize have become uniquely significant for this group of workers, age 65 to 69.

No. 1, the United States is effectively unable to fill its workplace. We deal with that issue on a daily basis. We need workers. We need people who are highly trained, who have developed an expertise, as senior workers have done. And we need them to stay in the workplace, if we are going to fill the American workplace.

The second issue that has created a very serious and significant change is that many of these workers must do so in order to keep up with the financial pressures of this time, with the increase in costs of medicine and other matters dealing with senior years.

It is inherently unfair to tax these earnings over $17,000 and to punish people for entering the workplace when, indeed, we want them to enter the workplace; we want them to stay in the workplace. They are no longer keeping somebody else from getting a job. We can walk down any street in America today and see: ''Now hiring.'' ''Now hiring.'' Company after company in our country cannot find sufficient workers.

We also don't have to spend much time in an audience anywhere in America that we do not hear a senior object to the fact that if he or she believes they must continue to work or want to work, they are so deeply penalized by Federal tax law. By repealing the earnings limit, we will be providing tax relief to about 1.2 million seniors in America between the ages of 65 and 69. It will amount to about $23 billion—not a small number—over 10 years.

This is the right thing to do, and it is the right time to do it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I rise in support of H.R. 5, the Senior Citizen's Freedom to Work Act. I am a cosponsor of the Senate version of this bill, S. 2074.

The earnings test, to remind my colleagues, is a Depression-era holdover which reduces Social Security benefits for working retirees. When Social Security began 65 years ago, its creators hoped older workers would withdraw from the work force and make more room for younger workers. This was back in the 1930s, in the Depression.

So they reduced retiree's Social Security benefits according to a formula, which today causes the loss of $1 in benefits for every $3 earned over $17,000 for those between the ages of 65 and 69.

While this might have made sense during the Great Depression, which at its peak saw one out of every four Americans without jobs, driving older workers out of the workforce simply does not reflect the needs of today's America. Americans today are retiring sooner, and the number of employed males over the age of 65 has fallen from 47 percent 50 years ago to less than 17 percent today. In addition, we all know the solvency of the Social Security Trust Funds is threatened because our society is aging. In 1950, there were 17 people in the workforce for every person drawing Social Security benefits. By 1999, this number had dropped to less than 4 people working for every one person drawing benefits. And under the intermediate projections of the Social Security trustees, this number will drop even further, to less than 2 people working for every one beneficiary by 2075.

In today's era of low unemployment, it simply makes no sense to penalize retirees who want to continue working. And as we look at the continued graying of our society throughout the 21st century, it will become even more critical to eliminate disincentives to work for this growing segment of our population.

Working seniors are a vital employee pool for America's businesses. We need the experience they bring from a lifetime of learning to help train our younger workers. And many seniors need the income that comes from these jobs to help make ends meet. The earnings test especially hurts senior citizens who face heavy medical bills or other expenses in caring for a spouse or other family members. Yet over 630,000 seniors today are receiving reduced Social Security benefits simply because they want or need to work. And there is no way to know how many more only work part of the year because they don't want to earn more than the $17,000 limit.

We should recognize that enacting this legislation is not without its tradeoffs. Those who have their benefits reduced because of the earnings test today receive higher lifetime benefits after they turn 70. For some retirees, this tradeoff could cost them in the long run. But for seniors who are having trouble making ends meet today, the promise of higher benefits after they turn 70 seems hollow indeed.

So I am glad that we are finally at least taking this first step toward restructuring the Social Security system to face the realities of our workforce in the 21st century. I am also glad, that even in this highly charged political climate, Democrats and Republicans can still find some issues that we can agree on.

I hope we can continue to look for more issues like this as the session continues. Putting aside our political differences for the good of the American people, after all, is what the public wants.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. BUNNING. Mr. President, I rise in strong support of H.R. 5, the Senior Citizens Freedom to Work Act, and the repeal of the Social Security earnings limit.

This is a day that many of us have worked toward for a long time, and the sooner we can pass this bill and send it in to the President, the better. Our seniors deserve it.

I think by now we all know how the earnings limit works. It penalizes seniors between 65 and 70 who receive Social Security benefits but also continue working. For every $3 they earn over the earnings limit, they lose $1 in benefits. Under current law, in 2000 the limit is $17,000. It rises to $25,000 next year, $30,000 in 2002, and with inflation after that.

The earnings limit is a Depression era relic whose time has come and long gone. It first became law back in the 1930's when Social Security was started, and was passed by Congress as a way to encourage seniors to retire so that their jobs could be taken by younger, unemployed workers.

At a time when our economy was fighting for its life, and unemployment was close to 25 percent, an earnings limit might have seemed like a good idea. Now when unemployment is threatening to dip below 4 percent and many of our nation's employers are

clamoring for more workers, it's clear that the earnings limit has outlived whatever usefulness it once might have had.

From time to time over the years, Congress has looked at changing the earnings limit. In fact, several times we did tweak it here and there by raising the income level. But, like a vampire, the earning limit has been hard to kill altogether—it continued to threaten seniors and their livelihoods.

Now we have the opportunity to get rid of the earnings limit altogether. I say that it's time to drive a stake through the heart of the earnings limit once and for all.

Mr. President, I was privileged to serve in the other body as the chairman of the Social Security Subcommittee for 4 years, and before that as the Ranking Member for 4 years. It was my bill that we passed in the 104th Congress that lifted the earnings limit to its current level of $30,000 from what was then $11,250.

If we could have repealed it altogether, we would have. But the budget landscape was different back then. We were still looking at huge deficits, and we were using Social Security surpluses to finance general government programs.

Now things are different. We have budget surpluses across the board, and we can focus on doing the right thing for seniors irrespective of other spending and tax needs. Our economic prosperity has handed us a golden opportunity to repeal the earnings limit. Times have changed for the better.

I know there are others in Senate who have worked on this issue for years. But, for my colleagues who have not lived with legislation to repeal the earnings limit as long as some of us, let me just briefly describe for them what it has been like over the past 14 years for those of us who have been trying to pass legislation.

In 1987, those of us who had just been elected to the House for the 100th Congress adopted as a project the repeal of the earnings limit. And at least 11 bills were introduced in Congress to lift or repeal the limit altogether, and we worked the issue hard. But, nothing happened. It was like banging your head against a wall.

Then during the 101st Congress, then-Congressman Denny Hastert, and another 100th congressional class member, introduced a bill to repeal the limit and got 267 cosponsors in the House. Again, nothing happened.

In the 102d Congress, we managed to get 278 supporters in the House to support our bill to lift the earnings limit. We talked up the issue constantly. Still, nothing.

So we kept plugging along, and once again in the 103d Congress, we introduced a bill and signed up over a majority of the House—225 Members—on our legislation. But, guess what? Nothing happened.

Then something did happen. In 1994, Republicans took control of Congress. And in 1995, as part of the Contract with America, we passed legislation to lift the earnings limit to its current annual level of $30,000. This was one of the most popular bills we passed that year, and I was proud to be the lead sponsor.

But, we still weren't finished because this proposal was part of larger legislation that was vetoed by President Clinton as part of his government shutdown strategy. He said he liked the earnings limit repeal, but he vetoed the bill anyway.

So we were back at Square One. But, we took the President at his word that he liked the earnings limit repeal, so after the veto we quickly passed a stand-alone bill in the House to increase the earnings limit in late 1995. The next March, we included it in must-pass legislation to lift the Federal Government's debt ceiling, and it was signed into law.

In all, it took almost 10 years to raise the earnings limit, so I hope my colleagues keep this in mind now that we have a chance to act quickly to get rid of the limit altogether.

Mr. President, people are living longer and longer. And many of them want to work after they turn 65. They want to work longer, and they can do more. Why on earth should we penalize them—by taking benefits they have already paid for—for doing that?! It just doesn't make sense to pay them with one hand, and to rob them with the other.

The average life expectancy for women in America is almost 80 now. For men, it's getting close to 75. That's a big increase from must a few decades ago when we passed Social Security and the earnings limit.

Now, many seniors want, and need, to work for income after they officially retire. Social Security and pensions sometimes aren't enough, and if seniors want to feather their nests with a salary, more power to them.

I urge my colleagues to vote for this bill. Not only will seniors thank us, we can take heart in knowing that the Congressional Budget Office tells us that we will even save $700 million in Social Security administrative costs by repealing the earnings limit. There are 800 employees at SSA who help administer the earnings limit. After this bill becomes law, they will be freed to perform other tasks for the Social Security Administration.

We have the opportunity to do away with the earnings limit altogether, and I say ''the sooner the better.'' I can't think of one good reason not to pass this bill immediately, and get it down to the White House as soon as possible. It's good policy, it's good politics and it's the right thing to do for our seniors and our country.

Mr. KENNEDY. Mr. President, today, the Senate is making an important reform in Social Security which will benefit hundreds of thousands of senior citizens each year. Because of the action we are taking today, those between the ages of 65 and 69 who continue to work will no longer have a portion of their Social Security benefits withheld. The ''earnings test'' in current law reduces the Social Security benefits of those in the 65 to 69 age group by $1 for every $3 they earn annually over $17,000. It affects nearly eight hundred thousand men and women each year. It unfairly denies them a portion of the Social Security benefits which they have earned by a lifetime of hard work. Once this bill is signed into law, these seniors will receive the full benefits to which they are entitled whether or not they choose to remain in the workforce after age 65. President Clinton has urged Congress to repeal the earnings limit, and he will sign the bill as soon as it reaches his desk. Repeal of the earnings limit is the right thing for us to do, and now is the time for us to do it.

The concept of an earnings limit goes back to the Depression era when Social Security was first enacted. At that time, unemployment was high and it was hoped that the creation of Social Security would encourage older workers to retire and create openings for younger men and women who desperately needed jobs. The employment picture today is dramatically different. We face a shortage of skilled workers and our economy can benefit from the continued participation of older workers in the workforce. Their experience and sound judgment is a national resource. Men and women in their late sixties are healthier than in generations past and the majority of jobs no longer involve physical exertion. Those who choose to work beyond age 65 should not have financial barriers erected in their paths. The earnings limit in current law is such a barrier and it should be removed without further delay.

The most important aspect of repealing the earnings limit is that it will increase the freedom of senior citizens to work or retire as they choose. When to retire is an intensely personal decision—influenced by the individual's health, the financial needs of their family, their career interests, and the nature of the work that is available to them. The rules of Social Security should not restrict a senior's range of choice. Those who decide to continue working after age 65 and those who decide to retire should be treated equitably. Both groups should be eligible to receive the full Social Security benefits they have earned.

In 1996, I was pleased to join with my Senate colleagues in voting to raise the earnings limit gradually over the succeeding five years. Because of that amendment, the financial burden on thousands of senior citizens has already been reduced. With enactment of this legislation, which I wholeheartedly support, the burden of the earnings limit will be completely eliminated, so that all seniors receive full Social Security benefits, whether or not they remain in the workforce after age 65. They have earned it.

Several of my colleagues have used this legislation as an opportunity to voice their perspective on the future of Social Security, and they have painted a bleak picture. I strongly disagree with their characterizations.

Social Security is fundamentally sound. It has sufficient resources to fully fund current benefits for 35 years. Due to the gradual aging of the American population, Social Security will begin to experience a revenue shortfall after 2035. However, if we plan for the future by addressing this problem in the near term, that revenue shortfall can be eliminated with relatively minor adjustments to the system. The benefit expectations of future recipients can be preserved, and the solvency of Social Security insured for future generations.

We need to preserve the program as an inflation adjusted guaranteed benefit for those who depend on it to pay for the basic necessities of life. For two-thirds of America's senior citizens, Social Security retirement benefits provide more than half their annual income. For 42 percent of them, it constitutes more than three-quarters of their income. Social Security enables millions of elderly to spend their retirement years in security and dignity. Without Social Security, half the nation's elderly would be living in poverty. Converting a portion of Social Security into private investment accounts, as some have suggested, would be much too risky for elderly men and women who have no other source of financial security.

The major proposals which would direct a portion of each worker's payroll taxes into private accounts would all reduce the level of guaranteed Social Security benefits substantially. Whether or not a retiree made up those lost dollars would depend on factors largely beyond his or her control. Workers who reach retirement age during an economic downturn cannot simply delay their retirement indefinitely until the market goes up. Private accounts, subject to the ups and downs of the stock market, are fine as a supplement to Social Security. But, they are no substitute for Social Security.

President Clinton's budget proposal would use the debt service savings which will result from paying down the national debt over the next fifteen years to extend the life of the Social Security Trust Fund. Since the current Social Security surplus is being used to pay down the debt, it is appropriate for the Social Security Trust Fund to receive the resulting savings. More than half of the projected shortfall in the Trust Fund over the next 75 years could be eliminated by adopting this policy. If we dedicated all of the savings in debt service costs to the Social Security Trust Fund, the solvency of the system would be extended to beyond 2050, fully providing for the retirement of the baby boom generation.

We need to address the long term financial problems of Social Security in a way which keeps faith with the historic mission of the program—to provide senior citizens with a guaranteed, inflation adjusted benefit which will enable them to live in security and dignity.

I urge all my colleagues to support the Senior Citizens Freedom to Work Act. Repeal of the earnings limit will enable those who remain in the workforce beyond age 65 to receive the full Social Security benefits they have earned. It will greatly help these working seniors and it will strengthen our overall economy. It is the right thing to do.

Mr. JEFFORDS. Mr. President, I rise today to support elimination of the Social Security earnings test for individuals who have attained Social Security retirement age—currently age 65. Currently, if these retirees work, their Social Security benefits are reduced $1 for every $3 of earnings above $17,000 per year. This is an unfair result for many older Americans who are receiving Social Security benefits after a lifetime of work but who must continue to work to supplement their retirement income. In my own state of Vermont, many people work beyond age 65. They should not have to give up a portion of their hard-earned Social Security benefit because they need to take a job.

The earnings test can also be a problem for employers. Older workers are often in demand by employers because of their expertise and an overall tight labor market. The reduction in Social Security benefits can be a barrier to older workers reentering the workforce.

The earnings test presents a special problem for small business owners receiving Social Security benefits. Small business owners are subject to both the dollar earnings test and a self-employment test that can involve an extensive audit to establish their level of earnings. Eliminating the earnings test will also eliminate the need for these audits. And removing the incentive for older small business owners to retire could mean continued employment opportunities in their businesses for other older workers.

There has been an earnings test for Social Security benefits since the Social Security Act was passed in 1935, during the Great Depression. The earnings test originally was a way to encourage older workers to retire, to free up jobs for younger workers.

The earnings test has always been unpopular, especially with those age 65 and older. In response, Congress has changed the earnings test provisions several times over the years—increasing the amount a benefit recipient can earn without a benefit reduction. The earnings limit for those age 65 and older currently is $17,000 and rises to $25,000 in 2001 and to $30,000 beginning in 2002. It provides a higher earnings limit and smaller reduction for older benefit recipients—$1 for each $3 of annual earnings over $17,000 for those age 65–69, compared to $1 for each $2 of earnings over $10,080 for those age 62–64—and lowering the age at which an individual can work without suffering a benefit reduction to age 70 from age 72. It is time now to further lower that age to the Social Security retirement age, so that once a worker reaches that age—currently 65—the worker's Social Security benefit will not be reduced, no matter how much the worker earns.

We have before us legislation to eliminate the earnings test for individuals at Social Security retirement age. I have cosponsored Senator ASHCROFT's bill, S. 2074, and we have the House-passed bill, H.R. 5. These bills would free the approximately 800,000 Social Security benefit recipients currently ages 65 through 69 from the current law that reduces, and in some cases eliminates, their Social Security benefits if they work and earn above the earnings test. I urge my colleagues to act quickly to make this legislative change for older working Americans.

Mr. ASHCROFT. Mr. President, this morning I spoke in morning business on the repeal of the Social Security Earnings Limit, an onerous tax burden on seniors who want to continue working. This afternoon, while we are discussing the bill, I would like to re-emphasize my support for repealing this unfair test.

Earnings test is a misguided and outdated relic of the Great Depression—when jobs were scarce, unemployment high, and people did not live as long and healthy lives as they do today.

By limiting the amount a person 65–69 can earn, it provides a disincentive for seniors to work. For every dollar a senior aged 65–69 earns over $17,000, the government reduces benefits by $1 for each $3 of earnings.

This test penalizes 1.2 million working seniors nationwide, and 17,523 working seniors in Missouri suffer. The actual number of seniors affected is far greater, though, as millions of seniors choose not to work, or limit their earnings because of the penalty.

The effect of this test is to keep seniors out of the workforce, and it has serious consequences. More workers create more jobs, not fewer jobs. With our current unemployment rate of 4 percent—we need skilled and experienced workers.

Unfortunately, the earnings limit keeps too many qualified, experienced seniors out of the workforce. Seniors have the skills, integrity, work ethic, and experience that make them highly valuable members of the workforce. Their continuing contributions are crucial. The only limit to what they have to offer is the earnings limit.

Recently, I spent some time with constituents in Missouri, and found many seniors in my home State of Missouri are harmed by the earnings test. Beverly Paxton from Belton, who works with ''Green Thumb'' to find jobs for seniors, told me that hundreds of seniors would be eager to work without the earnings test. Furthermore,

some don't try to work for fear that the Social Security Administration might take their benefits away. Seniors don't want to visit a CPA to find out if they will lose benefits.

In addition, many more seniors limit their hours to avoid the test. A manufacturer in Belton told me that some seniors work until they reach eligibility, then tell the employer: ''I won't be here next week, I'll see you next January.'' This leaves employers in the lurch, having to absorb training costs or heavy overtime costs. These decisions based on the earnings test impose productivity costs on the economy.

Even when seniors work around the test, they suffer unexpected costs. C.D. Clark, from Florissant, Missouri, and who has since moved to Kentucky, had earned $25,000 before trying to limit earnings to protect himself from the test. This year, he planned to only work 8 months so that his Social Security benefits would not be cut.

The Social Security Administration, however, assumed he would earn the same amount, and withheld his Social Security checks from January through March of this year. When Mr. Clark complained to the SSA that he had not yet earned $17,000, he was told, ''We like to get our money up front.''

I recently received a letter from Lois Murphy of St. Louis, who is 65, and works part time as an RN in the operating room at St. John's Mercy Medical Center. The hospital suffers from a labor shortage, and needs help from women like Mrs. Murphy, who are experienced and willing to work. But she limits her hours because of the earnings limit, taking a skilled, experienced—and needed—worker out of the hospital.

In her letter, Mrs. Murphy wrote: ''The $17,000 limit a person could earn plus the small Social Security check is not enough to live comfortably and enjoy your senior years.'' Mrs. Murphy neatly summarized this issue in one simple sentence: ''I think if a senior citizen at age 65 is willing to work, they should be able to earn a lot more or not have a limit.'' I believe that Mrs. Murphy is right. Seniors should have the freedom to earn if they choose. But the problem is that they don't have that choice. We must send the earnings test into retirement.

I have been working on this since I came to the Senate. In 1995, I voted to substantially increase the limit. In 1997, I called for the elimination of the test and cosponsored legislation that would get rid of it. This year, I have introduced legislation that would eliminate the test. My bipartisan legislation has 43 cosponsors, including the entire majority leadership.

Organizations that support me on this include: Green Thumb, 60+, the Seniors Coalition, National Association of Home Builders, National Taxpayers Union, the U.S. Air Force Sergeants Association, CapitolWatch, Americans for Tax Reform, the U.S. Chamber of Commerce, the National Tax Limitation Committee, and the United Seniors Association.

It is time to eliminate this counterproductive and unfair penalty. The House has already acted. The President is prepared to sign this. Thanks to the hard work of Chairman ROTH, who is managing this bill, the Senate is now ready to pass the earnings test repeal as well. I urge my colleagues to join us in support of this measure, and grant seniors the opportunity to earn freely in their golden years.

Mrs. FEINSTEIN. Mr. President, I rise today in support of the Social Security Earnings Test Elimination Act of 2000, which I have cosponsored.

The earnings limit is the amount of money a Social Security recipient can earn without having a portion of his or her benefits deferred. Currently, that limit is $17,000 per year for retirees between the ages of 65 and 69. For every $3 in earnings above that limit, these seniors have $1 in benefits deferred.

I believe that this is grossly unfair. Last year, my colleague from Iowa, Senator GRASSLEY, and I proposed lifting the Social Security earnings test on retirees between the ages of 65 and 69. We did not propose outright elimination because we did not think, at that time, that the surplus would be large enough to sustain elimination. Now, a year later—and thanks to our continued economic boom—I believe it is possible to eliminate the earnings test outright, and still adhere to a responsible and fiscally sound budget.

Over 1 million seniors nationwide face this earnings test. My own state, California, has more seniors affected by the earnings test than any other state: 161,000, according to the Bureau of the Census.

For these 161,000 Californians—and hundreds of thousands of others all across this country—this legislation represents an important step in removing the unfair burden that the earnings test places on them simply because they wish to continue working. As President Clinton said in his February 29 letter to House leaders:

> We should reward every American who wants to and can stay active and productive.

For example, a letter I received from the American Health Care Association holds:

> The nursing facilities we represent make a concerted effort to employ senior citizens to care for their peers. They're reliable and honest workers, who have compassion for those in their care. We have had difficulty hiring or retaining these employees because of the threat of losing Social Security benefits after their annual earnings have passed $17,000.

Elimination of the earnings test is important not just to those retirees who want to continue to work, but to those who need to continue to work and who are currently faced with an Hobson's choice: Continue to work and have Social Security benefits reduced, or stop working and rely only on Social Security for retirement security. For all too many of these retirees—over half of those helped by this legislation have incomes under $45,000 per year, including Social Security—both of these choices leave them financially squeezed. For women, who are twice as likely as men to retire in poverty, this is an especially important issue.

This legislation offers a third choice: Continue to work and continue to receive those Social Security benefits.

Moreover, I believe that elimination of the Social Security earnings test is warranted because the original logic of the earnings test no longer holds. Congress imposed the earnings test to provide a ''disincentive'' to older workers to continue to work, so as to make room for younger workers during the Great Depression. In our new, twenty-first century economy, unemployment is at historic lows and firms are nearly desperate for workers.

I do not believe that passage of this legislation will address many long-term problems regarding the solvency of the Social Security system. We have much work remaining on that score. But for the hundreds of thousands of seniors who either need or want to continue to work past age 65, this legislation represents an important step in creating a fairer and more secure retirement. I urge my colleagues to support passage of the Social Security Earnings Test Elimination Act of 2000.

Mr. SMITH of New Hampshire. Mr. President, as a cosponsor of this important legislation, I believe the time has come for us to put an end to the Social Security earnings test.

Our seniors have worked hard to build a life for their families and have given up a great deal to provide a future for all of us. They have made sacrifices far beyond what has been required of most of us.

And yet, many in Washington and in the White House have sought to reward seniors by snatching more and more of their hard-earned dollars.

Unfortunately, staying in the work force is often not a choice, but a necessity. Many seniors are forced to work either for survival or because they must supplement their meager monthly Social Security check.

Seniors should not be punished for simply trying to make it to the end of the month.

This bill represents the first step in reversing many of the punitive taxes we have levied on both seniors and working families across America.

I ask my colleagues to vote in favor of this monumental legislation.

Every year, about 800,000 seniors suffer the affects of the Social Security earnings test—many of whom can barely afford the month's rent or proper meals.

Under the current law, recipients of Social Security between the ages of 65 and 69 can only earn up to $17,000 without penalty.

However, any income in excess of $17,000 would have the Federal Government taking $1 for every $3 they earn.

This means that the Federal Government is imposing a marginal tax rate

of 33 percent on the poorest segment of our society. But it does not stop there.

Andrew Quinlan, executive director of Capital Watch correctly states:

> To further add insult to injury, workers must also pay a host of taxes on the original dollar, which may raise their marginal income tax rate to greater than that of sports stars and Wall Street high rollers.

Sandra Butler, president of United Seniors Association echoes that thought:

> The punitive nature of the Earnings Limit is obvious; By itself, the Earnings Limit imposes a 33 percent marginal tax rate on seniors.

Ms. Butler continues:

> In combination with federal income and payroll taxes, the Earnings Limit forces seniors to pay higher marginal tax rates than millionaires. This is unconscionable.

I must agree. Some seniors could be looking at a marginal tax rate of 59 percent. This tax is unconscionable. But as Machiavellian as that may sound, it gets worse for seniors who are forced or choose to retire early.

Seniors who retire between the ages of 62–65 have $1 for every $2 they earn in excess of $10,080 confiscated from their check. Translation: Uncle Sam is taking half of every dollar earned from those who can least afford it.

Established during the depression of the 1930's, the earnings test was meant to discourage older workers from re-entering the labor force and taking jobs from younger workers.

However, with the extremely tight labor pool available to employers today, it makes sense to access the experienced, productive, and valuable work force seniors represent.

Gerald Howard, senior vice president with the National Association of Home Builders agrees.

He says:

> Because the skills of decades ago are no longer taught in current education and training programs, home builders recognize the special need to keep and utilize the unique talents of retirees.
>
> For our nation's home builders, retaining skilled retirees is important in meeting our workforce needs.

According to the Department of Labor, 240,000 new workers must be recruited and trained each year to meet the Nation's growing demands in the building industry alone. However, these requirements are not being met.

And it is not limited to the building industry. All sectors are feeling the pinch.

Dr. Charles Roadman, president and CEO of American Health Care Association has urged the President and the Vice President to ''take bold action to ease the shortage of skilled nursing professionals that has reached epidemic levels'' by supporting the Congress in their effort to eliminate the earning penalty.

If we wish to continue growing the economy, we must free up those with the experience and know-how to meet countries employment needs—our seniors.

Unfortunately, the Social Security earnings test serves as a disincentive for those who may wish to work. This disincentive effect is magnified when viewed on an after-tax basis.

Senior citizens who work stand to lose a substantial percentage of their Social Security benefits due to the Social Security earnings test.

In addition to the earning test tax, they must also continue to pay Social Security taxes, and, most likely, other Federal and State income taxes as well.

The Social Security earnings test forces senior citizens to avoid work, seek lower paying work, or get wages ''under the table,'' turning honest folks who are just trying to get by into common criminals.

The Social Security earnings test is unfair and inappropriate. It imposes a form of ''means test'' on retirement benefits.

Social Security benefits have been earned by a lifetime of contributions to the program. American workers have been led to regard Social Security as a government-run savings plan.

Indeed, their acceptance of the near 15-percent Social Security payroll tax has been predicated on the belief that they will get their money back at retirement.

Thus, most Americans do not accept the rationale that the return of their money should be decreased just because they continue to work.

Additionally, the Social Security earnings test discriminates against senior citizens who must work in order to supplement their benefits.

Clearly, the Social Security earnings test is inequitable to our Nation's senior citizens who are in the greatest need of extra income.

In addition to being complicated and difficult for folks to understand, the Social Security earnings test is complex and costly for the Government to administer.

For example, the test is responsible for more than one-half of retirement and survivor program overpayments.

Elimination of the earnings test would help minimize administration expenses, and recipients would be less confused and less tempted to cheat on reporting their earnings.

Finally, repealing the Social Security earnings test would greatly aid our country's economy. Our senior would be likely to work more and the American economy would benefit from their experience and skills.

The combined increase in the amounts that they would pay in Social Security and other taxes, as well as the additional contribution to our gross domestic product, would largely offset the increase in benefit payments.

For decades, our senior citizens have worked and dutifully. They have paid their share into the Social Security retirement account and it is only fair that they receive their Social Security benefits in full when they retire.

I ask my colleagues to join me in passing this legislation.

Mr. CRAPO. Mr. President, I rise today in support of H.R. 5, the Senior Citizens' Freedom to Work Act. This bill, which unanimously passed the House of Representatives on March 1, would end the practice of withholding a portion of Social Security benefits simply because a beneficiary chooses to work beyond the statutory retirement age.

The Social Security earnings test has always been one of the most illogical aspects of the Social Security system. Under current law, a beneficiary between the ages of 65 and 69 may only earn up to $17,000 without losing benefits. After that amount, $1 of Social Security benefit is lost for every $3 of earnings.

Throughout my tenure in Congress, I have supported efforts to minimize the effect of the earnings test. For example, in 1998, I supported the Taxpayer Relief Act which would have raised the level of exempt income to $39,750 in 2008. Unfortunately, the 105th Congress adjourned before the Senate could consider this legislation. While raising the earnings limit would have been a step in the right direction, a total elimination of the earning test is clearly the right thing to do.

The Social Security Administration estimates that 800,000 beneficiaries are affected by the earnings test. People spend a lifetime putting that money into their Social Security accounts and they ought to have full access to it without limiting their other opportunities for making an income. The present system is holding them down, it is holding the economy down, and it should be changed. It is wrong to withhold any portion of a benefit that was duly earned by years of work and contributions to the system. Social Security was not meant as a single source of retirement income. Why then does the government penalize those seniors who choose to earn additional income through work? This is especially confusing in a time of low unemployment when companies are desperately looking for skilled and experienced employees. Government should encourage self-sufficiency, not penalize it.

I am pleased that H.R. 5 will be brought to a vote shortly. I am a cosponsor of a similar bill introduced by Senator ASHCROFT. These bills would completely eliminate the earnings test for Social Security recipients who have reached retirement age, allowing them to earn outside income without a reduction in benefits. What we have now is a disincentive for people to work who want to continue to contribute to our growing economy. Any meaningful reform of Social Security should preserve the system and allow those who want to work to continue to do so. This measure is the right thing to do and is long overdue.

I congratulate the House of Representatives on its unanimous passage of this bill and am encouraged that President Clinton has voiced his support for the bill. I would also like to thank Senator ASHCROFT for his leadership on this issue. I urge my colleagues

to join me in passing this bill and restoring a measure of fairness for senior citizens.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Thank you, Mr. President.

Mr. President, in 1991, I spent one of my monthly workdays at a Winn-Dixie grocery store in Santa Rosa County, FL. I worked as a bagger standing at the end of the checkout line putting the groceries of the customers of that store into a paper or plastic bag they had selected and then taking it out to their car.

The man I worked with throughout that day was Jim Young. Jim has a history that is typical of many retired Americans. He had worked both in a military and a civilian capacity. He had looked forward to his retirement time in a place of paradise and came to a place where he thought he could find paradise. Unfortunately, Jim had a few difficulties that had the effect of necessitating he seek employment in order to supplement his retirement income. It was then that he encountered the restrictions on earnings after retirement and the impact that this was about to have on his Social Security. Jim, therefore, had to go through an elaborate process of adjusting his work schedule so as to minimize the adverse effect of the earnings limit on his total income and to be able to fashion his way through what he found to be an inexplicable restriction on his capacity to work, make a contribution, and supplement his income.

It was that experience with Jim as much as anything that caused me to be interested in the issues before us today. I am pleased to have played a role in the 1996 action which was described by our colleague from Kentucky, which substantially raised the cap on earnings to its current $17,000 and gave significant relief to people such as Jim Young.

Today, we are finishing the job. With the passage of this legislation, we will eliminate any earnings restraint on Social Security retirement income. We will no longer be shackled by a 1930s concept that we have to discourage older workers from continuing their productive lives in order to open up positions for younger workers. If there ever was a time in our Nation's history where that concept has been rendered an anachronism, it is at the beginning of the 21st century. We need the productive talent of Americans such as Jim Young. We need to encourage people to think they will be able to extend their period of working and contributing to our Nation's economy as long as it is in their interest to do so, and not by applying arbitrary restraints to their earnings in the form of a penalty against their Social Security income.

I will be very pleased tomorrow when we vote on what I anticipate will be an overwhelming majority in favor of eliminating this 1930s dinosaur which still occupies too big a space in the living room of Social Security.

I wish to use this opportunity to talk about another dinosaur that is occupying too much space. That is the dinosaur of an excessive focus on Social Security as we think about the retirement lives of older Americans. In fact, Social Security is becoming a declining portion of the total revenue of retired Americans, and will continue to decline as a portion of their income for the foreseeable future.

Retirement in America is today based on a three-legged stool. Those three legs are employer-sponsored retirement plans, individual savings, and Social Security.

I believe, rather than talking about the issue of Social Security reform, what we should be talking about is the issue of retirement security reform so we can focus on all of the relevant components of the retirement package upon which most Americans rely. We need to add a fourth component to this discussion; that is, a much more intense effort at encouraging Americans to plan for their retirement.

It has been said—and not only in jest—that most Americans spend more time planning a 2-week summer vacation than they do the 15, or 25, or more years they will live in retirement. That may have been a practice that was acceptable when retirement was not as complex as it is today, when retirement did not involve as much self-responsibility as it does today, when retirement did not include as many facets, from long-term care to providing for your physical health and well-being.

I believe these four components—employer-sponsored retirement plan reform, encouragement of individual savings, strengthening Social Security, and the promotion of preretirement planning—are the basis of an American national effort at enhanced retirement security. The goal of that enhanced retirement security should be to place all Americans in a position to be able to, with reasonable assurance, anticipate that they will have in retirement a significant percentage of their preretirement income. Many have suggested that the appropriate goal would be 75 percent of preretirement income as the reasonable attainable goal of America.

What do we need to do in order to reach a 75-percent goal? Soon I will be introducing legislation that will encompass the subjects of employer-sponsored retirement plans, individual savings, strengthening Social Security, and the promotion of preretirement plans.

This afternoon, in the context of the elimination of one old attitude from our Social Security system; that is, the necessity to cap the earnings of retirees, I will lay out a few comments about the elimination of another old attitude, that the only thing we need to focus on is Social Security reform. We need to focus on employer-sponsored retirement plans, particularly as they relate to small businesses.

In my State, in the last 5-plus years, we have added well over 1 million new jobs. Most of those new jobs have come from businesses that employ less than 25 people. In fact, over 70 percent of the new jobs in America are from small businesses with less than 25 employees. It is exactly those small businesses that are the least likely to have an employer-sponsored retirement plan.

I believe—and so does Senator GRASSLEY of Iowa, with whom I have worked closely on these matters—that the principal focus of our attention needs to be to encourage small businesses to provide pension benefits for their employees. We introduced legislation to this end. That legislation, styled as S. 741, contains the following components:

It expands coverage by providing incentives for small businesses to begin offering pension coverage.

As an example, it will assist small businesses in paying some of the start-up costs in the establishment of a pension plan. It increases portability, making it easier for employees to move retirement money from one plan to another as they change jobs. We know today the average American will work at seven jobs during the course of their working lifetime. They need to be able to carry their pension benefits from one job to the next.

S. 749 strengthens pension security and enforcement. It reduces red tape associated with pension plans and has its own encouragement for retirement education.

The second thing we need to do is to assist Americans with their retirement savings. Again, the focus is on Americans who work for smaller businesses where most of the new jobs are being created, and Americans who have not had a tradition of saving as part of their retirement security.

The President has proposed a program in which the Federal Government provides matching contributions for lower and moderate-income families who save for retirement. The structure of this utilizes existing savings vehicles such as IRAs, or individual retirement accounts, and 401(k)s. Rather than creating new government-run accounts, we utilize the structure in which many Americans already have started the process of saving for retirement.

There would be economic incentives provided to lower income families to encourage their employers to offer these plans. Employers are finding in this very tight job market that they need to provide incentives to retain their current workforce and attract new workers. It is hoped by encouraging more employers to provide retirement savings accounts such as IRAs and 401(k)s that it will make it more attractive for persons to work for those employers.

We are suggesting there should be some modifications of the current IRAs and 401(k)s, particularly in two areas. One, we propose to restrict the ability to withdraw funds from the 401(k)s or IRAs. There are many important, legitimate, credible reasons why a person

would want to withdraw money from their retirement accounts—to buy a new home, finance education, or deal with an unexpected health emergency. However, if too many of those allowances for withdrawal are legalized we could end up with many Americans having a hollowed-out retirement account. They have a retirement account in substance, but the resources have been withdrawn for purposes earlier in their lifetime. We want to give the maximum assurance that if the Federal Government is going to be supplementing retirement accounts, the funds will end up financing retirement.

We also propose to restrict the investment options in order to maximize the fund safety. Retirement accounts are not intended to be casinos. They are accounts with substantial emphasis on security and predictability so that people will have a sense of confidence in their retirement years.

The third element is Social Security, its solvency and safety. In my opinion, Social Security should be thought of as the safety net underneath individual savings and employer-based pension systems. It is the ultimate and final source of retirement security. For that reason, I believe Social Security should continue to be what it has been since its inception—a defined benefit plan. That is a plan in which Americans will have a high degree of confidence as to what that check will be every month from Social Security. Social Security is not the place to be encouraging excessive speculation. There are other opportunities where people can engage in speculation if they wish to use their retirement as a means of attempting to expand their net worth. I do not believe Social Security is the place to do so. Social Security provides 67 percent of America's single-person households with one-half or more of their income; Social Security provides 44 percent of the multiperson households with one-half or more of their income.

However, Social Security is facing serious challenges. We are all familiar with the demographics. Over the next 20 or 30 years, the number of persons drawing Social Security will approximately double from its current 40 million. The 1999 Social Security trustees report stated that the Social Security program lacks the resources necessary to meet its contractual obligations over the next three generations. Using the trustees' immediate forecast, Social Security revenue will fall short of the amount needed to fund existing committed benefits by as much as 15 percent.

I believe there are a number of reforms we need to make in the Social Security system in order to strengthen it and to assure that the contract which exists between the Government of the United States of America and the citizens of the United States of America can and will be honored. One proposal which has been made by the President which I strongly support is the concept that we ought to allocate a portion of the non-Social Security surplus to help meet this pending shortfall in the Social Security trust fund.

What is the justification for using non-Social Security surplus to strengthen Social Security? Almost every Member of Congress has now accepted enthusiastically the principle that all of the Social Security surplus should be used to pay down the national debt as a means of strengthening our ability to meet our Social Security obligations. I certainly join those strong supporters of that fiscally prudent practice and principle. It is estimated we will have approximately $2 trillion of Social Security surplus over the next 15 to 20 years. If we maintain our discipline and use those funds to pay down that portion of the national debt which is held by the public, when fully reduced we will find an annual interest savings—assuming interest rates are approximately what they are today—of about $120 billion a year that we will not have to pay in interest because we have used that Social Security surplus to pay down the debt currently held by the public.

I believe all or a substantial portion of that $120 billion of interest savings ought to go into the Social Security trust fund. It was the Social Security trust fund and its surpluses, the additional amount paid by working American men and women, which made it possible to use the Social Security to pay down the national debt. Why isn't it justified, why isn't it both legally and morally appropriate, to then have a portion of those interest savings—I personally advocate all of those interest savings—to then be used to strengthen the very Social Security system which has made that debt reduction possible?

The fourth component of a national program of retirement security is to promote greater preretirement planning. There is going to be much greater individual responsibility for preparation for retirement for this and future generations of Americans. They need to be encouraged and given the means by which to make intelligent decisions, intelligent decisions occurring almost immediately as they enter the workforce so they will be as well prepared as possible for their retirement years. These decisions are going to be complex. They will require changes in attitude, in lifestyle. They will particularly require a greater focus on savings rather than consumption.

I believe, for instance, we should consider using the Social Security notices, which are now going to be provided on an annual basis to all future Social Security recipients, as a window so Americans can see the kind of information they will need to make good choices on a whole array of issues that will affect their status in retirement, from purchasing long-term care insurance—which I hope we will soon make more affordable by changes in the tax law—to steps they should take to assure their physical, emotional, and mental health in their retirement years as well as decisions which affect their finances in retirement.

So these are the four components of a 21st century approach to Americans in retirement. I look forward to soon returning to the Senate floor to introduce this legislation and to speak on it in somewhat greater detail. I encourage my colleagues to take an interest in this important subject, and I invite them to join me.

Again, I am enthusiastic about the action we are about to take in which we eliminate an anachronism from the 1930s which continues to be part of our Social Security system in the 21st century. I hope we will soon be prepared to take strong action to deal with some of the old attitudes that retirement was only Social Security, an attitude which also is an anachronism of the 1930s that continues to have too much saliency in the 21st century.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise in support of the legislation being discussed today to be more fair to our senior citizens, to encourage them to work. I hope final passage will be voted on tomorrow.

I always like to follow the Senator from Florida because it gives me an opportunity to thank him for the cooperation he has given me in our work on some of the other legs of the retirement income stool. We think of Social Security as one of those, another is savings, and the other one is pensions. He and I have worked closely together in a bipartisan way to formulate pension legislation to encourage savings, to encourage employers to have established pension systems, and particularly to encourage the self-employed and smaller corporations to set up pension systems. So I thank him for that.

This legislation might not be considered part of the three-legged stool we always talk about of income security for retirement—Social Security, pensions, and private savings—but it is an opportunity for people who want to work, to work without penalty. That obviously is a very strong component, and heretofore there has been a disincentive to that activity. This eliminates that disincentive.

If I could sum up, I see at least two perspectives to this legislation.

One, as a matter of public policy in America, we should not have disincentives to productivity. Obviously, when you earn over a certain amount of money as a senior citizen drawing Social Security and you have to pay back $1 out of every $3, that is a disincentive to work. We ought to eliminate that disincentive.

A second factor is to judge people in American society on the basis of their competence and their merit and not on the basis of some arbitrary age, based on a policy that was thought good for the 1930s. Today we would not think it was good even for the 1930s. It does not

consider people's competence because the policy that was set up 65 years ago was, when you got to be 65, you were shoved out into the street to make room for younger people to come into the workforce. That was wrong.

The third thing about this legislation is the high rate of taxation. People who earn over this amount of money have to pay back $1 out of every $3 they earn over a certain amount. That is a very high marginal tax rate, maybe the highest marginal tax rate of any American.

Consider, if you earn over $17,000, you pay back $1 out of every $3. Consider also that you are already reporting, if you are earning over a certain income, 85 percent of your Social Security to be taxed a second time. It was taxed when you earned it in your working years; then consider that you pay income tax; then, last, you pay the same payroll tax everybody else pays. You can get such high marginal tax rates that it is almost a laugh to call it taxation. You should call it confiscation. Confiscation of resources in our system of government is not legitimate. It is a disincentive to productivity.

At a time in our Nation's history when we are experiencing unprecedented prosperity, we are also experiencing a shortage of experienced labor. The national unemployment rate is 4.1 percent, the lowest level in 30 years. In my home State of Iowa, it is even lower. Iowa's unemployment rate is 2.2 percent. The legislation we are debating would help alleviate some of the skilled labor shortage by removing a disincentive for older Americans to remain in the workforce if they, of their own free will, want to stay in the workforce.

The bill before us would eliminate the cap on earnings for Social Security beneficiaries between the ages of 65 and 69. Under current law, those beneficiaries have their benefits cut by $1 for every $3 they earn over that $17,000. I have already referred to that.

This benefit cut applies, of course, only to earned income. An individual could still have savings, or income from pensions, totaling any amount and continue to collect full Social Security benefits. The difference between earned and so-called unearned income does not detract from the injustice of the current Social Security and tax policy. That is why this law must be repealed. It sends a wrong message that productivity among our older citizens should be discouraged.

I would like to give some examples of people from whom I have heard in my own State who are hurt by this earnings limit.

A person by the name of Delaine Jones is working in Glenwood, IA. He is 65 years old. He understands he may live for another couple of decades and may not always be able to work. He would like to earn as much as he can while he is able to, so he can financially prepare for a high quality of life later in his life.

Then we have Sherman and Nancy Sorem of Marshalltown, IA. They were affected by the earnings limit last year.

Sherman worked for 35 years for Fisher Controls, a major corporation in Marshalltown, IA. When that corporation downsized, he retired from his position as office manager of the accounting department. However, because of his expertise, he was called back each year to help out and to advise and consult with the department.

Last year, Fisher Controls needed his expertise for a longer period of time than ever before. Unfortunately, Mr. Sorem could not continue working because he would have worked long enough to earn above the earnings limit. He and Nancy were frustrated. He could not justify losing his Social Security benefits by his continued work.

Ron Ballinger, a third person I have heard from, works for a financial processing company in Cedar Rapids, IA. He worked full time last year and was interested in working part time this year. However, he will have to officially retire in April because he will have earned up to the cap on earnings.

According to the Social Security Administration, almost 800,000 older Americans nationwide have their benefits cut because of the earnings limit. Mr. President, 800,000 people face the same issue as the three Iowans to whom I have referred. Keep in mind, that statistic does not reveal anything about how many of our older citizens do not remain in or go back to the workforce at all because they cannot afford a cut in benefits.

I have received letters and phone calls from all over Iowa and all over the country because in my position as chairman of the Senate Aging Committee, they write to me about their concerns even though I am not their Senator. These letters and phone calls are from older people discouraged by the earnings limit.

Their hard-earned Social Security benefits are cut by $1 for every $3 they earn. They see it as a tax on their continued productivity. I see it as unfair and, if I might say, even un-American. This very country of ours, particularly at this time of low unemployment, and particularly when you consider the globalization of our economy, needs skilled labor, skilled workers, people who are skilled because of a lifetime of work in a certain profession.

What happens if we do not fill that skilled labor void? We lose productivity. Then we lose our global competitive edge. Where can we look for skilled labor? We have qualified people who want to work, our older citizens. We cannot afford to lose their expertise and skills.

A letter I received from the U.S. Chamber of Commerce states:

> American business is facing a severe worker shortage in many sectors and areas of the country. Jobs are going unfilled, especially those positions that require skilled workers. By removing the disincentive to work, this legislation allows seniors to apply their lifetime of valuable knowledge and experience to the business world and fill some of these positions.

Recognizing the need to encourage seniors to remain in the workforce is not a new idea. In fact, a report on Future Directions for Aging Policy was published in May of 1980 by the House of Representatives Select Committee on Aging, the Subcommittee on Human Services. At that time, I happened to serve as ranking Republican on that subcommittee when I was a Member of the other body.

I would like to read from the Future Directions for Aging Policy from 21 years ago. I refer to page 3 of the report summary:

> At the base of such a service approach must lie an economic strategy. We have sketched such an economic base in Appendix 5. It is designed to coalesce around work and income. Tomorrow's seniors will want to work (trends toward early retirement are already reversing according to a recent Lou Harris poll), will be capable of working, and will need to work.

I remind you, this was 20 years ago that Congress said this.

> Inflation's effect on fixed incomes will see to that. Public policy will have to create opportunities to work, both by removing barriers of age discrimination and by stimulating private sector employment of seniors. Moreover, income earned will have to be preserved for much longer than ever before, necessitating major reforms of America's pension systems.

That is something I have referred to that the Senator from Florida and I have been working on, as well.

> Social Security and Supplemental Security Income, because these are the backbone of our present economic strategy, will probably have to be restructured in the future.

I think we have known for a long time that what we are finally about to do must be done. I am glad it is being done. The earnings test, enacted as part of the original Social Security Act passed in 1935, is outdated.

Sixty years ago, our country was in the midst of a depression. One in five people eligible to work was unemployed. The original law meant to discourage older Americans who were eligible to collect benefits from taking jobs younger people could fill. But that situation has changed—as unjustified as it was at the time—so our public policy today needs to be changed.

Because of my position as chairman of the Aging Committee, more acutely than others, I recognize the changing role of senior citizens in our society. This generation of older Americans has different responsibilities than past generations. We have seen a sharp rise in the number of grandparents who are raising their grandchildren. Furthermore, it is far more common for people to live into their eighties and nineties. Some of these very old Americans depend on their children who are often in their sixties to help care for them and pay for their at-home expenses, medical bills, groceries, and a host of other

expenses. Eliminating the Social Security earnings limit will help raise the standard of living for these families.

While fixing this inequity in the retirement system will give fair treatment to those ages 65 to 69 who have paid into the program during their working years, I do not stand here and say that it is going to address Social Security's long-term demographic challenges.

When the baby boom generation comes on board, the revenue and benefit structure will not be able to sustain the obligations under current law. That is why I have worked with six of my Senate colleagues—Senators JUDD GREGG, BOB KERREY, JOHN BREAUX, FRED THOMPSON, CRAIG THOMAS, and CHUCK ROBB—to craft bipartisan Senate reform legislation.

Our bill, the Bipartisan Social Security Act, which happens to be S. 1383, is the only reform legislation which has been put forth in the Senate which would make the Social Security trust fund permanently solvent—meaning, as you have to look out 75 years, under existing law, to project its solvency, our legislation has been declared to accomplish that by the General Accounting Office. In fact, it is the only one before the Congress that does that.

I will continue to press ahead and work to build a consensus among our colleagues to save Social Security and achieve long-term solvency for generations to come.

We, as a Congress, must recognize that even in this era of surpluses—meaning budget surpluses—there are serious long-term financial problems facing Social Security. These problems do not go away because we have a surplus and a good economy. The longer we wait to address reform of Social Security, the more difficult the problems will be to address, and the less time the baby boom generation will have to prepare.

As a nation, we have an evolving definition of what it means to be old. Americans are living longer and in better health. The traditional retirement age comes too soon for older people who want to or need to work past age 65. Some people want to retire; some people want to leave the workforce. Obviously, this legislation does not affect that decision of theirs. They can still do it. But if you want to contribute, if you want to remain productive, if you want to be in the workforce, by golly, through this legislation, we say we would love to have you do that. We remove economic disincentives to your doing that that are presently in the law.

I yield the floor.

Mr. BROWNBACK. Mr. President, I rise to address the body on the Social Security Earnings Test Elimination Act.

This is a good time. We are finally going to do something good for America's senior citizens. Americans should be free to work if they choose. With passage of this bill, we will help elderly Americans stay in the workforce longer. It should be their choice, not the Government's coercion, that determines whether they stay in that workforce a longer period of time.

They have spent a lifetime paying into the Social Security trust fund. It is simply not fair to deprive them of their Social Security benefits simply because they choose to stay in the workforce longer or choose to begin working again after retirement. That is common sense to me, and that is why this bill has so much appeal.

Particularly at a time when the cost of living is increasing, it is important to allow our seniors who choose to work or those who are forced to work because of rising prices to do so without being penalized.

I will talk about a particular individual in Kansas whom I had the privilege of meeting a month ago. His name is Ron Frampton, from Kingman, KS. He has farmed with his family most of his life. I met him when I was touring the Mize Manufacturing Company, a small manufacturer in Kingman, KS. Mr. Frampton came up to me as I was walking through the production line and asked me if we were going to eliminate the Social Security earnings test. I said I thought we were going to get the bill through. He said: Good; I need it.

Then he related to me his situation. He had worked on a family farm, was born on the farm and worked there all his life. Then in the 1980s, when we had a hard financial downturn for agriculture, he got caught in that downturn. His savings for his entire family were wrapped up in this farm. That is where he plowed all of his income, all of his savings, back into the farm. When the economy moved against him in the 1980s, he lost the farm and, thus, a big part of his life, a big part of his family, a big part of his sense of being. He also lost his retirement security that he had outside of Social Security. His retirement savings were that farm.

Now he has to work. He doesn't have the savings on which he had counted. He has to be able to work, and he needs the Social Security income as well. This bill helps Ron Frampton and his family in Kingman, KS. It addresses that need. It says if he needs to work, he wants to work, let him work, and don't penalize him for doing it.

This bill allows people older than 65 and younger than 70 to earn income without losing their Social Security benefits. That is as it should be. It is an important bipartisan measure that passed overwhelmingly in the House and, I expect, will pass overwhelmingly in the Senate. It sends an important and positive signal to America's retired workers who have spent their lives working to make this country better. We need this for America's seniors.

I am delighted we are going to pass this bill for all the seniors in the country but particularly for Mr. Frampton and for his family.

## MORNING BUSINESS

The PRESIDING OFFICER (Mr. SMITH of Oregon). Under the previous order, there will now be a period of morning business with Senators permitted to speak for up to 10 minutes each.

## ACKNOWLEDGMENT OF SENATOR MIKE CRAPO'S 100TH PRESIDING HOUR

Mr. LOTT. Mr. President, today, I have the pleasure to announce that another freshman has achieved the 100 hour mark as presiding officer. Senator MIKE CRAPO is the latest recipient of the Senate's coveted Golden Gavel Award.

Since the 1960's, the Senate has recognized those dedicated Members who preside over the Senate for 100 hours with the Golden Gavel. This award continues to represent our appreciation for the time these dedicated Senators contribute to presiding over the U.S. Senate—a privileged and important duty.

On behalf of the Senate, I extend our sincere appreciation to Senator CRAPO and his diligent staff for their efforts and commitment to presiding duties during the 106th Congress.

## TRIBUTE TO MAJOR GENERAL WILLIAM F. MOORE, UNITED STATES AIR FORCE

Mr. LOTT. Mr. President, I wish to take this opportunity to recognize and say farewell to a Mississippi native and distinguished Air Force officer, Major General William F. Moore, upon his retirement from the Air Force after more than thirty years of commissioned service. Major General Moore has served with distinction, and it is my privilege to recognize his many accomplishments and to commend him for the superb service he has provided to the Air Force and the Nation.

Major General Moore graduated from the U.S. Air Force Academy and received his commission in 1969. Since then, Major General Moore's assignments have made untold contributions to national security. Upon graduation from the Air Force Academy, General Moore served with the Drone and Remotely Piloted Vehicles System Program Office, Aeronautical Systems Division, at Wright Patterson Air Force Base, Ohio. In his next assignment, General Moore served in the Office of the Deputy Chief of Staff for Development Plans, Headquarters Air Force Systems Command, Andrews Air Force Base, Maryland. In 1976, General Moore was selected to attend and received a Master's Degree in Business Administration from the Air Force Institute of Technology, Wharton School of Finance and Commerce, University of Pennsylvania, in Philadelphia.

General Moore's next assignments were as Executive Office and Project Officer with the Peacekeeper ICBM Engineering Directorate, Ballistic Missile