account, they would not be available until an individual retires. Even the Commission expressed discomfort with their own cuts in disability benefits, though in the end they relied on the savings from such cuts.

I very much appreciate the distinguished Senator from Michigan speaking out on this aspect of the Bush Commission's cuts. Because, as she suggests, these cuts do go beyond retirees, and also jeopardize the disabled and those young people who lose a parent. That needs to be understood by the American people.

Mr. President, privatized accounts can provide some benefits, if trees grow to the sky and the market never goes down or sideways. But if history is any guide, that is not really how the world works. In the real world, privatization would put at serious risk Social Security's floor level of support for the disabled, children, and our retirees.

Again, I thank the Senator for her question and for her support. I hope she will also see that same kind of support with regard to her efforts to contain the costs of prescription drugs, and to provide prescription drug benefits, both of which are serious and important issues for our country.

The PRESIDING OFFICER (Mrs. MURRAY). The Senator is recognized.

Mr. NELSON of Nebraska. Madam President, I ask unanimous consent that I be able to speak until about 6 minutes after 10.

STATE FISCAL RELIEF AMENDMENT

Mr. NELSON of Nebraska. Madam President, this morning I would like to talk about a very important issue that is affecting the States and the budgets at the State level.

While the national economy may be recovering from the recession, State budgets will take another 12 or 18 months to recover. Just last month, the National Governors Association and National Association of State Budget Officers found that over 40 States are facing an aggregate budget shortfall of $40 billion to $50 billion.

In my home State of Nebraska, the latest numbers show the highest unemployment level in 15 years. Tax receipts this year will be less than the previous year for only the second time in the history of the State. The State is cutting child care, rural development, and other essential services. Raising taxes to build up the budget cap and cutting aid to local governments will result in higher property taxes.

Many States face the same challenges as Nebraska. This is the appropriate time for some help to come from Washington. Part of the blame that can be assessed for States that are hurting can be laid at the feet of Congress.

A few months ago, this body passed—and the President signed into law—a bill to stimulate the economy and help workers. It wasn't a perfect bill. But then there are very few. But the economy was hurting, and it was, in fact, time to act.

But there were unintended consequences of that bill. Not only did the economic stimulus bill fail to provide State fiscal relief in certain areas, but by making some changes to Federal tax law, the bill unintentionally added to revenue shortfalls. This means that we, in effect, cut State tax revenue streams. This, in turn, has put at risk programs such as medical assistance to the most vulnerable individuals in this country.

I am concerned about the crunch that the States are facing. As a former Governor, I know how hard it is to balance a State's budget. And every State has to balance its budget. The most important thing is that we recognize that this shortfall will continue, and it will affect the most vulnerable among us.

This supplemental appropriations bill that is being considered—and other bills will be coming up in the area of appropriations—is an important opportunity to do something helpful.

My good friend, Senator SUSAN COLLINS, from Maine, will be speaking shortly as well on the Collins-Nelson proposal that would provide a temporary 1-percent increase in the Federal Medicaid matching rate. In Washington, we require that the States deal with Medicaid and that they provide the services, and we offer some assistance. It is an underfunded Federal mandate.

At the present time, if we increase the amount of State funding to a temporary 1-percent increase, we will assist the States in being able to deal with the challenges in their budgets. At the same time, this bill will also permit them to continue to provide in the short term for the rising demand in social services from the economic downturn.

The bill would provide approximately $8.9 billion in total fiscal relief to the States, which would allow them to expand—not contract—Medicaid and other health and social services.

States have worked very hard in order to be able to help people go from welfare to work. It is very important for us to help them continue that because if they are unable to continue, and they pull back on the Medicaid funding and they are not able to provide the social services, you could very easily have States returning to the process of bringing people from the workplace back into welfare. That is counterproductive. It works in the opposite direction. That is why we, in fact, must move forward and assist the States at this very important time.

The National Governors Association has embraced much of what we have proposed, and so have other organizations. And a number of cosponsors in our own body have stepped forward and said that this is the right thing to do, it is the right time to do it, and it is the right way to approach it.

The health care of Americans is part of our responsibility and our interest. We must, in fact, help the States so we do not end up with the tough choices that the States are having to make, involving reducing Medicaid benefits to those among our most neediest in our midst.

According to the National Governors Association, Medicaid spending has been a particular struggle for States since expenditures have risen by an average of 12 percent over the last 2 years, while the State's revenues rose a total of 5 percent, as in the State of Nebraska. It appears that the revenues are flat.

Medicaid spending has been driven by high increases in health care costs nationwide, particularly the cost of prescription drugs, an issue that we are going to be facing to move forward to help our seniors deal with the high cost of prescription drugs as part of Medicare. These same pressures on the health care system and on our citizens are affecting the Medicaid population as well.

States have exhausted the usual ways of balancing their budgets. And so, given the projection of continued deficits, this means that we must, in fact, step up to the plate at this time and help our States work through this partnership that we have with Medicaid, where the States have a matching obligation with the Federal Government, with our budget. I hope we will be able to do that.

In closing, as a former Governor, I can say, having worked with this program, that it is an essential program. But it is a partnership with the Federal Government. Now is an opportunity for the Federal Government to do its share in assisting the States in dealing with this very important problem.

I urge my colleagues to join with Senator COLLINS and myself in this effort to show the States that Congress is not indifferent to their budget problems, and we will step in and provide meaningful assistance at a time when Governors need it most.

Madam President, I believe my time is about to expire, so I yield the floor.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Madam President, I rise today with my good friend, Senator BEN NELSON, to discuss the fiscal plight of our States. Here in Washington, consumed with our own budget challenges, we often forget that we have 50 partners in our efforts to provide needed health, education, and other essential services to our citizens. Our partners are our States and they need our help.

No one is more aware of the difficulties States are facing than Senator NELSON. As a former Governor, he understands that we are most effective when we work arm in arm, not toe to toe, with our partners, the States.

Senator NELSON and I have filed an amendment to the supplemental appropriations bill to provide emergency short-term fiscal relief to the States. Our amendment is needed, and it is needed now.

The recession may have eased earlier this year, but its effects still linger. They are felt acutely by States from Maine to Nebraska, from New York to Washington State. And I know the Presiding Officer is a cosponsor of the underlying bill that Senator NELSON and I have introduced. Though the recession has ended and economic growth has picked up in the first quarter of this year, unemployment continues to rise. Now it stands at 6 percent. It is an 8-year high.

The recession, the resulting rise in unemployment, and the tragic events of September 11 have placed tremendous and unanticipated demands on government services and resources. At the same time, these factors have contributed to a dramatic and unexpected drop in government revenues at precisely the time when more revenues are needed to respond to the confluence of challenges that confront us.

The combination of the increasing demands for services and the unexpected drop in revenues is causing a fiscal crisis for State budgets all across this Nation. According to the National Governors Association and the National Association of State Budget Officers, more than 40 States are facing a combined budget shortfall of between $40 and $50 billion. Most States have seen their estimates of tax collections for the current year decrease, often dramatically. State governments are scrambling to respond. Forty-nine States are required by law or constitution to balance their budgets, so running a temporary deficit is simply not an option.

Moreover, the problem is getting worse and is not likely to improve until next year at the earliest. A survey released by the National Governors Association shows that individual tax revenues for the first 4 months of this year are running nearly 15 percent below last year's levels.

The problem is not an isolated one. Thirty-nine States have been forced to reduce their already enacted budgets for fiscal year 2002, by cutting programs across the board, tapping rainy day funds, laying off employees, and reducing important services.

States have been forced to cut a number of critical programs. Twenty-nine States have attempted to balance their budgets by cutting spending on higher education. Twenty-five States have cut corrections programs. Twenty-two have been forced to slash Medicaid. Seventeen States have cut spending for K–12 education. And 10 States have reduced aid to local governments. In addition, a number of States have raised taxes and fees by a total of $2.4 billion. We believe the Federal Government can and should help our partners, the States. We should do so in an effective and responsible way.

Our amendment would provide a temporary increase in the Federal Medicaid matching rate and would provide block grant funds to each and every State. Specifically, our proposal would increase the Federal Government's share of each State's Medicaid costs by 1 percent and hold the Federal matching rate for each State harmless for the second half of this fiscal year and all of the next.

In addition, our proposal includes a temporary block grant to States that would help them pay for the rising demand in social services resulting from the economic downturn. Our amendment would provide approximately $8.9 billion in total fiscal relief to the States that would allow them to continue rather than contract Medicaid and other vital services.

Our amendment would provide fiscal relief to each and every State that is struggling to balance the budget and care for their citizens. It has been endorsed by the National Governors Association, the American Hospital Association, the American Health Care Association, and the Visiting Nurse Associations of America. These groups understand the importance of providing assistance to States at a time when many are forced to look at cutting Medicaid and other essential health care programs.

For that reason, our bill targets most of the assistance to the Medicaid Program. That is the fastest growing component of State budgets. While State revenues were stagnant or declined in many States last year, Medicaid costs increased by 11 percent. This year, Medicaid costs are increasing at an even higher rate—13.4 percent. My home State of Maine is one of a number of States that has been forced to consider cuts in the Medicaid Program in order to compensate for declining revenues and to balance the budget.

Earlier this month, after the legislature had already adjourned for the year, Maine's budget estimators determined that the State's revenues would come in some $90 million under budget for this year and would most likely result in another $90 million shortfall in the year to come.

Maine, despite the fact the legislature has gone home after enacting cuts earlier this year, is once again confronted with the need to reexamine its budget and make painful cuts.

Among the programs being considered for reductions in Maine are Medicaid and general purpose aid, which funds are vital for K–12 education. Maine is not alone. Maine is typical. If we do not help, if we do not provide some modest, reasonable aid to our States, States will be forced to slash health care, education, and social service programs in order to balance their books.

The amendment we have filed would help to bridge Maine's funding gap by bringing an additional $56 million to my State. It would help us preserve Medicaid and other essential programs such as education over the next 18 months, while the economy continues to recover.

I emphasize, even with our amendment, States are still going to face very difficult choices. They are still going to have to cut worthwhile programs. But with our amendment, States will be able to keep critical programs such as Medicaid, such as education, without having to slash them and cause real harm for the low-income populations in our States.

The challenges facing Governor King in Maine and other Governors across the country are considerable. The decisions they may be forced to make could affect the access of millions of Americans to health care and social services. They simply need our help. The proposal Senator NELSON and I have put forth would do just that.

We are very hopeful that the distinguished chairman and ranking minority member on the Appropriations Committee will join us in the effort to assist our States. If the supplemental appropriations bill is not the right vehicle for our amendment, we hope they will help us to identify very soon an appropriate bill to which our amendment could be attached.

We need to provide this help right away. Most States begin a new fiscal year next month, and we need to provide this much-needed assistance now.

It has been a great pleasure to work with the Senator from Nebraska on this important initiative.

Mr. NELSON of Nebraska. Will the Senator from Maine yield for a question?

Ms. COLLINS. I am happy to yield.

Mr. NELSON of Nebraska. If we are unable to find the appropriate legislative mechanism to get this legislation passed, what is the Senator's opinion as to what States will be faced with doing, and what will the impact be for the citizens of States?

Ms. COLLINS. Madam President, the Senator from Nebraska raises a very important question. If we do not act, if we do not act within the next few weeks, States will have no choice but to slash their Medicaid Programs, thus depriving our needy low-income families of the health care they depend on. They will be forced to cut education programs for K–12 and for State universities. They will be forced to make choices that will cause real harm to the citizens of this country.

They have no other option. Unlike the Federal Government, they cannot temporarily run a deficit. Forty-nine States are required to balance their budgets so they will have no choice, given that the fiscal year for most States is going to begin on July 1, but to make Draconian cuts in the programs that serve the most needy members of our society.

We need to act as their partners. We need to provide them with help to get over this difficult period.

I thank the Senator from Nebraska for his excellent question.

Mr. NELSON of Nebraska. I have another question, if I might ask the Senator from Maine, who so very eloquently expressed the concerns and so diplomatically suggested that we need

some help in finding the true mechanism to get this legislation through.

What, in the Senator's opinion, might happen to the efforts we made collectively as partners with the States for welfare reform and getting people off the welfare rolls and into the workforce? What might happen to that?

Ms. COLLINS. The Senator from Nebraska has asked a very important question. He was a leader, when he was Governor, in helping people in his State move from welfare to work, to give people the dignity and independence that comes from the ability to earn a living. Those efforts depend on child care. They depend on assistance with transportation. They depend on assistance with education, with expanded Medicare coverage. In order for people to be able to move from welfare to work, we have to have the social supports in place to ease that transition. Those supports would be in jeopardy if we do not provide our States with the assistance we are discussing.

Furthermore, there are States that are scheduled to have an actual decline in the amount of Medicaid match that they receive from the Federal Government. That could not happen at a worse time. It would cause them to slash services even more. We cannot allow that to happen.

This is a temporary problem. We are proposing temporary assistance to our States. The economy is recovering, but the effects still linger. States are still seeing the demand for social services.

I ask, through the Chair, the Senator from Nebraska—yielding some of my time to him—whether he has seen the kinds of problems in his State that we are seeing in Maine where revenues have dropped unexpectedly one more time, causing the legislature and the Governor to confront a pending deficit in a budget that had already been enacted.

Mr. NELSON of Nebraska. Madam President, the State of Nebraska's tax receipts, for the first time—maybe only the second time in history—are below what they have been in the past. We have had downturns in the economy previously, and the tax revenues may have been down, but they would continue to be greater than the previous year. That is no longer the case. You actually do have a downturn in the economy—much of it related to the difficulties in agriculture. But when you see unemployment moving up to the highest level in 15 years, together with tax receipts going down, it doesn't take a mathematician to figure out what will, in fact, continue to happen in the future.

When we require, at the Federal level, certain programs and do not provide all the funding, all we are really doing is underfunding a mandate to the States. Maybe it is an important mandate that we are requiring, but it is also important to not be inconsistent here, to try to further reform welfare with legislation that is going to be coming before this body in a short period of time and, at the same time, as we try to have a higher requirement for work, and what have you, to improve the income level of people going from welfare to the workforce. We have to make sure we are consistent and we don't require that on the one hand and not make it impossible when it comes to funding on the other hand.

I thank my colleague from Maine for a very articulate and passionate expression of why it is important that we do this. I hope I have responded to her question.

Ms. COLLINS. I thank the Senator.

Madam President, I will make one final point. This proposal will not only help our States balance their budgets without slashing essential social services such as the Medicaid Program, but it will also provide much-needed help to struggling health care providers such as our rural hospitals, our nursing homes, and our home health agencies. Those health care providers have been struggling with inadequate reimbursements under Medicaid and Medicare. By increasing the Federal share of what is a partnership between the Federal Government and the States to provide health care for our low-income families, we will also be helping to stabilize the health care providers, particularly in rural States such as Nebraska and Maine. So that is another reason you will find that health care providers associations are strongly backing our legislation, as is the National Governors Association.

This is not a partisan issue; it is one where we have come together to provide much-needed relief to our partners, the States. My hope is that we will expeditiously enact our proposal before the July 4 recess.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

SUPPLEMENTAL APPROPRIATIONS ACT FOR FISCAL YEAR 2002

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4775, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4775) making supplemental appropriations for further recovery from and response to terrorist attacks on the United States for fiscal year ending September 30, 2002, and for other purposes.

Pending:

Daschle amendment No. 3764, to extend budget enforcement.

The PRESIDING OFFICER. Under the previous order, there will be 30 minutes of debate to be divided by the chairman and ranking member of the Appropriations Committee.

The Senator from West Virginia.

Mr. BYRD. Madam President, the bill before the Senate is an emergency supplemental bill. It responds to emergency needs for our military. It provides emergency funds for enormous gaps in our homeland security network. It makes investments today to protect the people of this country against attacks tomorrow. We cannot afford continued delay and dragging of feet.

The Nation is unprepared for a biological or chemical attack. Our current public health system is ill funded, fragmented, and unprepared to respond to the threats posed by bioterrorism. We must expand State and local capacity to recognize and to treat deadly pathogens so that we are prepared to deal with weaponized disease.

The anthrax-laced letters that were sent through the mail afforded us just a glimpse of the terror that could result from a more serious biological attack involving smallpox or Ebola. We know Bin Laden loyalists have conducted research on chemical and biological weapons at 40 sites in Afghanistan. We know that more than a dozen nations, including China, Iran, Iraq, Libya, North Korea, Russia, and Syria, can produce biological and chemical weapons. So what are we doing about it? Are we taking action? No. Senators are dragging their feet. The Government's seemingly uncoordinated and chaotic response to the anthrax scare and the public's ensuing panic to anything both powdery and white had overwhelmed our public health systems.

Many of our local health departments were found impotent and ill prepared, lacking such basic forms of communication equipment as computers and fax machines. Astonishingly, according to the former Director of the Centers for Disease Control, only half of the Nation's public health departments have direct, secure Internet access.

State and local health officials will be first on the scene in a biological attack. It is essential that they be capable of quickly identifying a deadly organism and disseminating that information widely and rapidly so that new cases can be caught early and the spread of disease can be stopped. Many local health departments, however, do not possess modern communications systems because of funding constraints.

Simply put, in the event of a chemical or biological attack, our local health care providers are probably better able to get more accurate information and more quickly from CNN than they are from other health care officials. So what are we doing about it?