Mr. ALEXANDER. At our summit on Thursday, there were a number of good ideas about reducing health care costs that the President seemed to share with Republican Members who were there. There was some obvious irritation on the part of the majority leader and others when we said things such as there is $½ trillion worth of cuts in Medicare, which there are. Our real objection to it is that the cuts are not used to save Medicare, which is going broke, but spent on a new program—$½ trillion in new taxes. There is $½ trillion in new taxes.

As I have just said, they tend to increase premiums for millions of Americans. There are premium increases. There is a deficit increase.

It is true the CBO has said that what was presented to them didn't increase the deficit, but what was not included in what was presented was paying doctors to serve patients in the government program we call Medicare. That is like having a horse race without the horses. How are you going to have a comprehensive health care bill and not include within its costs paying doctors to serve patients in the government program? When you put it in, the deficit goes up.

Then there is a problem of the passing off to States these expanded Medicaid costs without paying for them. I know as a former Governor—and I see the former Governor of Virginia in the chair—I struggled with that every single year. All the Governors are today in both parties. They don't want us sending them a bill for expanded health care. They can't pay the bills they have. We shouldn't do that. If we want to expand it, we should pay for it. That is another part of the bill.

So I came to the floor today to, No. 1, express my appreciation to the President for inviting us Thursday. It gave us a chance to show who we are and what we are for. I thought it was a good discussion. I believe there are 8 or 10, maybe a dozen different good ideas Senator COBURN and people on both sides of the aisle suggested. There are some differences between those ideas but, basically, they represent a way to move forward to reduce health care costs. That is what we ought to do. We don't do comprehensive very well in the Senate. Comprehensive immigration failed of its own weight. Comprehensive economy-wide cap and trade seems to be failing, again of its own weight. Comprehensive health care is very difficult to pass. That shouldn't be a surprise to any of us. This is a very big, difficult, complicated country with people of many different backgrounds and, in my judgment, we are just not wise enough for a few of us to rewrite the rules for 17 percent of our economy.

I think the American people have tuned into that. They want us to fix health care, but they want us to reduce costs. Again, we on the Republican side are ready to set that goal and, as we said 173 different times on the Senate floor the last six months of last year, we have offered 6 steps to move toward that goal. Maybe the President can think of six more. Maybe we can think of six more. We did that with the America COMPETES Act. We asked the national academies: What are the 10 steps that can help us become more competitive as a country? They gave us 20, and we passed most of them. In clean energy, we are coming together on nuclear power, offshore drilling, and energy development. Those are steps toward a goal that would be a more sensible way for us to work.

In the meantime, the unpleasant truth is, the current bill being considered—will cut Medicare, not spend it on Medicare—will raise taxes, and it will, as I have tried to demonstrate with respect to the President, raise individual premiums because of the one-size-fits-all government mandates and tax increases.

Finally, I commend to my colleagues today's editorial from the Wall Street Journal detailing how the Massachusetts health care plan has unexpectedly caused premiums to rise over the last couple years and what lesson there might be in that for us.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is now closed.

TAX EXTENDERS ACT OF 2009

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the consideration of H.R. 4213, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4213) to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Montana.

PRIVILEGES OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that the following staff be allowed the privilege of the floor during consideration of the pending bill: Randy Aussenberg, Aislinn Baker, Brittany Durell, Dustin Stevens, Greg Sullivan, Max Updike, and Ashley Zuelke.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT NO. 3336

(In the nature of a substitute)

Mr. BAUCUS. Mr. President, I now call up my amendment by number and urge its consideration.

The ACTING PRESIDENT pro tempore. The clerk will report the amendment by number.

The legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 3336.

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. BAUCUS. Mr. President, Martin Luther King, Jr., once said:

Life's most urgent question is: What are you doing for others?

Pretty much all of us came here to the Senate to work on that urgent question. Pretty much all of us came here to help other Americans.

On a number of levels, the legislation before us today is urgent legislation. The legislation before us today is urgent because it would prevent millions of Americans from falling through the safety net.

The legislation before us is urgent because it would extend vital safety net programs that expired yesterday.

The legislation before us is urgent because it would put cash in the hands of Americans who could spend it quickly, boosting economic demand.

The legislation before us today is urgent because it would extend critical programs and tax incentives that create jobs.

The legislation before us today is urgent because it is important that we here can do this for other Americans.

Since the recession began, more than 7 million Americans have lost their jobs. The unemployment rate remains nearly 10 percent. For Americans without a job, this great recession is a great depression. If you do not have a job, it is a depression.

Last week, with a solid bipartisan vote, we passed legislation to help create jobs. We can and should do more, and by extending this package of vital provisions we can do just that.

The provisions in this bill are important to American families. They are important to communities that have suffered a natural disaster. They are important to businesses competing in the global economy. They are important to furthering America's commitment to energy independence.

The need is urgent. Yesterday many of these important provisions expired. Millions of Americans are being put at risk. The expiration of these provisions has left gaping holes in the safety net.

Among the provisions that expired yesterday are these: expanded unemployment insurance benefits; COBRA subsidies to help people keep their health insurance; a provision that keeps folks right at the poverty line from losing their benefits; the small business loan program; the temporary measure to prevent a 21-percent cut to doctors under Medicare; the Flood Insurance Program; the Satellite Home Viewer Act.

Unless we reinstate the programs in this bill, there will be real world consequences for the people who depend on these programs today.

Take unemployment insurance. This bill would extend the program for expanded unemployment benefits. These benefits expired on Sunday. The bill would extend what is called Federal emergency unemployment compensation. This bill would extend 100 percent Federal extended benefits. That is a program where State governments normally have to pay 50 percent. We would also extend the additional $25 a week for each beneficiary receiving unemployment benefits.

According to the National Employment Law Project, 5.6 million people are currently benefiting from one of the Federal unemployment benefits. Mr. President, 5.6 million people today benefit. Between March and November of last year, we distributed nearly $8.3 billion in additional benefits through the additional $25-a-week supplement.

For example, my office received word about one unemployed Montana worker who had been living in a homeless shelter for more than a month. This Montanan used emergency unemployment compensation benefits to move closer to an out-of-State relative. The relative helped the Montanan through this difficult time. With the help of emergency unemployment compensation benefits and the help of family, this Montanan was able to find work again.

Unemployment benefits also make good economic sense. The nonpartisan Congressional Budget Office estimates that every dollar spent on unemployment benefits generates up to $1.90 in additional gross domestic product. That is $1 to $1.90. This makes unemployment benefits one of the most cost-effective policies for stimulating the economy.

By helping our unemployment workers through this long recession, we help to keep the neighborhood gas station operating. We help to keep a house from foreclosure. And we help to keep our economy from further damage.

We must act immediately to help the more than 1 million people who lost their benefits yesterday. My heart goes out to them and to their families and hope that they can hold on while we work to clear up this mess, in order to clear this bill and bring them the help they deserve and on which they have been depending.

A second vital program in this bill that expired yesterday is a program that provides a tax benefit for COBRA health benefits. What is that? That is the program that helps workers who lose their jobs to keep their health insurance. When workers lose their jobs, they lose more than just their paychecks. Unfortunately, they often lose their ability to afford health care coverage as well.

Today, roughly 60 percent of the nonelderly population receives health insurance through their jobs. In most cases, unemployed workers have the right to keep their work coverage for up to 18 months through the COBRA program. But to receive COBRA health benefits, workers must typically pay all of the premium costs, plus an additional 2 percent for administrative costs; that is, they pay 102 percent. That is not right.

For a family of four, the average monthly COBRA premium is $1,100. For most people out of work, that is simply unaffordable. How can a family who is out of work pay health benefits at a rate of $1,100 a month? They cannot do it.

The Recovery Act helped unemployed workers and their families to cover the costs. This assistance helped millions of unemployed workers and their families to maintain health insurance while they look for a new job.

Unfortunately, COBRA assistance expired yesterday, and that is the provision that gave a 65-percent subsidy. It expired yesterday. This means workers who lose their jobs today or afterwards will not be eligible for COBRA assistance. They can still buy health insurance through the COBRA program if they can find the dollars to pay full freight. That is 102 percent of their current premium. For many folks, that is simply unaffordable. Unless we act, the ranks of those living in fear without health insurance will grow even more.

Third, without this legislation, physicians who treat our seniors and military families will face an immediate 21-percent pay cut. That is right, an immediate 21-percent cut in pay. That is more than families lost in net worth during the worst of the recession in 2008, and that is nearly twice as much as home prices fell last year.

This cut would force doctors to stop seeing patients. This cut would mean less access to care for our parents and our grandparents. This cut would mean our doctors would be forced to cut their own costs, potentially forcing them to lay off staff.

Thankfully, the administration announced on Friday it will use its existing authority to delay the effect of this cut for the immediate future. But that is not going to last very long. We cannot delay action any longer. Seniors, military families, and physicians deserve better.

In Montana, 2,000 doctors serve 140,000 seniors who depend on Medicare for lifesaving health care. Montana has 32,000 military families who should not be turned away from their doctor's door either. They deserve access to the best health care we can give them. They deserve a Congress willing to put politics aside and put them first.

This bill before us today will avert the 21-percent cut because of the so-called sustainable growth rate. We adopt here another short-term stopgap. Next time, we hope and expect that we will come back to a long-term solution. We must find one.

By exempting part of the SGR from the new statutory pay-go rules, the Senate recently recognized that a long-term solution will require a short-term investment. The House followed suit. I hope this push will aid us in finding a permanent solution for the sake of our seniors' continued access to medical care.

A fourth provision in this bill affects the 2009 poverty guidelines. Why is this important? Let me tell you. Dozens of programs are available to help lower income Americans. We all know the important role these programs play in keeping those less fortunate fed, keeping them healthy and safe. I am talking about programs such as Medicaid, the Supplemental Nutrition Assistance Program—formerly known as food stamps—the School Lunch Program, and the Low Income Home Emergency Assistance Program, otherwise known as LIHEAP.

Eligibility for these and many other programs is based on the Federal poverty guidelines. These guidelines are updated every year for inflation. But the update for this year, 2010, will cause people who are currently eligible for and benefiting from these programs to lose their eligibility. You may wonder why at a time of economic crisis poverty-based program eligibility would decrease. You might think that sounds counterintuitive.

One of the effects of the current economic crisis is that inflation went down. That means the average cost of everyday things, such as clothes, transportation, and rent, is less than it was the year before. However, because the Federal poverty guidelines are based on the average cost of everyday goods, the poverty level for 2010 would be less than it was for 2009. This is the first time in the history of the guidelines that such a decrease would occur. That, clearly, is not the right outcome. We should not make fewer people eligible for poverty-based programs at precisely the time when those safety-net programs are serving the very purpose for which they were created. Safety-net programs are there to help people when times are tough. That is their purpose. But there is a simple solution: we can simply leave the guidelines developed for 2009 in place. That way, people who were eligible can remain eligible. Leaving the 2009 guidelines in place would mean people would not lose their health care by being kicked off of Medicaid. It would mean families would not go hungry because they lost their eligibility for a number of nutrition programs. It would mean low-income folks could still heat their homes this cold and snowy winter thanks to LIHEAP. Keeping the 2009 guidelines in place would not increase eligibility. It would mean we would avoid pulling the safety net out from under the people it is there to protect.

Fifth, for individuals and families, this bill provides much needed tax relief in a time of economic uncertainty. For example, many students don't have the books or supplies they need. Some

teachers have to buy classroom supplies using money from their own pockets, if you can believe it. This bill extends the expense deduction for teachers buying school supplies for their classrooms. It extends the qualified tuition deduction to help with college costs. The bill provides much needed relief to families who have suffered from natural disasters. It extends a package of disaster relief provisions developed to address all federally declared disaster areas with immediate, reliable, and robust tax relief.

It extends important business provisions to help create jobs and make our companies competitive in a global economy. America counts for one-third of the world's investment in scientific research and development. We rank first among all countries, but relative to the size of our economy, America is in sixth place. The trends show that maintaining American leadership in the future depends on an increased commitment to science and research. Yet our R&D tax credit expired at the end of last year. This will put American corporations at a competitive disadvantage. Corporations are unsure if they will be able to obtain the R&D credit next year, and they need to plan for the future.

American financial services companies successfully compete in world financial markets. We need to make sure the U.S. tax rules do not change that. This legislation extends the active financing exception to subpart F. In so doing, it preserves the international competitiveness of American-based financial services companies, while including safeguards to ensure that only truly active businesses benefit. This provision will put the American financial services industry on an equal footing with foreign-based competitors that are not taxed on active financial services income.

Several energy tax incentives also expired at the end of last year. This bill extends those incentives to encourage continued investment in technologies that promote energy independence. For example, the bill extends incentives for new hybrid battery technology and the construction of new energy-efficient homes.

Sixth, in addition to these important provisions that provide direct assistance and job creation, the bill includes other proposals that will provide relief for businesses and individuals. One such provision is pension funding relief. These days, American employers are faced with the need to make higher pension contributions. Several factors have combined to require these higher contributions: There is the funding changes of the Pension Protection Act of 2006, there is the slide in the stock market in 2008, and then there is the ensuing great recession. These requirements for higher contributions are coming upon employers just when they are facing lower asset values and lower cash flow. Meeting these requirements could divert resources employers could use to keep workers on the payroll.

We addressed this bind temporarily in the Worker, Retiree and Employer Recovery Act of 2008, but employers are still facing the prospect of closing plants and stores. Employers are still faced with the possibility of terminating workers in order to make up for lost asset values. The bill contains additional temporary, targeted, and appropriate relief for these employers. At the same time, the bill still maintains the pension and security system.

Seventh, this bill would also extend several important health provisions that expired at the end of 2009. Notable among these is the exceptions process for Medicare therapy caps. Extending this provision will help ensure Medicare beneficiaries will continue to receive access to the therapy services they need. Several rural policies are also extended.

Eighth, these tough economic times have hit the States hard as well. So included in this bill is a 6-month extension of the additional Federal financial assistance for State Medicaid Programs. This will allow States to plan for their next fiscal year with the certainty of continued help from the Federal Government. Additional Federal Medicaid match money—known as FMAP—helps the economy grow. According to economist Mark Zandi, this funding has return on investment of about $1.40 for every dollar invested. The Nation's Governors have repeatedly asked for an extension of this Federal assistance, and this bill answers their pleas.

With so many Americans out of work, our country needs Congress to enact this legislation. This bill continues valuable tax incentives to families and businesses that will help them in these difficult economic times. The bill sustains vital safety-net programs that will also help foster economic growth.

As I said at the outset, this is not just ordinary legislation; this is urgent legislation. It would prevent millions of Americans from falling through the safety net. It would extend vital programs that expired yesterday—expired yesterday. It would put cash in the hands of Americans who would spend it quickly, boosting economic demand. It would extend critical programs and tax incentives that create jobs. It is an important bill that we here can do for other Americans. So let's help America's businesses to create more jobs. Let's join to work across the aisle on this commonsense legislation, and let's enact these tax incentives and safety-net provisions into law.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRASSLEY. I yield myself such time as I might consume. Maybe I better ask, are we under a time agreement?

The ACTING PRESIDENT pro tempore. There is no time limit.

Mr. GRASSLEY. Mr. President, today, the Senate starts debate on expiring tax and health provisions, for people outside Washington. Around here, those tax provisions are generally referred to with the word ''extenders.'' But before I discuss the bill before us, I would like to make a couple points on the process, before I get into the substance of the substitute before the Senate. What I find surprising is, we are taking up a package that, similar to last week's exercise, absolutely belongs to the Senate Democratic leadership; that is to say, we are not taking up a bipartisan package that I put together with my friend, Finance Committee Chairman BAUCUS.

To be sure, some of the structure reflects the agreement I have with Senator BAUCUS, but this package is almost three times the size of the package we agreed upon. Virtually all the additional cost is due to proposals I would not have agreed to in representing the people of Iowa or the Republican conference.

I was under the impression the Senate Democratic leadership was genuine in its desire to work on a bipartisan basis, but clearly I was mistaken. Although the Senate Democratic leadership was highly involved in the development of that original bipartisan bill, they arbitrarily decided to replace it with a bill that skews toward their liberal wing. So my first comment to my colleagues, also to the media and to the entire Nation, is: Don't let this package be mislabeled as the Baucus-Grassley package. It is not the package my friend, Chairman BAUCUS, and I negotiated. Again, the package before the Senate dramatically differs in cost, balance, and dramatically is different in intent from the Baucus-Grassley compromise announced on February 12.

My second preliminary comment goes to the way in which these expiring tax provisions have been described by many on the other side, including those in the Democratic leadership. If you roll the videotape back a week or so, you would hear a lot of disparaging comments about these routine, bipartisan extenders. From my perspective, those comments were made in an effort to sully the bipartisan agreement reached by Chairman BAUCUS and this Senator. If you take a look at newspaper accounts of a week or so ago, you come away with the impression that the tax extenders are partisan work of Republicans and only for Republican interests. A representative sample comes from one report which describes the bipartisan bill as:

> . . . an extension of soon-to-expire tax breaks that are highly beneficial to major corporations, known as tax extenders, as well as other corporate giveaways that had been designed to win GOP support.

The Washington Post included this attribution to the Senate Democratic leadership in an article last week:

''We're pretty close,'' [the majority leader] said Friday during a television appearance in Nevada, adding that he thought, 'fat cats' would have benefited too much from the larger Baucus-Grassley bill.''

That quote happens to be from the majority leader.

The portrait that was painted by certain members of the majority and was echoed without critical examination—and in some press reports was outright inaccurate. For one thing, the tax extenders included provisions such as deductions for qualified tuition and related expenses and also the deduction for certain expenses for elementary and secondary schoolteachers. If you are going to college or if you are a grade school teacher, the Senate Democratic leadership apparently views you as a fat cat. If your house was destroyed in a recent natural disaster and you still need any of the temporary disaster relief provisions contained in the extenders package, too bad because helping you would amount to a corporate giveaway in the eyes of some. Such distortion of the extenders—some of them have been on the books for a long period of time; some of them passing this body by consensus—belittles helping some people who have needs.

Again, I wish to say the tax extenders have been routinely passed repeatedly because they are bipartisan and, frankly, very popular. Democrats have consistently voted in favor of extending these tax provisions. Let me tell you what House Speaker NANCY PELOSI released recently, a very strong statement when the House passed these very same tax extenders at the end of last year saying this was ''good for business, good for homeowners, and good for our community.''

That was December of 2009, not very long ago.

In 2006, the then Democratic leader released a blistering statement ''after Bush Republicans in the Senate blocked passage of critical tax extenders American families and businesses are paying the price because this Do Nothing Republican Congress refuses to extend important tax breaks.''

Recent bipartisan votes in the Senate extending bipartisan tax provisions had come in the Emergency Economic Stabilization Act of 2008 and the Tax Relief and Health Care Act of 2006. By the way, that passed the Senate by unanimous consent. Then we had the Working Family Tax Relief Act of 2004, which originally passed the Senate by voice vote, although the conference report only received 92 votes in favor and a whopping 3 against it.

Let me give what the nonpartisan Congressional Research Service has to say about the history of these extenders which are now before us, which should have been passed in December. They have been consistently widely supported because they mention the Tax Relief Extension Act of 1999, which passed the Senate by unanimous consent and one vote against it on the conference report. One Member on the other side said:

Our side isn't sure that the Republicans are real interested in developing good policy and to move forward together. Instead, they are more inclined to play rope-a-dope again. My own view is, let's test them.

So we are testing each other when we are talking about merely reimposing some policy that has been on the books for a long period of time and just happens to sunset, to force some review by Congress.

We had another Member of this large 59-vote majority exclaim:

It looks more like a tax bill than a jobs bill to me. What the Democratic caucus is going to put on the floor is something that's more focused on job creation than tax breaks.

Reading these comments, I found myself obviously scratching my head. The only explanation for this behavior is, certain Senators decided last week it serves a deeply partisan goal to slander what had been for several years bipartisan and popular tax provisions benefiting many different people.

The Washington Post article I quoted from earlier includes a statement from a Democratic Senate leadership aide saying that ''no decisions have been made, but anyone expecting us immediately to go back to a bill that includes tax extenders will be sorely disappointed.''

You can imagine that, today, a little over a week after these comments, I scratch my head, once again. We have before us the expiring tax and health provisions that were disparaged just a short time ago. Have they morphed from corporate tax pork? Have they suddenly reacquired their bipartisan character? Are these time-sensitive items, now expired for more than 2 months, suddenly jobs related?

We are beginning another debate, a jobs bill debate. So I wanted to focus on the economy, small business, and jobs after giving you that partisanship that should not have existed a week ago, to explain that it existed and not much has changed since then, but all of a sudden there is some idea of being bipartisan.

So we are going to talk about the substance of this bill. We all agree our Nation is currently facing challenging economic times. While there have been some signs of improvement such as the recent growth in our gross domestic product, job losses continue to mount and many hard-working Americans are struggling to make ends meet.

According to the Bureau of Labor Statistics, over 8 million jobs have been lost since our economy officially slipped into recession in December 2007. The unemployment rate is currently 9.7 percent, which is simply an unacceptable level. The lack of job creation continues despite aggressive action taken at the Federal level in order to stabilize the economy.

This includes the enactment of TARP and the $800 billion stimulus bill. However, these bills were all missing a critical ingredient for spurring job creation, and that was substantial tax relief targeted to small business.

Everybody knows small business is where the jobs are created in America; 70 percent of the net new jobs. In October 2008, Congress enacted the Troubled Asset Relief Program that we all call TARP around here, T-A-R-P. That was a $700 billion financial bailout bill that we were told had to be enacted immediately in order to deal with the so-called toxic assets to keep credit from drying up, which would have choked off the lifeblood of the American economy.

What we actually got—because we sure did not take out these toxic assets. So what we actually got was direct infusion of cash into the largest Wall Street banks, which was 180 degrees different than what we were told by Treasury before that bill was voted on, and the purpose of that bill as well. Later came the bailout of General Motors and Chrysler using TARP money after the Senate had just voted not to bail out GM and Chrysler.

This inconsistent policy by Treasury created uncertainty in the financial markets and the business community. Moreover, exorbitant bonuses were paid to executives and the management of firms that would have been out of a job if not for Congress and Treasury and the Federal Reserve intervening.

How effective was the bailout in improving the credit markets? In October 2009, the Government Accountability Office released a report reviewing TARP's first-year performance. The GAO report found credit had improved based on certain market indicators. However, they were not able to determine how much, if any, was attributed to TARP as compared to general market forces or other Federal action.

While it is unclear the extent credit has been freed up as a result of TARP, it is clear who has reaped the benefits of those programs. This past year, many financial firms, including Goldman Sachs, JPMorgan Chase, and others who received TARP funds, posted record or near-record profits.

While Wall Street executives have clearly benefitted form TARP, small businesses and their employers have not been that fortunate. Small businesses continue to struggle to obtain credit in order to expand their operations, purchase inventories, and even make payroll. The so-called stimulus bill, enacted almost solely by an overwhelming Democratic majority in Congress last February, has not spurred job creation either.

This massive $800 billion spending bill was hastily rushed to the floor of the Senate with little time to deliberate its merit. Lawrence Summers, the Director of President Obama's National Economic Council, said:

The test for the stimulus is whether it is timely, targeted, and temporary.

This stimulus bill hit the trifecta. It has failed in all three. Through a report issued in January 2009 by the current Chair of President Obama's Council of Economic Advisors, Christine Roemer, the administration predicted that the stimulus would save or create 3 million jobs. We were told by the Obama administration that if the bill was not passed quickly we would experience unemployment of 9 percent.

At this point we have a chart. The middle line, where it says 9 percent, the White House projected unemployment at 9 percent with no stimulus. However, we were also told by the Obama administration that if the stimulus bill passed, unemployment would not go over 8 percent, and that would be the bottom line.

Well, the bill was passed. But what did we get for $800 billion of debt before interest that was laid at the feet of our children and our grandchildren? The unemployment rate jumped from 7.7 percent in January right before the stimulus was enacted, to a high of 10.1 percent in October.

While unemployment recently dipped slightly to 9.7 percent—you can see that is the red line at the top—this was not due to job creation but because millions of individuals have literally given up looking for work and obviously do not show up in the unemployment statistics.

The Obama administration also stated that ''more than 90 percent of the jobs created are likely to be in the private sector.''

In all, 3.3 million jobs have been lost since the stimulus bill was enacted. That is 3.3 million compared to the 3.7 million the President said. Of course, 3.2 million of those jobs were in the private sector.

In summary, the Obama administration was terribly inaccurate regarding its stimulus jobs projection. At the time the stimulus bill was passed, I raised concerns that the bill was not targeted enough at small businesses and job creation. However, my point of view lost out and less than one-half of 1 percent of the bill included tax relief for small business.

The money in the stimulus bill gave tax credits to people who buy electric plug-in golf carts or to pay for rattlesnake husbandry in Oregon, among other ill-advised provisions, which would have been better allocated to small business tax relief, the place where employment starts. Since the stimulus, small businesses have been bearing the brunt of job losses in our economy. However, the words of those on the other side regarding the importance of small business job creation do not match their action when looking at the paltry amount of small business tax relief being provided.

Again, in the jobs bill, or stimulus bill, or whatever you want to call it that passed the Senate last week, there was only one provision directed solely to small business tax relief. That was a provision I supported which increased expensing of equipment purchased by small businesses. But it is a very small provision. It only gave small businesses what they have already been getting for the last couple of years, just extending it; in other words, just extending that figure. That provision was only $35 million out of $62 billion, the $15 billion that everyone talks about, plus the $47 billion for the highway trust fund that is typically not mentioned.

Last year, I introduced S. 1381, the Small Business Tax Relief Act. My bill would double the amount of equipment that small businesses could expense and would make those higher levels permanent instead of just for 1 year, as the Reid bill did.

In my negotiations on the jobs bill, I sought to include provisions for my small business tax relief bill. But there was no agreement to put small business tax relief provisions for my bill in the bipartisan compromise that we reached. Instead, we were asked to defer those provisions to a future tax bill.

According to ADP, national employment data from January 2009 through January 2010, small businesses with fewer than 500 employees saw employment decline by 2.67 million jobs, while large businesses with 500 or more employees saw employment decline by 694,000.

While I am sure many of us disagree about the effectiveness of the financial bailout and stimulus spending in getting our economy back on track, I know for sure that we all agree there has been a lack of job creation and too many people continue to be unemployed. Because the stimulus bill has so clearly failed in what it was supposed to do, which was to create jobs, and the administration and the congressional Democratic leadership are running away from the word ''stimulus'' faster than the Triple Crown winning horse Secretariat. Everything proposed now is called a ''jobs bill'' even if it includes proposals that were always labeled ''stimulus'' in the past.

Only 6 percent of Americans believe the stimulus bill created jobs. That is less than the 7 percent of Americans who believe that Elvis is still alive. Last week, the Senate passed a bill that included provisions designed to increase hiring. This includes a payroll tax holiday for businesses that hire unemployed workers and a tax credit for the retention of newly hired individuals throughout all of 2010.

The payroll tax holiday part of this proposal is likely to spark some modest hiring at businesses at the margins among those who have seen some improvement in their business but are on the fence about whether to hire somebody now or wait a while. However, many businesses continue to struggle and will not hire new employees just because it is the stated policy goal of Congress.

Before a business can hire a new employee, they need to know that new employee will generate additional revenue that exceeds the cost of the employee. The latest survey of the Small Business Economic Trends—and that is produced by the National Federation of Independent Businesses, or NFIB, as we know it—shows that many small businesses may not be in a place that they can afford to hire new employees even with the provisions of that bill passing the Senate last week called the Payroll Tax Holiday.

I have a chart from the National Federation of Independent Businesses to which I now want to refer. That chart has selected components from the Small Business Optimism Index. While many components of this index improved slightly from December, it is clear that small businesses continue to struggle. You will see from the chart a net negative 1 percent of owners who plan to create new jobs in the next 3 months. You will see on the chart a net positive of only 1 percent of business owners expect the economy to improve. Only 4 percent of business owners said it was a good time to expand, and a net negative 42 percent of owners reported higher earnings.

This last component is especially important for businesses when it comes to hiring new employees. If earnings are declining, there is little a payroll holiday will do to spark hiring since businesses need to know that the revenue generated by the additional employees will exceed the cost, not just today but in the future.

Before I go on to this NFIB survey, at the grassroots of my State, I had the opportunity the previous weekend to spend part of a Friday and part of a Sunday afternoon in what is called the Des Moines Home and Garden Show which has probably been around for 30 years or so, that one weekend a year. On the Saturday in between, I had an opportunity to attend a like show called the Home Improvement Show in Waterloo. You walk around and talk to vendors, small business people. You kind of look at what do they expect Congress to do about creating jobs. I never got anything positive about something we might do, but I got a lot of ideas that they want us to do that said: You have to give us some certainty.

Do you know what they quoted. They quoted the big tax increase coming up at the end of this year as some of that uncertainty. They quoted the cap-and-trade tax that possibly could pass the Senate. Then they quoted the potential cost to small business because of the health care reform bill. They said: Take all of those potential things out of the picture, and we will start hiring. But it is the uncertainty that is out there of what Congress is going to do to us that is keeping us from hiring people.

I want to go back to the NFIB survey. When businesses are asked what the single most important problem facing their business is, the answer is lack of sales. That is in addition to the uncertainty I related. But this is closely

followed by what I did say, taxes, and then government regulation, and redtape. I am glad my colleagues on the other side have recognized that true job creation comes through the private sector and have thus sought hiring incentives through payroll tax relief.

However, this minor tax relief is a drop in the bucket considering the challenges small businesses face due to the economy and proposed increased taxes and redtape included in the President's budget. Whether we are speaking about cap and trade that will drastically increase energy costs, health care reform that would mandate small businesses offer health benefits that will increase the cost of labor, or the call for tax increases on so-called wealthy taxpayers earning over $200,000 that will largely fall on the backs of small businesses, if our intention is to increase long-term employment, the last thing we should be doing at this time of economic uncertainty is to increase taxes and place additional burdens on those who are responsible for creating 70 percent of the jobs in our economy; namely, small business.

Providing small businesses a payroll tax holiday while intending to impose increased taxes, regulations, and mandates amounts to throwing them a few peanuts while taking away their supper. In recent months, I have spoken at length about the impact of tax increases set to kick in 10 months from today. I have examined the impact of these tax increases on small businesses. I think Members ought to take a closer look at it before we actually enact big tax hikes.

The President and my colleagues on the other side of the aisle have proposed increasing the two marginal tax rates from 33 and 35 percent to 36 and 39.6 percent, respectively; increasing the tax rates on capital gains and dividends to 20 percent, fully reinstating the personal exemption phaseout for those making over $200,000, and fully reinstating the limitation on itemized deductions for those making more than $200,000.

With these two provisions fully reinstated, the individuals in the top two rates could see their marginal tax rates increase over 15 percent or more. My colleagues on the other side of the aisle respond that these proposals will only hit ''wealthy individuals'' and only a small percentage of small businesses fall into this category. I have been trying to tell them for 3 or 4 years that what they want to talk about, the small percentage of small businesses falling into that category—I will not convince them, because I don't know what they are reading—is wrong. Because small business is going to be hit very definitely by these increases. What my colleagues fail to understand is that the small businesses that fit into this group are not static but consist of different businesses over time that go in and out of the top two tax brackets depending on the market.

Data from the Joint Committee on Taxation, which is a nonpartisan official congressional scorekeeper on tax issues, shows that 44 percent of the flowthrough business income will be hit with the increase in the top two tax rates proposed by the President. This hits small businesses particularly hard since most small businesses are organized as flowthrough entities. It will increase taxes on single small business owners who make more than $200,000 per year, even if they plow all of their income back into their small business to keep paying their workers and hire additional workers. Increasing taxes on this group punishes their success and limits their ability to reinvest in their company. It prevents them from putting away funds for tough economic times to keep their business afloat.

Government is currently creating a climate of uncertainty where the private sector does not know what we will do next, what taxes will be raised, and what regulatory barriers will be put in their way. We can start to put some certainty back into the business world by declaring we will not increase taxes on businesses 1 dime, by making the 2001 and 2003 bipartisan tax measures permanent.

Let me be clear: Businesses do not want to be certain that the government is going to raise their taxes and make them go up through more redtape. They want to be certain that it is not going to happen. Until then, many will simply sit on the sidelines and not hire more workers, as I reported from my weekend before last at a couple affairs in the State of Iowa.

Moreover, we can directly provide targeted relief to small businesses. Last June, I proposed legislation to do that. I introduced the Small Business Tax Relief Act to lower taxes on job-creating small businesses. Since the Democratic leadership barred any amendments last week, I am hopeful we will debate and vote on an amendment offered by Senator THUNE. Many provisions in my bill are contained in the Thune bill. My bill contains a number of provisions that will leave more money in the hands of small businesses so they can hire more, continue to pay the salaries of their current employees, and make additional investments. This includes allowing flowthrough small businesses, partnerships, S corporations, LLCs, and sole partnerships to deduct 20 percent of their income, effectively reducing their taxes by 20 percent. My bill also includes tax relief for small business owners from the unfair alternative minimum tax. It takes general business credits, such as the employer-provided childcare credit, out of the alternative minimum tax. This would allow a mom-and-pop retail store that provides childcare for its employees to get the same tax relief a Fortune 500 company gets when it provides childcare for its employees.

My bill would also allow more than nearly 2 million small C corporations to benefit from the lower tax rates for the smallest C corporations. There are so many small C corporations because they were formed as C corporations before other entities such as LLCs became more widely used.

Among other provisions, my bill would also lower the potential tax burden on small C corporations that convert to S corporations.

The NFIB has written a letter supporting my small business tax relief bill, stating:

> To get the small business economy moving again, small businesses need the tools and incentives to expand and grow their businesses. S. 1381 provides the kind of tools and incentives that small business needs.

I want to talk about an opportunity for true bipartisanship that was killed by the Democratic leadership. The same day Chairman BAUCUS and I released a bipartisan bill that contained significant compromises, behind closed doors the Democratic leadership cherry-picked four provisions out of the larger bill Chairman BAUCUS and I agreed to. Those provisions had been agreed to in a meeting of senior Members of the other side only while Chairman BAUCUS and I were negotiating. I was extremely disappointed to see the Democratic leadership blow up the bipartisan deal Chairman BAUCUS and I reached. To pour a little salt into the wound, the Democratic leadership then prohibited any Senator on either side of the aisle from even offering an amendment to improve a bill that he hijacked. One of the four provisions the Democratic leaders cherry-picked is Build America Bonds. If it had been just me drafting the bill, I wouldn't have included this provision. However, for the sake of bipartisanship and compromise in the context of a much larger bill, I reluctantly agreed that putting this provision in the bill would not cause the overall bill to lose my support. Build America Bonds is a very rich spending program disguised as tax cuts. Bloomberg reported that large Wall Street investment banks have been charging 37 percent higher underwriting fees on Build America Bonds deals than on other deals. Therefore, American taxpayers appear to be funding huge underwriting fees for large Wall Street investment banks as part of the Build America Bonds program.

Democratic leadership has said the Build America Bonds program is about creating jobs. I wanted to know whether it is about lining the pockets of Wall Street executives. So last week I asked the Goldman Sachs CEO a number of questions about these much larger underwriting fees subsidized by American taxpayers. I expect to have that discussion shortly.

Turning back to the bill being debated this week, the Thune amendment, which incorporates many of the provisions from my small business tax relief bill, provides substantial small business tax relief and should be adopted.

In this bill, I hope we can all work toward improving our economy, not through more government but by letting the engine of job creation, meaning small business, keep more of its

own money in the form of substantial small business tax relief.

I yield the floor.

The PRESIDING OFFICER (Mr. KAUFMAN). The Democratic whip.

Mr. DURBIN. First, let me serve notice on the Republican side that I will be making a unanimous consent request about the extension of unemployment benefits so that Senator BUNNING or someone else on his behalf will be on the floor if they care to object.

Let me say, before my friend from Iowa leaves the floor, one of the reasons we can't get to the issues you want is because we are in the midst of a filibuster by the Senator from Kentucky who has stopped us from extending unemployment benefits, COBRA benefits for 30 days. As I understand it, that filibuster now applies to a noncontroversial judicial nominee. So we have multiple filibusters holding us back from considering some of the measures you mentioned. I might say, some of them I find appealing and hope we can make them part of the package. The reason why your initial agreement with Senator BAUCUS met some resistance on our side of the aisle is that we thought there was a lack of balance. Although I support the tax extenders being extended for the remainder of the year in your initial agreement with Senator BAUCUS, the extension of unemployment benefits and COBRA was only for a few months. We felt that both should be extended until the end of the year. I hope we can reach that agreement when we come back to the amendment that is pending before us, as soon as the filibusters that have been initiated by the Senator from Kentucky are completed.

Let me say a word about those filibusters. We tried last week to extend for 30 days unemployment benefits that would run out across America, starting literally at midnight last night. There was one objection from Senator BUNNING from Kentucky; he objected to extending unemployment benefits and COBRA benefits. The net result of this one Senator's objection is to put us into a procedural process that could literally take days.

What happens to the people who were on unemployment during that period of time? They are cut off. Fifteen thousand people on unemployment in Illinois last night were cut off because of the Senator from Kentucky, and roughly 400,000 nationwide have seen their unemployment benefits cut off.

I met two of those people in Chicago yesterday. They have been unemployed for extended periods of time, and they have been spending literally every day trying to find a job. One of them has a little 3-year-old daughter. I asked him: What is going to happen now that you do not have your unemployment check?

He said: I don't know. The first thing I will do is default on my student loan. I will have to do that. I can't make my payment if I want to put food on the table.

So there are real-life consequences to your objection, and the real-life consequences are being visited on innocent people who, through no fault of their own, lost their job and cannot find one in an economy where we have five unemployed people for every job available.

In your State of Kentucky, my State of Illinois, and virtually every other State, these people are struggling. Some of them have reached the end of the rope. They are making decisions you and I would never want to face about whether they are going to have to give up a home—literally give up a home. And it could happen.

It is great to have a political debate in the Senate. We should. That is what the Senate is supposed to be about. But when the victims in the middle of the debate are unemployed people, I do not think that is fair. I do not think it is fundamentally fair. These people are trying—this one young man, David Seanior, showed me a list of 300 applications he had made to try to find a job during the last year. He said: I go online every day. This is a man who had worked for years, had a strong work record, until he was laid off. He said: I just can't find anything. I am desperate. I am trying everything I can think of, and now you are going to cut off my unemployment benefits.

Frankly, we came to the Senate floor last Thursday night to urge the Senator from Kentucky to reconsider his objection. The net result of this is going to create hardship all across America, and it gets worse by the day. We estimate that roughly 2,000 more people tonight will lose their unemployment benefits in Illinois. So by next Sunday, instead of 15,000 losing their checks, it will be up to nearly 30,000. By the end of March, the total is estimated to be 65,000 people who will lose their unemployment checks because of the objection of Senator BUNNING of Kentucky and this initiation of a filibuster.

I do not think that is what we should do. This is an economic emergency facing this Nation. It is not the first time Senator BUNNING has been asked to extend unemployment benefits that were not paid for. See, that is his issue: You are not paying for the unemployment benefits. You should not extend it.

Senator BUNNING voted for the fiscal year 2008 war supplemental bill which extended unemployment insurance benefits for 13 weeks. He also supported ending debate and did not object to the voice vote of a measure to extend unemployment benefits for an additional 7 weeks for workers who exhausted their current compensation by March 31, 2009. That bill also extended benefits for an additional 13 weeks—half the duration of regular unemployment compensation—for workers in States with unemployment rates of 6 percent or higher. Neither of the extensions he voted for—one in a record vote and one by voice vote—had any budget offsets. So to argue that now we are taking a stand on principle, the fact is, twice, at least—I do not know if there were more times—the Senator has reached an opposite conclusion and agreed with the majority, the bipartisan majority, that we were truly in an economic emergency.

There is one other aspect of this which is troubling, and that is the first casualty of most people who are unemployed is health insurance. The employer is not paying it any longer. If you want to continue health insurance, COBRA lets you pay for it all, and it is too expensive—roughly $1,300 a month for health insurance for a family in my State of Illinois, and the unemployment compensation is about $1,100 a month. So do the math and understand that most people cannot do it.

So President Obama said, as part of our effort to turn this economy around, we will help people pay for their health insurance through COBRA. We will pay I believe the figure is 65 percent of the premiums so people will be paying one-third of their health insurance premiums when they have lost a job—still a substantial sum of money: $300 or $400 they would have to pay each month. But imagine if you had a sick child at home, and imagine that child needed at least the possibility of coverage should they be hospitalized for diabetes or cancer or whatever the cause may be. If you get a gap in coverage and you lose your health insurance because you cannot afford to make the payment, you could find yourself in a predicament where you not only do not have health insurance but the prospect of buying additional health insurance is next to zero.

Senator BUNNING's objection cut off this benefit, this 65-percent benefit on health insurance. We have tried to extend it for 30 days. So that means these people will not only lose their unemployment check, they will lose this help with their COBRA benefit.

I have been, once in my life, in a predicament being a father with a sick child and no health insurance. Mr. President, I want to tell you, if there is something that tears you apart as a dad, it is going into a hospital with no health insurance with a sick baby. I have been there. I have done that. Thank God it happened years ago and my little girl made it through that episode.

But we are forcing literally hundreds of thousands of Americans into this situation because of the objection and the filibuster of one Senator from Kentucky. That is unfair—not only unfortunate but unfair. If we are going to fight a battle over our budget deficit and get involved in lengthy debates, as we can, there are plenty of chances to do it. We will have a budget resolution in just a few months. We will have a score—at least a dozen—of appropriations bills to fight this battle over, and I think the battle can be joined.

We said to the Senator from Kentucky: If you want to offer an amendment to pay for the unemployment

benefits and the COBRA benefits, you are entitled to offer that amendment. You are entitled to come to the Senate floor, express your point of view on how this should be paid for, and to accept the will of the Senate. Let them vote on your amendment. If they agree with you, fine. If they disagree, it will be a matter of public record. You will have your day on the floor of the Senate, which is about the best most of us could hope for in this job.

But the Senator from Kentucky said: No, I am not going to do it because I might lose. Well, yes, you might win and you might lose, and that is what we all face when we come forward with an idea on how to deal with the budget deficit. I do not think it is fair to insist that it is my way or the highway when it comes to something as basic as unemployment benefits and health care for the people who are unemployed across America.

As I visit these unemployment offices and meet with these people, I find a lot of determined folks whom you would think would have given up a heck of a long time ago still trying. They consider it a victory if at the end of the day one of the posted jobs on the Internet leads to an interview. They are that desperate. Yet we are saying to them: We are going to cut off the money you need to feed your family in an effort to make a point about deficit reduction. That, I think, is unfortunate.

We have asked for an extension of unemployments benefits repeatedly because we are in the worst shape in our economy in 75 years, and a lot of people are struggling to make ends meet. I know there are those who argue that at some point we have to cut off these unemployment benefits. But I would ask them to consider this as well: Unemployment assistance is the most direct infusion of money into the economy. Those who are economists tell us the first dollar you give in unemployment assistance is going to be spent immediately. It is not going to be banked, saved, or invested. These folks need it, and they will spend it the day after they get it, for obvious needs, and that creates more economic activity.

So you are not only doing the right thing that a caring nation does when so many of us are facing hard times, it is an economic stimulus—No. 1, incidentally, by the Congressional Budget Office—in terms of what we can do to get this economy moving forward. It is not just a matter of helping those who are helpless; it is a matter of injecting money into the economy in the most efficient way.

I am afraid this has happened before. The last time the Senate extended unemployment, the other side of the aisle objected three times—the leaders on those three occasions. Incidentally, that extension of unemployment benefits was completely paid for. So it appears whether it was paid for or not paid for, there is objection on the Republican side of the aisle.

I do not get it. I do not understand it. President Obama is doing his best to get this economy moving forward. He inherited a weak economy that was losing 700,000 to 800,000 jobs a month. Things have improved somewhat, though they are not where we want them to be, and I believe we ought to be standing behind the people in our Nation who are struggling to find a job and get back to work. Many of them are trying to keep families together and care for their children.

Last week, nearly 500,000 Americans filed for unemployment for the first time. The number surged to just below 500,000 last week. It climbed more than 12 percent over the past 2 weeks. I wish that were not the case but it is. So you see, the economy is still struggling. I believe the first thing we ought to do is to care for our own. If someone came to the floor with an emergency request now because of a drought, a flood, a hurricane, a tornado, we would honor it. We do that almost on a regular basis because at some point you say: First, help these poor people. Then deal with the budget challenge it brings at another time.

But now, when it comes to helping our own, the citizens of this country who are out of work, that, unfortunately, is not the case. Right now over 4.6 million Americans continue to collect unemployment. That is up 6,000 from the preceding weeks—the number of claimants.

In addition to the filibuster initiated by Senator BUNNING hurting those who are unemployed, it is also going to have an impact on the Small Business Administration. Most everyone agrees the key to bringing this economy forward is helping small businesses stay in business and create jobs. The Small Business Administration loans money to small businesses, which during difficult times need a helping hand.

The Senator's filibuster and his objection has closed down SBA programs that provide credit to small businesses. What are we thinking to stop assistance to small businesses at this moment in our history? Most of us believe this is central and essential if we are going to turn the corner and move forward. Yet the Senator from Kentucky has objected.

It also has some ramifications in cutting back on money that is available for transportation. I do not know if the Senator is even aware of what he has done when it comes to his objection, but in my State and many others, we are finding that people are losing their jobs today. We have been running our Federal transportation program with short-term extensions since September 30 of last year—almost 5 months. These stopgap extensions were underfunding our transportation system and hurting our States, cities, counties, and workers. The short-term extensions created an unstable environment in the Federal transportation program.

We passed a yearlong extension in last week's jobs bill, but the House could not pass it on time to keep the Transportation Department authorized. So we came to the floor to pass a 30-day extension of transportation law along with the COBRA and unemployment benefits. Senator BUNNING's objection has basically shut down the highway trust fund, the Federal highway trust fund.

This is uncharted territory. We do not let surface transportation legislation expire. It has not happened before. The Department of Transportation is shutting down highway reimbursements to States. That means hundreds of millions of dollars that should be flowing from the Federal Treasury to these States are not.

The Department of Transportation is furloughing nearly 2,000 employees without pay as of today because of Senator BUNNING's objection. The Department of Transportation is removing Federal inspectors from critical construction projects, forcing work to stop on Federal lands.

DOT's safety agencies, such as the National Highway Traffic Safety Administration, are furloughing employees who work on safety programs—programs that stop drunk driving, reduce traffic injuries, and increase child passenger safety—because of the objection of the Senator from Kentucky.

In my State, we are going to lose 50 Federal Highway Administration employees—furloughed today. These workers have been instructed not to report to work until we pass this extension.

Second, the Illinois Department of Transportation will not be receiving Federal reimbursement for projects because of this objection by the Senator from Kentucky. They were scheduled to submit the next Federal bill for reimbursement as of tomorrow. The Illinois Department of Transportation will submit a bill of about $25 million for work already completed to which they are entitled. But because of the objection of the Senator from Kentucky, that bill cannot be paid. There is no question that my State is entitled to it. I imagine the State of Kentucky has a similar situation. The question is whether there is anyone there to process it, and because of his objection, there is not.

Delays in Federal reimbursements will make it difficult for the Illinois Department of Transportation to pay the contractors and workers on these projects. So the ripple effect of this is the money doesn't go back to the construction companies or to the workers and their families, leading to unemployment.

The Senator from Kentucky is opposed to extending unemployment compensation. The unemployment rate, incidentally, in the construction industry is 24 percent nationwide. Laying off more construction workers at this time is exactly the opposite of what we ought to be doing in this economy. Future work on Illinois transportation projects could be in jeopardy if

we do not pass an extension. The Illinois Department of Transportation is scheduled to release the largest bid lettings on April 23 for projects underway this construction season, and so the construction season will be delayed.

I am trying to give the whole picture. As we wait for the Senator from Kentucky to agree to a short-term extension of these critical programs, we are jeopardizing jobs, more people will be unemployed, and we are jeopardizing future projects which will be shortchanged because construction seasons are limited.

This 1-month extension of transportation law—and that is all we are asking for—has already had overwhelming bipartisan support in the past, and the 1-month extension itself costs nothing. Last week, we passed a 1-year transportation fix as part of the jobs bill.

The following groups have written letters urging us to move on this extension: the American Association of State Highway and Transportation Officials, the American Road and Transportation Builders Association, the Associated General Contractors of America, the U.S. Chamber of Commerce, the Laborers International Union, and the American Automobile Association.

The House did its work last week and passed this 30-day extension, sending it over to us, where we learned Thursday night that the Senator from Kentucky was going to object. Nine of us took to the floor Thursday night and made a request several times for him to withdraw his objection, which he refused to do. I made another request on Friday morning on the floor and the Senator continued his objection and then several today.

So I am going to make the 11th request of the Senator from Kentucky, on behalf of the people I represent in Illinois, some 15,000 who have lost their unemployment checks because of his filibuster, and 400,000 across America who are wondering: What happened? What did we do wrong here? Why aren't we receiving the check we need for the necessities of life?

Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4691, the 30-day extension of provisions which expired on Sunday, February 28, including unemployment insurance, COBRA, flood insurance, the Satellite Home Viewer Act, highway funding, SBA business loans and small business provisions of the American Recovery Act, SGR and poverty guidelines, received from the House and at the desk; that the bill be read three times, passed, and the motions to reconsider be made and laid upon the table.

The PRESIDING OFFICER. Is there objection?

Mr. BUNNING. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DURBIN. Mr. President, keep in mind we have repeatedly offered to the Senator from Kentucky an opportunity for a vote: Bring your approach to the floor. Let the Senate decide. Accept the decision of the Senate, win or lose. That is the most any Senator can ask for. Yet he wants more. He wants a guarantee that he wins. Well, there is no guarantee you win in the Senate. There is no guarantee you win in baseball. You do the best you can. Under these circumstances, I think what we have reached is a point that is difficult to understand and explain.

I would like to invite my Republican colleagues—all of them—to come to the floor and express themselves on this. If they believe we should cut off unemployment benefits, health insurance benefits, close down the U.S. Department of Transportation's work in the States, close down the SBA programs for small businesses, I hope they will come and express that point of view. They should, if they feel that way. If they feel, as I do, that this is unfair and unfortunate, if they will come forward and join us on the floor, we can try to build up some momentum for moving this issue forward.

There are people in every State of the Union who are suffering today because of the objection of one Senator, because of the filibuster of one Senator, and that is a sad indication of what has happened in the Senate; that we have reached this point and that even offering an up-or-down vote on an amendment is not enough.

What the Senator is looking for is a guaranteed result. We can't give him that guaranteed result.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. BUNNING. Mr. President, it is amazing to me the Senator from Illinois has what we call a convenient memory. Just last week there was a bipartisan bill proposed by Senator BAUCUS and Senator GRASSLEY that would have covered the extension of unemployment benefits, COBRA health care assistance, flood insurance, highway bill assistance, the doc fix, small business loans, and the Rural Satellite Television Viewer Act. The convenient memory loss of the Senator from Illinois has allowed him to forget that his leader, Senator REID, did not allow that bill to come to the floor and instead substituted his jobs bill. The majority leader's jobs bill was also not fully paid for, by the way. Ten billion dollars wasn't; five billion dollars was. So $10 billion from the jobs bill that was passed went to the bottom of the deficit.

There comes a time when 100 Senators are for something we all support, if we can't find $10 billion to pay for it, we are not going to pay for anything. We will not pay for anything fully on the floor of the Senate.

He said I only offered one way to pay for this. That is untrue. I offered more than one way. I negotiated with the leader—the leader's staff, rather—and we had worked out a 2-week extension for $5 billion with a different pay-for. The debt we have arrived at, even the head of the Federal Reserve Bank, Chairman Bernanke, said is not sustainable. It is unsustainable. What does that mean to the American people, to the same people who are struggling to pay for bills, who are on unemployment, who could have been covered had the Baucus-Grassley bill been considered and could have been covered not for 30 days but for 3 months? Because there were some tax extenders in that bill, the Democratic majority stopped the bill from being considered.

I am not filibustering the bill. A filibuster is somebody who talks a long time. I am exercising my right as a Senator, duly elected from Kentucky, to object to a UC. That is completely different than filibustering. Everybody knows a Member of this body, any 100 of us can object to anything that is brought to the floor of the Senate, whether it be a nominee, whether it be a judge, whether it be somebody who is appointed to the Treasury. Anybody can object. There is a procedure that takes place that can overcome that objection. Why doesn't the Democratic majority use that procedure?

So I am going to take one more shot. As long as we continue to have the extenders being brought forth unpaid for, I am going to object.

Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4691; that the amendment at the desk, which offers a full offset, be agreed to; the bill, as amended, be read a third time and passed, and the motions to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection?

Mr. DURBIN. Mr. President, reserving the right to object, the Senator, again, is asking that he win without a vote. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BUNNING. Mr. President, we tried and we will continue trying. As many people who get up and propose that UC, I will be there, whenever it is. I want it passed as badly as the Senator from Illinois does because I also have people in Kentucky who have the same problems as his people do in Illinois. All the States that are represented by two Senators do as well, but let's do it and pay for it because the money is available in many areas. The money was available for the Grassley-Baucus bill, which extended things for a year, in some cases, and extended these provisions I am talking about and the Senator from Illinois is talking about for a full 3 months. We would not be in this position if the Senator from Nevada had allowed that bill to come to the floor.

Thank you. I yield the floor.

The PRESIDING OFFICER. The Republican whip.

Mr. KYL. Mr. President, until my voice gives out, I wish to address the bill that is on the floor. The bill has been denominated by my colleagues on

the Democratic side as a jobs bill, but it will not create any new jobs and when considered in conjunction with the health care legislation the President has proposed will actually cost jobs and I wish to address that.

This legislation extends some current provisions of law, including tax provisions, unemployment compensation, COBRA insurance. It extends a provision of Federal subsidies to the States for Medicaid, and there are a few other provisions. None of these create new jobs. The tax extenders are useful. That is our Washington, DC, speak for provisions of the Tax Code that last 1 year and have to be renewed each year. They are generally used to enable businesses to deduct from their taxes ordinary business expenses and include things such as research and development tax credits which I think are supported by all 100 Senators. So we do this every year. We extend these tax provisions for another year. It should have been done at the end of last year; it wasn't. So it has to be done now and made retroactive to the beginning of the year. One could argue that some of those may theoretically create a few jobs, but they are something we do every year, and they are not for the purpose of creating jobs; they are simply good business practices. So this bill takes on the usual business of the Senate. There is nothing new, as I said, to create jobs.

What of the subject of unemployment coverage extension which we have just been debating? That doesn't create new jobs. In fact, if anything, continuing to pay people unemployment compensation is a disincentive for them to seek new work. I am sure most of them would like work and probably have tried to seek it, but you can't argue it is a job enhancer. If anything, as I said, it is a disincentive and the same thing with the COBRA extension and the other extensions here. So it is not a jobs bill, and it is beyond me how it could be denominated as such.

Moreover—and the reason for my colleague's objection to the temporary bill—the Congressional Budget Office preliminary estimate shows this bill adds $104 billion to the deficit over the next 10 years, and that is in addition to the $10 billion that would be added that my colleague, Senator BUNNING, has been talking about. This number is primarily due to the extension of unemployment insurance, the expanded COBRA extension, and the new Federal assistance to States for Medicaid patients. These are given emergency designations. As a result, we don't have to supply an offset, a spending reduction, to pay for the cost of these provisions.

This comes just a week after our Democratic colleagues were bragging about the fact that they passed a bill called the pay-go bill.

The pay-go bill is supposed to require that if we are going to spend money, we find an offset in the form of a spending deduction or revenue enhancement that covers the cost of that new spending. We predicted that as soon as we passed the pay-go legislation, our Democratic colleagues would come to the floor and seek to have their next legislation exempted from it. Sure enough, that is exactly what was done.

Both the matter Senator BUNNING has objected to and the bill we are on now have to be exempted from the pay-go requirements and, therefore, add to the Federal deficit—in this case, $104 billion. Some of these provisions are useful provisions. But the truth is you can't, on the one hand, say everything we do has to be offset with spending cuts or tax increases and then waive the pay-go legislation every time you want to do it—as it turns out so far, every time we have considered legislation.

The reality is, we could pay for this legislation and, as Senator BUNNING said, we could pay for the so-called temporary extension of unemployment benefits because we have money we authorized and appropriated earlier in the so-called stimulus bill which would more than offset the cost of this legislation. Republicans, of course, would like to offer an amendment to pay for it from the stimulus funds. According to recovery.gov, the Web site for the stimulus bill, only $186 billion of the $499 billion in appropriated and direct spending from the stimulus has been spent so far.

That means $313 billion or 63 percent remains unspent. So $160 billion of these funds hasn't even been made available to be spent yet.

The original CBO estimate of the stimulus shows 21 percent of the money, $122 billion of the appropriated and direct spending, will not occur until 2012 or thereafter. We have an immediate crisis. Our Democratic colleagues say we have to extend unemployment insurance. In fact, it is such an immediate crisis, they have to waive the pay-go requirements that would ordinarily apply because it is an emergency.

If that is the case, then why not simply take this money that isn't going to be spent until after 2012 and pay for the legislation that is before us right now? Why would we put aside stimulus money to spend in 2012 when people need it today? That is the very argument my colleague from Illinois was making to my colleague from Kentucky. Why pile on the deficit if we have this money available? Therefore, my colleague from Kentucky made a good point when he suggested this money should be paid for out of the stimulus funding. I am sorry to see my Democratic colleagues object to that request.

The conclusion is, therefore, the bill will do nothing to create new jobs. What is more, when considered in conjunction with the health care legislation, it will actually cause a loss of jobs.

The President, who talked about his plan last Thursday at the so-called health care summit, noted that the bill costs a lot of money and, therefore, they had to raise taxes in order to pay for it. Among other things, the President's plan, unlike the plan that passed the House or the Senate, would raise the Medicare payroll tax on small businesses. It would raise taxes by 31 percent. It would also apply the Medicare payroll tax to investment income, such as interest, dividends, rent, and royalties.

We all know if you tax something, you get less of it. Taxing investment income would, therefore, reduce investment in the economy. Putting a tax on the employment of people means businesses are going to hire fewer people or there are going to be fewer people on their payroll. We cannot afford to lose more people to unemployment. We need to begin hiring people. How do we do that? You surely don't do it by making it more costly to employ people or by increasing by almost one-third the Medicare payroll tax. That makes no sense. To apply it now to investment income will directly drive down productivity and economic growth. Less investment will, obviously, lead to lower productivity, slower economic growth, weaker wages and salaries, and lower household wealth.

For example, each new dollar of tax paid by a small business is one less dollar that could go toward hiring new employees.

The Heritage Foundation just did a study on this proposal. It found that between 2011 and 2020, regarding this investment income proposal alone, it would result in an average of 115,000 lost job opportunities per year; it would reduce household disposable income by $17.3 billion per year; it would cut wages and salaries by $14 billion per year; and it would decrease household wealth by $267 billion per year.

Last week, Congress passed a new job-hiring tax credit. With great fanfare, my colleagues on the other side of the aisle said this is the way to help small businesses hire more people. The whole idea was to put more people to work. The very same week, the President announces his health care proposal that will make it harder for people to go back to work. If the goal is to get more people to work, I submit that my Democratic friends should shelve their health care plan, which will have the opposite result. It is very hard to justify legislation that is going to hurt job creation.

As I say, when you consider the fact that, No. 1, the bill before us creates no new jobs—and I challenge my Democratic friends to show us how doing what we always do and what was done last year—extending the R&D tax credit, extending COBRA insurance, extending unemployment benefits—creates jobs. What is the estimate for job creation by the CBO on this? It can't be very much.

Finally, my colleague from Illinois, in responding to Senator BUNNING a little bit ago, said Republicans always object—and we have many times on previous occasions—to the consideration

of unemployment legislation. I recall back in October—in fact, I will quote from a story, dated October 13, 2009, by Dan Friedman. He says:

Last Thursday, Democrats announced a deal that gave all 50 States a 14-week extension.

I think that was about three extensions ago. I have forgotten exactly.

The Senate Finance Committee Chairman, Max Baucus, within hours of that sought unanimous consent to pass the bill. Even though Republicans had already indicated that they would object so that they could try to amend the bill to replace the extension of the tax or to provide a pay-for in the Democrats' plan with the use of stimulus money.

It noted the fact that I had also asked that we see the CBO score on that. It noted that Senators REID, BAUCUS, and other Democrats quickly bashed Republicans: ''The delay is a threat to millions of workers struggling to feed their families as they retain or search for new jobs,'' my friend, the chairman of the committee, said.

Earlier in this particular article—I will read how it starts off:

Senate Democrats in recent weeks have repeatedly used unanimous consent agreement requests to rack up talking points against Senate Republicans—a tactic that GOP aides said the majority is using deceptively to blame Republicans rather than internal disputes for stalled legislation. Senate leaders have long used the tactic of asking for unanimous consent to pass legislation they know will draw an objection from the minority and then blasting the objectors for obstruction.

I fear that is what we are seeing here. Immediately after Democrats, behind closed doors, develop legislation, they immediately come to the floor and say: Let's pass it, and Republicans say: Let's at least see how much it costs and give us a chance to amend it. We thought the Democrats liked to do that. Oh, no, we cannot have that, not when it applies to unemployment extension.

That is all my colleague from Kentucky is trying to do. As I said, that is $10 billion not paid for. The bill before us is another $104 billion not paid for, and it doesn't create a single new job. Yet my colleagues on the other side of the aisle are unwilling to use stimulus money to pay for it.

I will be very interested, when we do have an opportunity to amend the bill before us—I assume we will, and I assume one of those will be to pay for the bill with the stimulus funds—maybe we can make it clear these are not funds that would be spent until after the year 2012. It will be interesting to see if my Senate colleagues who support pay-go would support that kind of amendment. After all, if this is supposed to be a stimulus bill for job creation, you would think it could be used for that purpose.

I hope my colleagues will consider that every time we pass one of these bills, we are adding to the deficit and we are not creating new jobs. It is a legitimate point for Republicans to make. I hope we will have the opportunity to address that subject with amendments as this bill goes forward.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, the Senator from Arizona argues that unemployment insurance is a disincentive to jobs. Nothing could be further from the truth. I don't think anybody who is out of work and receiving unemployment insurance believes that payment is sufficient not to find a job. The payments are so much lower than a salary or wage would be, it is ridiculous. There are five unemployed Americans today for every job opening in the economy—five unemployed Americans who are looking for work but cannot find it. That is the case and has been the case for a long time. People are looking for work. They are not unemployed because they have a choice. It is because of the recession that struck and the economy. It is not because people don't want to work.

An additional point. Many of us asked the CBO to rank what measures would be most effective in helping the economy. The one they came up with was unemployment benefits because unemployment benefits generate about $1.90 in GDP growth for every $1 we paid out in terms of unemployment benefits.

I wished to make the point—and I don't know if the Senator meant this, but he strongly implied it, and I took him to mean that unemployment insurance is a disincentive for people to look for work. I don't think it is because the benefits are so low and so many are looking for work—it is the economy or recession that cost us jobs.

Mr. KYL. If my colleague will yield, I said it is not a job creator. If anything, it could be argued it is a disincentive for work because people are being paid even though they are not working. I certainly did not say, and would never imply, that the reason people don't have jobs is because they are not looking for them. It is true that a lot of Americans have gotten so tired of looking for jobs or believe they are not going to find them that they have stopped looking and, as a result, the unemployment numbers are probably higher than the roughly 10 percent that is quoted now. Some people believe it could be as much as 17 percent. This is why I have supported every extension of unemployment benefits. I have voted for them. As my colleague says, there are five people looking for every job that exists. If they cannot get the jobs, they needed support.

But what I said is true, and if my colleague can find a source that says it is not true, show me. But providing unemployment benefits doesn't create jobs. The bill we have before us is denominated around here as a jobs bill. That is the biggest single expenditure in the bill, and it doesn't create jobs.

Mr. BAUCUS. I appreciate that. I have a question. First of all, unemployment benefits in Montana are about $300 a month. That is all. It is $300 a month in Montana. I know doggone well that is not enough to keep anybody going very long. Lots of folks are looking for jobs, and they are not available. Failure to pass the extenders bill could be fairly stated as a job destroyer because there are so many people who have taken advantage of many provisions of the bill—for example, the R&D tax credit, which the Senator mentioned, and there are other provisions in the bill, such as the teachers expense, for example, and there is a deduction for tuition. Take unemployment. Say unemployment insurance was not continued. That would be a huge drag on the economy. If the provisions we are seeking merely to extend were not passed, it would be a job destroyer.

The President's office said, and many commentators have often said, our goal is to save or create so many jobs. It is hard to know what is saved or created sometimes. But we certainly want to save jobs too. We don't want the recession to be worse. Failure to pass this legislation is certainly going to cause tremendous hardship on a lot of Americans, and it would be a disincentive for the economy to turn around. It would be a disincentive for unemployment rates to come down to a lower level that we all find acceptable. Failure to pass this bill is a jobs destroyer.

I yield the floor.

Mr. KYL. Mr. President, I respond to my colleague, the point I was making is that it is hard to describe this as a jobs bill because it does not create jobs. Each year, we extend these tax provisions. That is why we in Washington call it the tax extenders bill. This is not some new job creator. I agree with my colleague that to the extent we continue this in practice—though everybody who takes advantage of it knows it will be extended. So they have not made decisions based upon the prospect that we are not going to do it. They know we are going to do it retroactively, so it is not creating any new jobs. I support the extension. I think it is a good thing. But let's don't call it a jobs bill.

By contrast, as I said, the health care legislation my colleague supports is a job killer. I pointed out just one provision: 115,000 jobs per year lost just because of the one provision taxing the so-called passive income, the dividends. And we are not even sure whether capital gains are taxed in that. Their estimate may even be low.

The reality is, if we are really talking about saving or creating jobs, let's forget this massive health care legislation that now adds two more job-killing provisions to it: a 31-percent increase in the payroll tax and taxing for the first time passive income as a part of Medicare. That is a job killer.

If we are going to talk about jobs with regard to the legislation we have before us, I think it is a fair point to also talk about legislation our colleagues on the other side of the aisle want very much to try to get passed.

Mr. BAUCUS. Mr. President, I don't want to prolong this too long, but the

fact is, the President's Council of Economic Advisers has concluded this legislation; that is, the health care reform legislation which is not before us right now, actually would create jobs, new jobs. That is the conclusion of the economic advisers.

The PRESIDING OFFICER. The Senator from Alabama.

AMENDMENT NO. 3337 TO AMENDMENT NO. 3336

(Purpose: To reduce the deficit by establishing discretionary spending caps)

Mr. SESSIONS. Mr. President, I have at the desk amendment No. 3337. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama [Mr. SESSIONS], for himself and Mrs. MCCASKILL, proposes an amendment numbered 3337 to amendment No. 3336.

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

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. SESSIONS. Mr. President, this is the Sessions-McCaskill amendment, offered with Senator MCCASKILL, my colleague from Missouri. It is a bipartisan amendment, and it is one that I think is very important. I hope my colleagues will give it serious consideration. We have close to enough votes to make it law. I am absolutely convinced it is one thing that will work to reduce the surging deficits in our country.

The week before last, I traveled my State of Alabama—25 stops, 6 days of travel. People continually expressed to me their concern about the financial future of our country. They want us to do something about it.

I heard some of my colleagues express things like: This is just populist anger. It will pass off. We need to keep a cool head here. We don't really have to change how we do business. Things are going to work out somehow, someway, although nothing in the numbers show that.

Mr. Bernanke, the Chairman of the Federal Reserve, said last week in his testimony before Congress that our path is unsustainable. That is not the first time he said that. Virtually every economist who has opined in the last 6 months or more on our economy has said our spending levels are unsustainable and threaten the viability of our country's economic system. It is very troubling. We all know that, and we do not need to go into a whole lot of discussion about it.

The gross debt of our country has grown to approximately $12 trillion—the highest in our Nation's history. Some of this is internal debt. We owe Social Security and Medicare and other trust funds that may be in surplus. But we also owe trillions on the public debt—the amount of debt this country owes outside the government. Within 5 years our public debt will double, and in 10 years the public debt will triple. I will show a chart on that point before I go into the details of it. One of the consequences of the public debt is that we pay interest and we have to get nations or individuals to loan us their money by buying our Treasury bills, bonds and notes. When they give us their money, this is not free. We have to pay them interest on all of the debt we run up. This bill that is on the floor today will add to the debt again because it is not paid for.

This chart is what we get in stunning numbers. It shows that in 2009, interest on the public debt—the debt we owe to people outside our government—was $187 billion. The Congressional Budget Office scores it based on the 10-year budget President Obama submitted to us. If his budget is in effect for 10 years, the deficit would go up every single year. The debt will continue to go up every single year, and in the outyears the annual deficits will approach $1 trillion each year. The interest on the debt in 1 year would be $799 billion. That is well above the current defense budget. Aid to education is $50 billion or $60 billion. State and Federal aid to highways last year and the year before last was $40 billion. Mr. President, $800 billion in interest in 1 year? It is a stunning number, a breathtaking number. It is going to crowd out all kinds of plans some of my spending colleagues would like to effectuate in future years because we are not going to have the money or else we are going to inflate the currency and damage this economy in a most systemic way.

This disturbing trend of higher and higher deficits and deficit spending shows no sign of stopping. As of September 30, the end of our fiscal year, we finished with a record $1.4 trillion deficit. That is more than three times the highest deficit we have ever had. It is projected that as of September 30 of this year we will have a $1.4 trillion or $1.5 trillion deficit this year, which would be the highest ever again in consecutive years. It is stunning. We cannot continue to spend the way we are spending.

Between 1990 and 2002, however, Congress took some steps that actually worked to help get us out of a spiral of spending deficits. It was successful. What we did was we passed statutory caps on discretionary spending only, not Social Security, Medicare and those kinds of programs. We kept it to 1 to 2 percent growth each year. As this chart shows, these caps led to a surplus. The chart is upside down really. These are the surplus years. These are the deficit years. During these years, we begin to show a decline in deficits, all the way to the surpluses. When it expired, it jumped up again. This looks like a high deficit, and it was a very high deficit in 2004. That was about the highest, at that point $400 billion.

I just made the point that this past fiscal year, it was $1,400 billion and next year it is going to be $1,500 billion. We lost some discipline when we allowed those statutory caps or spending levels to be breached and go away.

This amendment Senator MCCASKILL and I have offered both restores and strengthens the procedures that were proven to work in the 1990s. It would create 4-year discretionary spending caps or limits, and it would set those limits at the level of the fiscal year 2010 budget resolution Congress passed last year.

Last year, we passed a budget resolution, not 10 years as proposed by President Obama but 5 years. It is currently in effect. One of the things you learn around here is the only part of the budget that has any teeth is the year you are in. The discretionary spending on the omnibus bill that covered half the appropriations bills contained an increase of 12 percent. We are not doing a very good job at that. The budget has no teeth in these outer years. The amendment proposes, though, a fairly responsible spending increase of 2 percent or so a year over these 4 years.

One could say: Senator SESSIONS, your State is cutting its budget. My State is having to reduce its budget. My city is reducing its budget. My county is reducing its budget. My family is reducing our budget. Why can't you guys reduce the budget? And the answer is, we can, of course.

Some have suggested and the President has suggested that we should have a freeze on the budget, which I would support. But I am just saying to my colleagues, last year our discretionary spending accounts had double digit increases; if we pass this amendment so that we have a statutory limit of 1 to 2 percent increases for the next 4 years and it is subject to a two-thirds vote point of order in the Congress if there is a proposal to go above that on the basis of some emergency need, I think we will have a much better chance of making the kinds of tough decisions to contain this ever-growing spending level than we have been doing in the last several years.

The Omnibus appropriations bill that passed last year increased Federal spending 12 percent in 1 year. That is a lot. At 7 percent, your money will double in 10 years. At 12 percent, the spending in those accounts would double in 6 or 7 years, no doubt about it, unless something is done about those trends.

I think this legislation Senator MCCASKILL and I have offered will get us there. I was pleased to see that 17 Democratic Senators voted for the bill because I think there is a growing bipartisan consensus that we can do better.

A 2-percent containment in the growth of spending will not cause the United States to sink into the ocean. We are still going to exist. The American people are still going to have a government in Washington. There are still going to be bureaucrats here to take care of us if we just have a 2-percent growth in the discretionary account instead of 12 or whatever that number was last year.

I note that the President suggested freezing some of the accounts. Though

there are some very significant gimmicks in it that make it much less tight than it would appear from his State of the Union Address, it still indicates that the President himself knows we have to reduce our spending, and in some of these accounts we could easily freeze them with no damage to our Nation. I salute him for that.

This bill would create spending limits, not based on what JEFF SESSIONS says the limit should be, but these are the limits in the President's budget, that first 5 years of it that he proposed and that Congress passed last year. We would be simply saying this would be a hard limit on how much we can spend. Now if we need to spend more than that on an emergency, we would have to have strong support in the Congress to create an emergency designation to spend above that. We have been able to do that many times in the past when a true emergency arrived.

Some say: JEFF, you are focusing too much on the discretionary spending. Entitlements are bigger—Social Security, Medicare, those kind of things—and they are a bigger problem than discretionary spending. Well, there are three reasons we have to act on discretionary spending. One is that while entitlements, such as Social Security and Medicare, are large, they actually have a net surplus right now. In fact, Congress raided $137 billion from Social Security in fiscal year 2009 to pay for other things, such as the $800 billion stimulus package that we passed—that Congress passed—last year.

Of course, a $137 billion Social Security surplus won't pay for the Congress's $800 billion stimulus package, so where did the rest of the money come from? We borrowed it on the world market, on which we are paying interest. And what about the Social Security surplus; is that free money? No, it is not, because Social Security is heading to default. When we take the Social Security surplus into the U.S. Treasury and spend it on increasing discretionary spending by 12 percent, we give them back a debt instrument, an IOU—a Treasury bond.

I am told they are in some location in West Virginia. I am sure the chairman of the committee knows that but I want to go out and see them. They have notes out there, Treasury bills, evidencing the debt of the U.S. Treasury to the Social Security Administration. As soon as Social Security goes into deficit, it is going to call those notes. So it does not make much difference whether you borrowed it from Social Security or you borrowed it from the public. The interest rates are very similar, too. The government pays interest to Social Security and Medicare, when Medicare has a surplus.

It is projected that Congress will raid another $90 billion in 2010—this year we are in—to pay for things such as this omnibus bill that is on the floor: for increased transportation and HUD funding, which went up 23 percent; create more funding for the State and foreign operations accounts, which went up 33 percent this year, for a record $1.4 trillion deficit last year, and a projected $1.4-plus trillion for fiscal year 2010. All of that was driven not by deficits in Medicare and Social Security but from a discretionary spending account.

Our appropriators are always saying the problem is all Social Security and Medicare. But the truth is, almost without exception, we have had surpluses in those accounts and we are spending that to supplement our general fund spending. We give evidence of debt back to our seniors from Medicare and Social Security, which the actuaries tell us, without any doubt, will soon be in deficit. We are going to call those notes, and the Treasury will have to come up with it.

So there is no free lunch. Nothing comes from nothing. If you spend money you don't have, you borrow it from somewhere. You can print money, I suppose, and devalue the currency. But everybody has the value, and the money in their pocket is devalued. It is the same as a tax. There is no way to do this in a free way. We have been irresponsible, and I think the American people are correct.

When I go to townhall meetings, what can I tell them? Oh, we didn't do anything wrong. The Senate and the House, we have been handling your money fine, my fellow Alabamian. We have done great. Don't complain. Don't get mad. You will get over it.

We have an $800 billion interest payment coming up in 2019 and our children and grandchildren are going to pay that. Yet when Senator BUNNING asks that unemployment insurance be paid for out of this unspent $800 billion stimulus and not add it to the debt, which our grandchildren will pay, he was able to say with some personal conviction—with 42 grandchildren—that he wasn't going to vote for it, and he didn't. He didn't support it and he didn't agree to let it pass without an objection. He said we should have paid for it, and we could have paid for it out of the stimulus.

Another reason I think we need to focus on discretionary spending is because, unlike the entitlements, such as Social Security and Medicare, discretionary spending has overhead. There is some, but really very little overhead in Social Security and Medicare. And we can do better. I know Chairman BAUCUS has worked on Medicare overhead. I don't know how much can be squeezed out of Social Security overhead; not a lot, because most of it is that check that goes out to seniors, who count on it every month. But there is overhead in discretionary spending—all the things we spend our money on. Trust me, I have been in the Federal Government; I have worked there. I know it can be made more efficient.

This past year, we increased spending on the Department of the Interior and EPA by 17 percent total. I think the EPA account went up 33 percent. In 1 year they got a 33-percent increase in their budget. And by the by, this does not include any of the $800 billion stimulus funds that were allocated—about half of which has gone out. It doesn't include that. EPA got money out of that, Interior got money out of that, highways got money out of that—large amounts. We are seeing unprecedented increases in spending in these accounts.

Consider the Department of Agriculture. I remember people criticized President Bush for spending too much money on Agriculture. If you look at his Agriculture budget over the 8 years he was President, it averaged less than a 2-percent increase. Last year, our Agriculture budget—not counting the stimulus package, which sent a large amount to Agriculture—increased 15 percent. I always try to support the Agriculture budget, but I could not support that. That would double the entire agriculture spending in, what, 5 years, at compounded increases. It is not responsible. We have to do better.

The American people, I think, are upset. This recent CNN poll asked a tough question of the voters in America: Which of the following comes closer to your view of the budget deficit—the government should run a deficit if necessary when the country is in a recession and at war, or the government should balance the budget even when the country is in a recession and is at war? Sixty-seven percent said balance the budget, you guys. Because they have heard these excuses before. They have heard all of it before. What they are seeing is red ink as far as the eye can see, with record deficits above anything we have ever seen. That is what I am hearing when I go out and talk to my constituents. And frankly, I am glad I don't have to defend having voted for this stimulus package. I am glad I don't have to defend the $700 billion Wall Street bailout, and $182 billion going to AIG. They sold off one of their most profitable companies, or are talking about it, I saw in the paper today, and they are going to bring in $35 billion. They are going to use a chunk of that to pay down some of that $182 billion debt. But if they keep selling off what they have, how will they have any money to pay the rest of it? I think they are not going to pay the rest of it.

Finally, I will add that spending billions, adding billions to the baseline budget, makes a big difference. I made this chart for the DOD appropriations bill. It is an interesting little chart. I hope my colleague can pay a little attention to this weird, fine print chart. It shows what happens when there was gimmicked up on the bill an $18 billion add-on, all unpaid for. There was $18 billion added to the Defense bill. If this gets in as baseline spending, which is what it tends to do, then next year when you advertise how much you increase the Defense bill, you have this $18 billion in and it adds up, so that next year it is not just $18 billion, it is

the $18 billion additional money that is in the baseline from the previous year and then you add another $18 billion. Let's say, hypothetically, you jack it up each year by $18 billion, and the net deficit is $36 billion; and then next it is $36 billion plus $18 billion; and the next year it is $54 billion plus $18 billion; and the next year it is $72 billion plus $18 billion. You carry that out to the tenth year, and it is $162 billion plus $18 billion, or $180 billion extra for the Defense budget in 1 year, which is about $990 billion over 10 years.

So an $18 billion addition, or failure to contain the growth in a discretionary account, has tremendous ramifications over the years. It is this kind of psychology that has led us into this mess. Some of our appropriators and others in this Congress, I think, have felt a thrill if they can beat the limit on their account. If they have been given an account, and they get $80 billion or $100 billion to spend they can figure a way to gimmick it up $18 billion or $5 billion or $7 billion, and they can maneuver it through and then tell you when the bill hits the floor: Well, if you don't vote for it, Sessions, you are against agriculture and people back home are going to attack you because you voted against agriculture. And I say: Well, Mr. Senator, you put too much money in there. I can't vote for it; there is too big an increase. Therefore, you are either for agriculture or you are against agriculture.

What they said to Senator BUNNING down here the other night, when he said unemployment insurance should be paid for, was: You are against unemployment insurance. You do not want people to have any unemployment insurance. That was absolutely false. They repeated it over and over and over again. But he stood like a solid rock and he didn't give in. He said: I am not agreeing to it because you could pay for it, and it is increasing the debt on my 42 grandchildren. He didn't agree to it.

Well, every now and then somebody stands up in this Senate and says: I have had enough. I am not going to say yes this time. I respect him for the courage he showed.

The Committee for a Responsible Federal Budget, which is a bipartisan group in DC, issued a report not long ago that said that freezing all nonwar-related discretionary spending next year could save us $60 billion in 1 year, and it will set up a new baseline that would save us—as this chart which creates a new baseline mentality shows—$600 billion over 10 years. That is a lot. Even in Washington, $600 billion is real money. On the other hand, the committee stated that if we allow discretionary spending to grow at the projected rate of GDP growth instead of inflation, it would cost us $1.7 trillion more over the next 10 years.

This is a nonbiased group. I don't think anybody would fundamentally disagree with that. So it does make a difference how much money we spend on every single account, on every single funding in an appropriations bill that comes through this Senate.

Can we get bipartisan support for having a tougher line and containing spending? I think the answer is absolutely we can. Why is there a conflict? The simple fact is the 5-year binding caps that were passed in 1990 had broad bipartisan support. In fact, a number of currently serving Republicans voted for them and 10 of our currently serving Democratic Senators did also, including Senator REID, our Democratic leader, and Senator INOUYE, the chairman of the Appropriations Committee. He voted for them in the 1990s.

If we think this through, we have every reason to believe we can get there. The 5-year spending cap that passed in the 1990 budget deal had even stronger bipartisan support. It passed again in 1997. I know Senator BAUCUS was here then, and it passed 85 to 15, with 44 currently serving Senators supporting it, and 26 of them were Democrats. Senators REID, DURBIN, CONRAD, and INOUYE all voted for them. If we could do it in 1990, and again in 1997, there is no reason we cannot do it now. In fact, I and my staff have met with numerous groups across the political spectrum, including the Brookings Institute, the Committee for Responsible Federal Government, the Urban Institute, the Progressive Policy Institute, the Concord Coalition, and the U.S. Chamber of Commerce—everybody we met with has said getting a handle on discretionary spending is essential.

Although AARP, the Association of Retired Persons, initially expressed opposition to the amendment, I believe we have addressed their concerns. Their chief concern was that we would not separate defense and nondefense spending, which would let the defense spending raid nondefense accounts. However, we have separated them, so that is not a danger.

Of course, one criticism some might give to the bill is that it raises the threshold for waiving—breaking the spending limits from 60 Senate votes to 67 Senate votes, and they say that is just too restrictive. But we have to raise this threshold because we have a 60-vote situation now and we have been able to muster 60 votes to pass every kind of possible emergency bill, and some of those clearly were not emergencies. It takes 67 votes in this Chamber to make a change to the Senate Journal, but we can max out the Senate's credit card with 60 votes. Something doesn't seem right about that. I think, with the seriousness of our situation, this would be a good step.

Furthermore, the fiscal year 2010 budget resolution already accounted for about $10 billion per year in emergency spending, which we have allowed to remain in this amendment. Any emergencies for which that is inadequate should be able to receive the support of 67 Senators—if we have an emergency. In fact, all the disaster relief emergencies, those kinds of emergencies since the emergency designation was created in 1990 to try to contain spending, have received support of more than 67 Senators. Isn't that interesting? All of our emergency designations for hurricanes and earthquakes and fires and storms and the like have received more than 67 votes. So I think it is just not a good argument to say we can't respond to a legitimate emergency.

The prospect of massive Federal spending is hurting jobs and growth. In a recent editorial in the Wall Street Journal, Stanford University economics professor Michael Boskin stated:

> The explosion of spending, deficits and debt foreshadows even higher prospective taxes on work, saving, investment and employment. That not only will damage our economic future but is harming jobs and growth now.

China and other countries may not be able to keep financing our debt in the future even if they would like to—which I really think they won't. Professor Allan Meltzer, a well-known scholar on the Federal Reserve and monetary policy, noted in a column in the Wall Street Journal that our current and projected deficits are too large relative to current and prospective world savings to rely on other countries being able to finance them for the next 10 years. In other words, there may not be enough surplus money in the world to buy these debt instruments we are going to have to issue. In fact, a recent Washington Times editorial entitled ''Spending to a Depression'' notes that, since China and other countries are trying to reduce their holdings of dollars, we will have to rely more and more on U.S. banks to buy our bonds, which will decrease capital available for lending to businesses.

On an airplane today, coming back from Alabama, I read an article that made reference to the fact that when the Federal Government puts out this much money and interest rates become higher than they have been. They are currently extraordinarily low, and banks are now buying Treasury securities at 3.6 or 3.7 percent interest for 10-year Treasury notes. Instead of loaning to local businesses, banks can get the money from the Fed at less than 1 percent and they can buy a Federal Government debt instrument for 3.5 or 4 percent and not have to loan it to some businessperson who might be a higher risk. We are crowding out resources necessary for economic growth. This is a reality.

In a Budget Committee hearing on budget reform on November 10, former Comptroller of the Currency and GAO head David Walker testified that by 2040, 30 years from now, we will have to double taxes just to keep up with current commitments. Can you imagine that? The way we are spending, we are going to have to double taxes in 30 years. He stated that in 12 years, interest will be the single biggest line item in the entire budget, even assuming interest rates do not change from today's

low rates. But they are going to go up. Everybody knows that. Some are predicting the kinds of interest rates we had in the late 1970s. I truly hope that does not occur, but many people believe we do not have any idea how high interest rates could surge when the whole world, including Europe and other places, is spending money it does not have and attempting to borrow in the marketplace to have that happen. Mr. Walker also said that deficits are the public's largest concern by 20 points, in opinion polls.

In a Financial Times editorial in May of last year, Mr. Walker warned that the United States is in danger of losing its triple-A credit rating. Moody's made that clear. Moody's stated that the United States is in danger of losing its triple-A credit rating. Pierre Cailleteau, the chief economist at Moody's, stated that, unlike several years ago, ''Now the question of a potential downgrade of the U.S. is not inconceivable.'' Under the most pessimistic scenario put forth by Moody's, the United States could lose its top rating in 2013—3 years from now.

I was very pleased we had strong bipartisan support for the amendment previously. By allowing us not to apply these budget limits we passed last year to the current year, it gives some relief to our Members of the Senate who complain that next year we will start cutting spending but we should not this year. We will give a little bit there, although it will mean we will not save as much money for sure. But I really believe we need to pass this legislation. I truly hope we can. We only need three or four more votes to make it a reality. I count now, with the ones who voted for it before and a new Senator in the body, we will have 57 votes. We need 60. The situation has not gotten any better, and I am hoping my colleagues will look at it afresh and that we might be able to reach that number. It will make a difference. It made a difference in the 1990s and led to an actual surplus. I believe it could help us again this time. We have much more serious problems this time. We have more challenges this time. But it could make a very significant difference in our spending level. It would really be a statement to the entire financial world that we are beginning to take some steps and that next year we are not going to have 12 percent increases in spending for discretionary accounts but we are going to hold it to the 1- or 2-percent increase level. I think that might have some psychological improvement in our entire financial condition.

I apologize to the fine chairman of the Finance Committee for taking this long, but I really believe it is an important issue. I am so hopeful we are getting close to getting the votes to take this positive step.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. I appreciate the comments of the Senator from Alabama. He is concerned, as we all are, with our current fiscal situation, our debts and our deficits. I might add—this is not an excuse; it is clear we Americans have a problem that has to be addressed—other countries are in the same fix. It is not just America. But again, that is no excuse. Our deficits are high primarily because of the financial crisis, working our way through all that. The real test is whether we as a country, when times get better and incomes increase, live much more within our means. I certainly hope so. I know every Senator in this body hopes so.

More precisely, the Senator from Alabama seeks to place caps on the appropriated accounts. That is pretty much the same amendment the Senate rejected about a month ago; I think it was January 28.

I believe the pending Sessions amendment addresses matters within the jurisdiction of the Budget Committee. It therefore violates section 306 of the Congressional Budget Act. I will not raise that point of order at this time, but I believe the amendment does violate the Budget Act.

Furthermore, this subject is really more within the purview of the Appropriations Committee. I defer to the chairman of the Budget Committee to address this amendment in due course.

I also note that the Senator from Minnesota has been waiting very patiently to speak. We are all anxious to hear from the Senator from Minnesota, so I yield the floor.

Mr. SESSIONS. Mr. President, did the Senator make a budget point of order?

Mr. BAUCUS. No, I did not.

Mr. SESSIONS. I thank the Senator.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. FRANKEN. Mr. President, I wish to speak as in morning business.

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

(The remarks of Mr. FRANKEN are printed in today's RECORD under ''Morning Business.'')

Mr. FRANKEN. Mr. President, I also would like to take a few minutes to speak on another topic, the extension of unemployment benefits and COBRA subsidies. I admire those in this body who take a principled stand. The Senate would get more done if all Members were guided by their basic core principles and put principles ahead of political posturing, ahead of party, ahead of polling.

To block a legislative measure because it is not fully offset—sure, that could be based on principle. Believe me, I am concerned about our budget deficit. But principles are something you consistently stand behind. That is what makes it a principle, something you care about, something that guides you throughout your career. That is what makes it a principle. Principles cannot be ignored, even when it is expedient or advantageous to do so. Yet that is exactly what is happening now. A principle is being invoked only now that it is convenient.

You might remember that when George W. Bush entered office, it was with a $200 billion budget surplus. He also entered office with projections of nearly $1 billion in future surpluses over the next decade, on a glide path to paying off the entire national debt.

But instead of doing the sensible thing and paying down our debt when we had the means, the Bush administration racked up massive deficits at a record pace. Vice President Cheney even said ''deficits do not matter.'' Fed Chairman Alan Greenspan testified that we might pay off our debt just too quickly. We were told we might have too much money. Really. He did this. He testified to Congress saying that was a real worry.

Then we paid for an unnecessary war in Iraq, without offsets. We passed Medicare Part D without offsets. We passed three different sets of tax cuts totaling trillions of dollars, most benefitting the wealthiest people in the Nation, without offsets.

Yet last Thursday night the Senate repeatedly attempted to extend benefits for America's unemployed workers, and these efforts were blocked supposedly because it was not fully offset. For some reason benefits to the wealthiest Americans did not need to be offset, but keeping unemployment benefits flowing to those families who have been hardest hit by this recession suddenly need an offset.

If this is a matter of principle, it seems to me we have very bizarre principles. One principle we should all stand behind is supporting American families when economic times are tough. Last week, half a million Americans applied for unemployment benefits for the first time.

Despite what some might suggest, our Nation's unemployment crisis is not over. We know unemployment can persist long after recovery begins. This downturn will continue affecting American families for months and years to come.

That is why we need to extend Federal unemployment benefits now. Without an extension, over 1 million Americans, including thousands of Minnesotans, will lose their benefits this month. Without those unemployment benefits, many families will have no other way to keep paying their mortgage and buying groceries. Even with some economic progress, there are still six applicants for every job opening, and in some industries there are simply no jobs to be found.

Our obligation to America's working families is a serious one. When there are jobs to be had, working and middle-class families keep our economy running. After Wall Street's indiscretions were the cause of an economic collapse and our government bailed them out, we are in no place to tell America's families that there is not enough help to go around. Their interests should have been placed ahead of the big banks from the start.

Further, the provisions that are currently being blocked will also provide

for the vital COBRA subsidy. Right now, the COBRA subsidy is helping American families retain their health care coverage while they continue to look for work. Facing a medical crisis while being employed and uninsured is a burden most families simply cannot withstand. We should not be putting Americans in that position when it is due to no fault of their own.

We should not be driving them to a place where they simply have run out of options. This procedural stalling is unacceptable. I have heard from Minnesota's employment commissioner that the expiration and subsequent agreement on an extension will be an administrative burden on our State, not to mention an inefficient use of State resources.

The delays are also stressful and disruptive for Minnesota's families. This is the case in all 50 of our States. So I call on all of my colleagues to come together today and stand behind the principle, the principle of supporting American families when times are tough. This is the principle on which we should all be focused and all be judged.

I yield the floor.

The PRESIDING OFFICER (Mrs. SHAHEEN.) The Senator from South Dakota is recognized.

AMENDMENT NO. 3338 TO AMENDMENT NO. 3336

(Purpose: To create additional tax relief for businesses, and for other purposes.)

Mr. THUNE. Madam President, I call up amendment No. 3338 and ask for its immediate consideration.

Mr. BAUCUS. Madam President, is the Senator asking unanimous consent to set aside the pending amendment?

Mr. THUNE. I would like to have my amendment be made pending.

Mr. BAUCUS. You wish to set aside the pending amendment?

Mr. THUNE. Yes.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. THUNE] proposes an amendment numbered 3338 to amendment No. 3336.

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

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. THUNE. Madam President, as we all know, our economy is suffering. We have an unemployment rate that is currently at 9.7 percent. Furthermore, we have large portions of the population that are either underemployed or have dropped out of the workforce because of limited job prospects.

There are a variety of factors that have contributed to this recession. The government's response so far has been largely ineffective, particularly with regard to employment, and I would argue that the best thing that we can do to address the issue of unemployment and having to extend unemployment benefits and COBRA and other types of benefits, all of which are considered in this underlying bill, is to get people back to work.

That is fundamentally the very best thing that we can be doing—focusing on how we create jobs, how we grow this economy, how we provide opportunities for those who have lost their jobs, who are underemployed, to get back into the workforce. That, to me, ought to be the focus of our efforts in the Senate.

The bill that was passed about a year ago, the stimulus legislation which we now know is going to cost somewhere in the neighborhood of $862 billion without interest, with interest well over $1 trillion, was all borrowed money. It is going to add $1 trillion to the national debt.

Despite that amount of spending, only $6.2 billion was spent on tax incentives for small businesses, and another $730 million was spent in funding for the Small Business Administration. So I want to think about for a moment what that means in terms of the dimensions of the bill that was passed last year. We had a $1 trillion bill. Together the incentives for small business in that bill represented less than 1 percent of the total cost.

We all know small businesses have a much greater impact on the economy and on employment than that number represents. Small businesses employ more than half of all of the Nation's private sector employees. They create nearly two-thirds of all of the new jobs and create a disproportionate number of the patents that are issued in our Nation.

At the time we voted last year on the stimulus bill, I believe now this was one example of the priorities in that legislation that were misplaced if we are intent on and focused as a laser on creating jobs and getting this economy growing again.

I made the argument at the time, as did many of my colleagues—and we offered amendments in support of that belief—that the best way to get the economy growing again is not to focus on a lot of government spending on new government programs, but, in fact, to provide incentives for small businesses, the engines of our economy; to get out there and to start investing and to start creating jobs.

So I offered an amendment that was an alternative to the stimulus bill a year ago, which, according to the economic model developed by the President's economic adviser, would have created twice as many jobs, and it would have cost half of what this stimulus legislation is going to end up costing the taxpayers of this country—again, all of which is borrowed from future generations.

While the Senate passed a smaller jobs bill last week, Senators in the Chamber were blocked from offering amendments. I wanted to offer this amendment a week ago when we considered the other jobs bill that passed through here. That was a $15 billion jobs bill which I think is now pending action in the House of Representatives.

But I am offering this amendment now because we have this underlying tax extenders bill, and I think it is important that we discuss and debate how best we can stimulate the economy, how best we can grow the economy, get it expanding again, and how best we can create jobs to get people back to work. It seems to me, again, that ought to be the first priority on which we as a Senate get focused.

What my amendment would do is, it would, for the year 2010, extend depreciation. It would permanently increase the section 179 deductions that allow small business to expense more of the investment they make as opposed to having to depreciate those.

By lowering the cost of new capital expenditures, these provisions would encourage companies to invest in new equipment, make capital purchases, capital investments; it would increase both growth and employment. It would also eliminate capital gains taxes on small business investment.

This simple, permanent reduction in taxes was supported by the President in his State of the Union Address, and it would increase investment as well in small businesses. This amendment also would allow a 20-percent deduction for small business income. We currently have a lot of small business owners who pay their taxes at the individual level. It is called flowthrough income. They have a small business. The income flows through to their individual tax returns and so they pay at individual tax rates, and those tax rates are set to rise on small businesses beginning in 2011. In fact, a lot of our small businesses, about half, are going to be impacted by those increases in marginal income tax rates that will occur in 2011. This would help mitigate the impact of those increases on the 20 million people working in small businesses, those small businesses which would be taxed at a higher rate under the President's tax proposals.

Finally, this bill would prevent Davis-Bacon prevailing wage requirements from raising the cost for projects funded under the stimulus bill. While I understand the importance of good wages, projects that comply with Davis-Bacon restrictions see labor costs on average 22 percent higher than market rates. This stimulus bill was the first time where that requirement was inserted into this sort of a stimulus bill designed to create jobs and grow the economy. Waiving these provisions will help eliminate the confusion and stretch taxpayer dollars so we get more bang for our buck in the amount of dollars currently out there, hopefully, trying to create jobs.

My amendment would be paid for by redirecting unspent or unobligated stimulus funds from the bill passed last year. Out of that $862 billion in spending, according to what we hear from

the administration's Web site, recovery.org, about 37 percent of that money has been spent as of the end of this last year. Bear in mind, a lot of that money is obligated, but we understand that the unspent, unobligated amount on the spending portion, not on the tax portion, is about $160 billion. It would seem to me that if the purpose of all our efforts is to create jobs, we ought to begin to think about who creates those jobs. Two-thirds of the jobs in our economy are created by small businesses. Why then should we not be focusing our efforts on creating incentives for small businesses to invest? Frankly, that would have been the way I would have gone about the stimulus bill.

Many of my colleagues offered amendments, and many of them supported my amendment. I think I had 37 votes for my amendment that would have focused in the stimulus bill of a year ago more on small businesses, whereas the bill that ultimately passed only spent under 1 percent of that total amount, almost $1 trillion, on small businesses which are the economic engine, the job creators in the economy.

If we can figure out ways to get small businesses some relief so they can start hiring again, we address all these other issues—9.7 percent unemployment which, incidentally, the promises made when the big stimulus bill passed last year was that if we didn't pass this stimulus bill, unemployment would go up to 8 percent. We have blown way by. That is at 9.7 percent. We were told it would create millions of jobs. We know now that since its passage last year, we have actually lost 2.7 million jobs in the economy. Clearly, the prescription put in place is not working. I argue that is largely because it was misdirected. It was directed toward creating new bureaucracies in Washington, perhaps some government jobs, but the fact is, the good-paying, permanent jobs in our economy are created in the private economy. The biggest creator of those jobs is small businesses.

Frankly, we ought to be looking at what types of policies can we put in place that will create an environment in which small businesses can go back out there, make investments, put people back to work and then we start, hopefully, bringing the unemployment rate down, get people back employed again, and a lot of these measures we are now having to take with regard to unemployment benefits hopefully would cost the taxpayers a lot less. The best thing we could do for people who are without a job is to get them back to work. The best way to do that is to get small businesses hiring again.

One final point. One of the things I hear repeatedly from small businesses in South Dakota and across the country is there is a sort of paralysis about investors looking at investing in different areas and different projects. But looking at Washington, DC, and seeing all this policy uncertainty, they see this cloud over the economy. It is creating economic anxiety. What I hear from a lot of small businesses and people who create jobs is that they are worried about the policy uncertainty in Washington, DC. Is Washington going to pass this massive new health care bill which includes an employer mandate that would raise taxes on small businesses? Is Washington going to pass a climate change bill that has punishing energy taxes, particularly on areas in the Midwest? I have a couple of power plants in my State that are on ice right now because of uncertainty about what is going to happen with regard to coal-fired power.

There is a lot of uncertainty out there swirling around about what Congress might do or, worse yet, what the EPA might do on their own. There is uncertainty about what is going to happen with taxes. Are we going to see taxes go up in 2011? In fact, for small businesses, about half who do allow their income from their small business to flow through to their individual income tax return are going to see those marginal rates increase when they go from 33 to 36 and 35 to 39.6 percent, significant tax increases, which is why I have a deduction for small business income as part of this amendment. We need to bring some certainty to small businesses in the area of taxes, certainty with regard to regulation, certainty with regard to the litigation environment. We have so much uncertainty swirling around Washington, it is creating a huge cloud.

Now we have a situation where small businesses are making decisions based upon political factors rather than economic factors. We want them making decisions based upon economic factors, not worrying what has become the new center of gravity, and that is Washington, DC. Washington cannot create permanent, good-paying jobs in our economy. Those can only be recreated in the economy as we unleash small businesses and entrepreneurs and provide incentives for them to do what they do best. That is to grow their businesses and to make capital investments and to create jobs.

I hope my colleagues will support this amendment. It is paid for. It is offset. This doesn't add anything to the debt. We don't have to borrow money. All we do is redirect unspent, unobligated stimulus moneys, moneys left over from last year's stimulus bill toward small business tax incentives which, frankly, many of us argue—and I argued at the time and I hope more people agree now—should have been a greater focus of the stimulus in the first place. If we are serious about creating jobs, we have to go to where the job creators are. The economic engine is small business. My amendment creates tax incentives for them to go out and create jobs and does it in a way that doesn't add to the deficit, doesn't add more borrowing and allows the small businesses to do what they do best.

I encourage my colleagues to support the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. I ask unanimous consent to speak as in morning business.

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

Mr. MERKLEY. Madam President, I rise to address the Republican filibuster attacking the American worker and the Republican filibuster attacking America's small businesses.

I had the chance to go home this weekend. I started my trip home in Deschutes County where there is 14 percent unemployment. Next door to Deschutes, Crook County has 16.8 percent unemployment. That is only counting workers officially unemployed as opposed to those who have given up on finding jobs. I went down to Klamath County to the south, with 12.6 percent unemployment. I went to Hood River and Columbia Gorge, Washington County, the Portland metropolitan area. Everywhere I went in Oregon, whether it be eastern or western or north or south—because I was in every quarter this weekend—citizens wanted to know why are the Republicans attacking the American worker and American small business?

Across this country, our working families are in trouble. They are looking to this body for help. They want to know when are we going to get it done. And by ''it,'' they mean extension of unemployment benefits. They want to know when are we going to get extended the COBRA health benefits. They want to know when we are going to fix the Medicare rates that changed today and dropped more than 20 percent so that it is that much harder to get into the door of a doctor if you are a senior. They want to know why transportation projects are grinding to a halt, even though we need those jobs.

The answer lies in this Chamber. This attack on the American worker by the Republican filibuster is unacceptable. This attack on the American senior is unacceptable. This attack on American small business is unacceptable.

Not only does this directly impact working Americans and retired Americans, it also affects the economy. Unemployment insurance, COBRA extensions are good for the economy. They help put food on the table. They help pay the rent. All of that money stays in our economy. All of it goes for most families, because they have bills to pay to businesses in the communities. Those businesses can then pay their workers and pay their contractors. One of the best bangs for the buck in terms of economic growth is right before us in unemployment insurance and a COBRA extension.

I have puzzled over this challenge. Because what I have observed is this: When it comes to giving away money

out of the Treasury to the wealthiest Americans, my colleagues across the aisle are delivering it on a silver platter to the wealthiest and best off. But when it comes to a plan to assist working Americans and seniors and small businesses, my colleagues across the aisle, through this Republican filibuster, are taking the hatchet to them. They are saying: Working Americans don't count. We only want to have benefits on the silver platter for the wealthiest.

It is working Americans who made this Nation great. It is the American middle class that created the strongest economy in the world. It is the American public school system and our working families that have come up with the industriousness and the ingenuity to take this Nation forward.

When I am talking about the silver platter the Republicans have for the wealthiest in America, let's examine the details. Unfunded Republican program, 2001 tax cuts, a $1.35 trillion giveaway, borrowed from the next generation, from our children. That is quite a gift. That is quite a silver platter. The 2003 tax cuts, $350 billion delivered on a silver platter for the wealthiest Americans. Medicare Part D, an unfunded program, $400 billion on a silver platter; the Iraq and Afghanistan wars, almost $1 trillion—$944 billion—through June of 2009. The total this year will exceed $1 trillion, unpaid for, unfunded, borrowed from our children.

There have been some colleagues rising to say how this is a matter of being consistent in paying for American programs. But when you check the record, they voted time and time again for unfunded giveaways to the wealthiest Americans—the 2001 tax cuts, the 2003 tax cuts. And they voted for other programs I like but they were not funded, and I include in that Medicare Part D.

When I hear a colleague talking about fiscal responsibility, it is a little like listening to Bernie Madoff talking about tough accounting rules; it is a little bit like hearing from Brett Favre about promising he will retire; it is a little bit like listening to Simon Cowell delivering a lecture that people should not utilize sarcasm. Because after these trillions of dollars of unfunded giveaways, my colleagues have put together a Republican filibuster to attack the American worker in a completely inconsistent manner.

I have a different outlook. I think many of my colleagues here have a different outlook. We should be here to make America work for working Americans. That means when they are hurting, we are going to assist them with unemployment insurance, we are going to help with the COBRA extension, we are going to help with these loans to small businesses, and we are going to help our seniors by fixing that Medicare provision. We are not going to take the hammer to those programs. We are going to assist our working families.

Because of this Republican filibuster, nearly 1.2 million Americans will lose their benefits, and by June this number will grow to 5 million unemployed workers who will be left without vital benefits if Congress does not act.

Let's talk about that small business provision. Small business owners have been hurt because the Small Business Administration's general business loan program expired yesterday, making it more difficult for our small businesses to access loans in an already difficult business climate.

My colleague from South Dakota was just on the floor speaking about the importance of helping small businesses. But I say to him and the Republican filibuster attacking small business in America: Come to this floor and say enough is enough; I am going to stand with our workers and our seniors and our small businesses.

It is time to end the political posturing, take our eyes off November and put our eyes on the challenge of American families, and pass this legislation right away.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, first of all, I want to thank the Senator from Oregon for those very passionate comments. We have had the opportunity to join in a number of forums to speak out about the importance of creating jobs in America and of helping those who through no fault of their own have lost their job, and I thank the Senator for his eloquence and passion again this evening.

I come to the floor to also add my voice to what I believe to be an outrageous situation. I say this with all due respect to my friend from Kentucky. We work together on a number of issues, and I look forward to continuing to do that. But on this I believe what is being done is absolutely wrong. It is outrageous.

We are in a situation right now where nearly 135,000 Michigan residents will lose the unemployment assistance they need by the end of this month if we do not take action immediately. That is just in 1 month as to people who have been hit by nothing less than an economic tsunami.

We have a sense of urgency when an earthquake happens, when storms come, and the floods come. Well, to families across this country, the storms have come. They have been here—in our case for years—and we need to have the same sense of urgency as any other disaster would call us, focusing not only on helping people who have lost their job but in creating jobs.

I am proud to be a part of a caucus that has placed jobs at the forefront and a President who, last year, started at the beginning of the year with a jobs bill, a Recovery Act, and moving on, and this year with an entire jobs agenda. But the reality is that until jobs are created, we have millions of people in this country who have played by the rules all their lives, paid their taxes, cared about their families, gave back to their communities, and their only sin is the fact that they have lost their job through no fault of their own.

They are trying to keep a roof over their head, keep food on the table, keep the heat on, trying to make sure their kids have what they need. Most of them are receiving $200 or $300 a week to try to hold it together while they go job training, while they look every day for work. People want to work. This is not about people who do not want to work. People want to work. But we have six people applying for every one job in America.

So while we focus on job creation and partnering with the private sector to make that happen, we have millions of people in America who do not understand how something such as merely extending unemployment benefits could be held up. Last night, the unemployment benefits stopped that process now. This month, people are getting notices, afraid about what is going to happen to themselves and their families.

What we have is a misuse of the rules, in my judgment. What we have is an objection, and it is one for which we have been down here many times. We have the charts now. We have had it happen over 116 times this session, where we have seen objections, bringing to a halt the will of the majority, blocking the democratic process of voting—of simply voting—and being able to solve problems and move things forward.

I received an e-mail from a woman in Livonia, MI, who lost her job last year. She took the opportunity to go back to school to get new job skills to become a registered dietitian. But now, as she is doing that, because of this obstruction, this woman is going to lose the help she needs to allow her to make it and keep a roof over her head while she is turning the corner and gaining new skills to get a new job. The rug is, frankly, being pulled out from under her, and I think that is outrageous.

She is not alone. As I indicated before, we have nearly 135,000 people in Michigan who will lose the help they need under unemployment benefits by the end of this month if we do not act, and act immediately.

I received another e-mail from a woman in Greenbush, MI. She and her husband both worked at the same manufacturing plant. It is a common story in Michigan. They both lost their job. She writes:

> We are both seeking work and schooling for new careers. We have both eceived a letter from the unemployment office that our benefits will end. We have no other source of income and we fear we will lose our home.

This is real for millions of people across this country, millions of middle-class families who assume that in a disaster, an economic disaster, their government, the people of the country, will step up to help. That is what unemployment benefits are all about.

It is time to act, it is time to stop blocking democracy. If my friend from

Kentucky has an amendment to offer, offer it, debate it, and vote. But just blocking us from exercising our right to vote is not the American way. The American way is to vote, to act, to make decisions, not to block. We have seen way too much of blocking democracy from our Republican colleagues in these last months and months.

I also want to speak to other provisions in this bill because I find it interesting that within hours of the health care summit last Thursday, the blocking of this bill showed us what the health care plan is by Republicans: cut people off from help with COBRA, cut doctors' benefits. That came within hours of the health care summit. We are now getting calls from people who are concerned about whether their doctor is going to be available.

Are senior citizens under Medicare going to be able to see their same doctor because of the cuts that will happen if we do not act immediately? People who one day lost their job, the next day lost their health care—we have been able to help them through the jobs bill we passed last February to be able to continue their health insurance through work. It is expensive to do under something called COBRA, but we have been able to help them do that by helping to pay on a short-term basis for part of that cost.

So the health care summit happens on Thursday, and hours later there is an objection that will stop health care for hundreds of thousands if not millions of Americans, and stop the ability of doctors to be reimbursed at a fair rate to be able to care for their patients. This is, in my judgment, an absolutely outrageous situation, and it has to stop.

I thank our chairman of the Finance Committee for his work and advocacy and being here on the floor calling for us to vote. I am hopeful people around the country will speak out loudly between tonight and tomorrow and that we will be able to come to the floor and stop what is effectively blocking the democratic process and blocking our ability to vote, to make decisions, and to move forward.

We have millions of Americans who are counting on us to understand what is happening in real people's lives every day—not political games, not all the partisanship, but real people's lives—who are going to get up tomorrow morning and say: OK, what do I do now? How am I going to keep my roof over my head? And how am I going to continue to go to school to get that new skills I need? How am I going to put food on the table for my family? That is what is affecting people across this country.

In addition to the millions of people who have lost their job and are on unemployment, we have millions of others who are one paycheck away from being in the very same situation—people who could be spending in the economy now to be able to help move things forward, who are afraid of what happens next. Part of that fear is not only will they have a job, but what happens if they do not? And what is the message that is sent if we do not make it clear we will be there for them if that happens? Will they be able to continue to have the basics to keep their family going?

I strongly urge we do everything possible. I know we will stop this obstruction, to allow the democratic process to go forward, to allow us to vote, to solve problems, to move this bill forward, and send a very strong message that we understand what is happening to millions of families who have faced a disaster of epic proportions. It is truly as much a disaster as anything else any community has ever felt in terms of losing their jobs and fighting and working to get something.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, we are here to do the people's business. The folks in our home States elected us to do what is right. Most folks don't care too much about the process, as long as we get our job done and as long as it is reasonable, within the boundaries of reasonableness, and as long as they think we give the subject considerable thought. I think we agree that is true. I think it is largely true that most of the people would think: Well, gee, why don't you go ahead and pass that extenders thing you are talking about back there because it is the right thing to do.

People need to collect their unemployment checks. They need their health insurance. Some of these tax provisions need to be continued; otherwise, this is a job-killer action the other side is taking. It is a job destroyer. To not continue these provisions actually destroys jobs. That is not what we want to do.

On another matter: The Senator from South Dakota proposes an amendment to make a series of tax cuts for small business. I might say that some of these tax cuts, the ones he proposes, actually have merit. We in the Finance Committee hope to address small business tax cuts in a markup perhaps as early as this month. This is a jobs agenda. It is additional legislation to help create jobs, preserve jobs, and help the recovery come along a little more quickly.

The offset, however, that the Senator from South Dakota proposes is another matter. The Senator from South Dakota seeks to pay for his amendment by cutting funding from the Recovery Act, and that idea does not have much merit, at least not in this Senator's judgment. Pretty much the last thing we should do is to be seeking to cut the Recovery Act.

The nonpartisan Congressional Budget Office, the independent organization we rely upon around here—both sides of the aisle in both bodies—says the Recovery Act is working. The Congressional Budget Act says that in the third quarter of last year, for example, the Recovery Act caused between 600,000 and 1.6 million people to have jobs. That sounds as though it is working to me. The CBO also said these people had jobs who would not otherwise have had jobs. I, therefore, think we should not be cutting back on the Recovery Act; rather, we should let it work its will.

The investments the Senator from South Dakota seeks to cut in addition are largely within the jurisdiction of the Appropriations Committee and, thus, I will defer to the chairman of the Appropriations Committee who I think at the appropriate time will have quite a bit to say about this Thune amendment and will speak to it at greater length. I suggest that is an appropriate time to have a more lengthy discussion on this matter.

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

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

MORNING BUSINESS

CONGRATULATIONS TO MINNESOTA'S 2010 OLYMPIANS

Mr. FRANKEN. Madam President, 50 years ago this month, a group of athletes gathered in Squaw Valley, CA, for the Winter Olympics. A part of the U.S. contingent—the 1960 men's ice hockey team—unexpectedly surprised the world and brought home the Olympic gold medal by defeating the Soviet Union, Czechoslovakia, and Canada. Of these 17 remarkable men, 8 were from my home State, the great State of Minnesota. As anyone could see from watching this year's games, this outsized contribution from Minnesotans continues to this day.

Twenty years after this ''forgotten miracle,'' Team USA again shocked the world by miraculously defeating Finland and the vaunted Soviet Union to again win the gold medal. Thirteen Minnesotans played for the 1980 ''Miracle on Ice'' team, and a 14th was their coach.

This year's Olympic men's ice hockey team was considered by many not to have a chance for a medal. They were too young, too inexperienced; they had not played together before. And the U.S. men had not defeated Canada in Olympic play in 50 years. Yet a week ago, despite being the underdog, Team USA upset the favored Canadians in their own arena.

After defeating Switzerland and soundly beating Finland in the semifinals, Team USA played Canada a second time last night for the gold medal. Although we fell behind early, Zach