

federal income taxes. (As described below, these families can pay substantial amounts in other taxes, such as payroll and excise taxes, even after the Earned Income Tax Credit is taken into account.)

The level at which families now begin to pay federal income taxes is approximately 130 percent to 160 percent of the poverty line, depending on family type and family size. For example, in 2001, a two-parent family of four does not begin to owe income tax—and thus does not begin to benefit from the Bush plan—until its income reaches \$25,870, some 44 percent above the poverty line of \$17,950. Families below the poverty line would receive no assistance from the tax cut. Nor would many families modestly above the poverty line.

The framers of the Bush plan could have assisted low-income working families by improving the EITC. Alternatively, the Bush plan could have expanded the dependent and child care tax credit and made it available to the low-income working families who currently are denied access to this credit because it is not refundable. Or, the plan could have increased the degree to which the child tax credit is refundable. The plan takes none of these steps.

WHAT FAMILIES SHOULD BENEFIT?

Since the reason 12 million families and their children would not benefit from the Bush plan is that they do not owe federal income taxes, some have argued that it is appropriate they not benefit. "Tax relief should go to those who pay taxes" is the short-hand version of this argument. This line of reasoning is not persuasive for several reasons.

1. A significant number of these families owe taxes other than federal income taxes, often paying significant amounts. For most families, their biggest federal tax burden by far is the payroll tax, not the income tax. Data from the Congressional Budget Office indicate that in 1999, three-quarters of all U.S. households paid more in federal payroll taxes than in federal income taxes. (This comparison includes both the employee and employer share of the payroll tax; most economists concur that the employer's share of the payroll tax is passed along to workers in the form of lower wages.) Among the bottom fifth of households, 99 percent pay more in payroll than income taxes. Low-income families also pay excise taxes and state and local taxes. While the Earned Income Tax Credit offsets these taxes for most working families with incomes below the poverty line, many families with incomes modestly above the poverty line who would not benefit from the Bush plan are net taxpayers.

Consider two types of families earning \$25,000 a year in 2001, an income level the Administration has used in some of its examples:

A two-parent family of four with income of \$25,000 would pay \$3,825 in payroll taxes (again, counting both the employee and employer share) and lesser amounts in gasoline and other excise taxes. The family pays various state taxes as well. The family's Earned Income Tax Credit of \$1,500 would offset well under half of its payroll taxes.

Even if just payroll taxes and the EITC are considered, the family's net federal tax bill would be \$2,325. Nonetheless, this family would receive no tax cut under the Bush plan.

The Administration has used the example of a waitress who is a single-mother with two children and earns \$25,000 a year. If this waitress pays at least \$170 a month in child care costs so she can work and support her family—an amount that represents a rather modest expenditure for child care—she, too, would receive no tax cut under the Bush plan

despite having a significant net tax burden. In her case as well, her payroll taxes would exceed her EITC by \$2,325.

2. The Bush approach fails to reduce the high marginal tax rates that many low-income families face. Throughout the presidential campaign and early into the new Presidency, President Bush and his advisors have cited the need to reduce the high marginal tax rates that many low-income working families face as one of their tax plan's principle goals. They have observed that a significant fraction of each additional dollar these families earn is lost as a result of increased income and payroll taxes and the phasing out of the EITC. Ironically, however, a large number of low-income families that confront some of the highest marginal tax rates of any families in the nation would not be aided at all by the Bush plan.

Analysts across the ideological spectrum have long recognized that the working families who gain the least from each additional dollar earned are those with incomes between about \$13,000 and \$20,000. For each additional dollar these families earn, they lose up to 21 cents in the EITC, 7.65 cents in payroll taxes (15.3 cents if the employer's share of the payroll tax is counted), 24 cents to 36 cents in food stamp benefits, and additional amounts if they receive housing assistance or a child care subsidy on a sliding fee scale or are subject to state income taxes. Their marginal tax rates are well above 50 percent. Yet the Bush plan does not provide any assistance to them.

Ways to reduce marginal tax rates for such families are available and not especially expensive. They basically entail raising the income level at which the EITC begins to phase down as earnings rise, and/or reducing the rate at which the EITC phases down. Bipartisan legislation introduced last year by Senators Rockefeller, Jeffords, and Breaux follows such a course, as do proposals made by Rep. Ben Cardin and the Clinton Administration.

3. Consistent with the objective of helping working families lift themselves out of poverty, an additional income boost would be worthwhile. A key theme of welfare reform has been to prod, assist, and enable families to work their way out of poverty. The principle of helping families work their way out of poverty has gained support across the political spectrum. This principle is important for married families and single-parent families, and there is considerable evidence that welfare reform—in combination with a strong economy, low unemployment rates, and the EITC—has significantly increased employment rates among single mothers. Providing increased assistance to the working poor through the tax system could further the goal of making work pay.

Such assistance is particularly important since much of the recent gains in the earnings of the working poor have been offset by declines in other supports. For example, from 1995 to 1999 the poorest 40 percent of families headed by a single mother experienced an average increase in earnings of about \$2,300. After accounting for their decrease in means-tested benefits and increases in taxes, their net incomes rose a mere \$292. (Both changes are adjusted for inflation.)

In addition, a study the Manpower Demonstration Research Corporation has just released finds that improving income—and not just employment—is important if the lives of children in poor families are to improve. The MDRC report examined five studies covering 11 different welfare reform programs. The report's central finding was that increased employment among the parents in a family did not by itself significantly improve their children's lives. It was only in programs where the parents experienced increased employ-

ment and increased income that there were positive effects—such as higher school achievement—for their elementary school-aged children.

4. The rewards from the surplus should be spread throughout the population. The Bush tax package is likely to consume most, if not all, of the available surplus outside Social Security and Medicare. A recent Center on Budget and Policy Priorities analysis pegs the cost of the Bush plan at more than \$2 trillion over 10 years, which would exceed the surplus that is likely to be available outside Social Security and Medicare when realistic budget assumptions are used. If large tax cuts are to be provided, it is appropriate to dedicate some portion of those tax cuts to the people with the most pressing needs, such as low-income working families with children.

THE PUBLIC EDUCATION REINVESTMENT, REINVENTION AND RESPONSIBILITY ACT

Mr. CARPER. Mr. President, I am very pleased to rise today in support of the Public Education Reinvestment, Reinvestment, and Responsibility Act. I want to congratulate my good friends, the Senator from Connecticut and the Senator from Indiana, for their strong leadership on this issue. When they first introduced this legislation back last year, the prospects for bipartisan education reform looked far different than they do today. Members on the two sides of the aisle were sharply divided over the future of the Federal role in education. As a result, the Congress failed last year to reauthorize the Elementary and Secondary Education Act for the first time in its 35-year history.

Last year, it took courage and foresight for the supporters of this legislation to step into the partisan breach in the way that they did. This bill received all of 13 votes when it was first brought to the floor. Today, we ought to all be grateful for the leadership of those 13 senators, because this year the Public Education Reinvestment, Reinvestment, and Responsibility Act represents the best hope and the best blueprint for finally achieving meaningful, bipartisan reform of the Federal role in education.

For the last eight years, I had the great privilege of serving my little State as governor. During that time, I worked together with legislators from both sides of the aisle, with educators and others, to set rigorous standards, to provide local schools with the resources and flexibility they needed, and in return to demand accountability for results. We in Delaware have not been alone in this endeavor. We have been part of a nationwide movement for change—a movement of parents and teachers, of employers, legislators and governors, who believe that our public schools can be improved and that every child can learn.

As a former chairman of the National Governors' Association, I can attest that the Federal Government is frequently a lagging indicator when it comes to responsiveness to change. It

is clearly states and local communities that are leading the movement for change in public education today. The bill we introduce today does not seek to make the Federal Government the leader in education reform by micro-managing the operation of local schools. Nor does this legislation seek to perpetuate the status quo in which the Federal Government passively funds and facilitates failure. Rather, this legislation seeks for the first time to make the Federal Government a partner and catalyst in the movement for reform that we see all across this country at the State and local level. This legislation refocuses Federal policy on doing a few things, but doing them well. It redirects Federal policy toward the purpose of achieving results rather than promulgating yet more rules and regulations.

I believe we have a tremendous opportunity this year to achieve bipartisan consensus to reform and reauthorize the Elementary and Secondary Education Act, and in so doing to redeem the original intent of that landmark legislation. I want to express my appreciation to our new President for his interest in renewing educational opportunity in America and leaving no child behind. There is much in the legislation we introduce today that squares with the plan that the President sent to Congress last week. We on this side of the aisle agree with the President that we need to invest more Federal dollars in our schools, particularly in schools that serve the neediest students. We also agree that the dollars we provide, we should provide more flexibly. And we agree that if we are going to provide more money, and if we are going to provide that money more flexibly, we should demand results. That's the formula: invest in reform; insist on results.

I believe we also agree with our new President that parents should be empowered to make choices to send their children to a variety of different schools. We agree that parents are the first enforcers of accountability in public education. Where we disagree is in how we provide that choice. The President believes that the best way to empower parents and to provide them with choices is to give children and their parents vouchers of \$1,500. With all due respect, that is an empty promise. In my State, you just can't get your child into most private or parochial schools for \$1,500 per year. That is simply an empty promise.

I believe there is a better way. I believe we've found a better way in my little state of Delaware. Four years ago, we introduced statewide public school choice. We also passed our first charter schools law. I knew that this was going to work when I heard the following conversation between a school administrator and some of his colleagues. He said, "If we don't provide parents and families what they want and need, they'll send their kids somewhere else." I thought to myself, "Right! He's got it."

We have 200 public schools in my small State, and students in all of these schools take our test measuring what they know and can do in reading, writing, and math. We also measure our schools by the incidence of poverty, from highest to lowest. The school with the highest incidence of poverty in my state is the East Side Charter School in Wilmington, Delaware. The incidence of poverty there is 83 percent. Its students are almost all minority. It is right in the center of the projects in Wilmington. In the first year after East Side Charter School opened its doors, very few of its students met our state standards in math. Last spring, every third grader there who took our math test met or exceeded our standards, which is something that happened at no other school in the state. It's a remarkable story. And it's been possible because East Side Charter School is a remarkable school. Kids can come early and stay late. They have a longer school year. They wear school uniforms. Parents have to sign a contract of mutual responsibility. Teachers are given greater authority to innovate and initiate.

We need to ensure that parents and students are getting what they want and need, and if they're not getting what they want and need that they have the choice—and most importantly that they have the ability—to go somewhere else. A \$1,500 voucher, doesn't give parents that ability, at least not in my State. Public school choice and charter schools do.

We agree on many things. Where we disagree, as on vouchers, I believe we can find common ground. I believe that we can come together, for example, to provide a "safety valve" to children in failing schools, in the way of broader public school choice and greater access to charter schools. I am therefore hopeful, about the prospects for bipartisan agreement and for meaningful reform. To that end, I urge my colleagues to support the Public Education Reinvestment, Reinvention, and Responsibility Act.

A TRIBUTE TO SENATOR ALAN CRANSTON

Mr. LEAHY. Mr. President, it is with great sadness that I rise today to pay tribute to our friend and colleague Alan Cranston. His death on December 31 last year was a shock. Alan was such a life force that it is hard for me to imagine his silence and his not being there for great arms control debates.

Senator Cranston was a man of conviction, a true humanitarian in every sense of those words. He began his career in public policy in the 1930s as a journalist warning his readers of the dangerous rise of fascism. He knew even then that the United States was locked in an intricate web of relations with the rest of the world and that our attempts to ignore that web could only lead to calamity for ourselves and those around us. Alan understood the

concept of globalization at least 50 years before it gained such notoriety to earn a name.

It was primarily that impulse to engage the world that brought Alan into elective office and eventually to the United States Senate. As State of California Controller from 1958 to 1967, he worked to rationalize the booming state's finances and ensure that all Californians could benefit from that phenomenal rise.

But it was in the Senate where Alan could most effectively work toward his vision of a peaceable world. Before the people of California sent him here in 1968, he learned about the Senate's moderating influence and the consequences of its shirking that role. In his post-World War "Killing of the Peace," Alan explained how the U.S. Senate's defeat of the League of Nations contributed to the outbreak of that war and the horrible events that followed.

Most of his activities during his impressive 24 years here were an expression of his deep desire for the Senate to avoid similar mistakes. He brought a special seriousness of purpose and attentiveness to arms control issues as diverse as the Strategic Arms Limitation Talks and ongoing production of the B-2 Stealth Bomber. On several occasions, I joined him in opposing the production of new, destabilizing types of nuclear weapons, and I was always struck by Alan's sense of nuance and willful resolve.

Alan was not one to ignore his own personal responsibilities to the Senate. As Democratic Whip, Alan made this body run efficiently. If there is anyone who was never afraid to count the votes, it was Alan. He knew how to smoke us out on our intentions. What made him so effective was his persuasive argumentation and downright persistence. Sometimes he could change my mind faster than he could run a 100-yard dash, which was pretty fast considering he was a lifelong record-setting sprinter.

It was unsurprising that after his Senate career he led the non-profit Global Security Institute where he continued to press from arms control initiatives. The Institute provided a perfect platform from which he could promote his expanded notion of security. After the Cold War, Alan realized before everyone else that security no longer meant merely protection from weapons of mass destruction. He saw that security in the new millennium was also about avoiding environmental degradation, securing our food supply, and educating our children.

Alan was a forward-thinker and an alternative voice at a time when conventional wisdom demanded examination. He worked to make our world safer, and he was a good friend. I will miss him greatly.

THE ALAN CRANSTON I KNEW: INTENSITY,
INTEGRITY, AND COMMITMENT

Mr. BIDEN. A couple of weeks ago I had the sad duty to travel to California