



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 106<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 146

WASHINGTON, WEDNESDAY, MARCH 22, 2000

No. 33

## Senate

The Senate met at 9:45 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

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

Gracious Father, in this quiet moment, we seek the ultimate joy of life. We come to abide simply in Your presence. We would not interrupt what You have to say to us with our chatter. We need You more than anything that You can provide for us. Make us as ready to listen as we are to talk. You have created us for communion with You. We thank You for speaking to us in our souls. Now we hear what You have to say to us: We are loved, forgiven, and cherished by You. You have plans for us: A personal will for each of us and a will for our Nation. Bless the Senators now as they wait on You. Inspire us to follow their leadership as far as they follow You. We open our minds and hearts to receive You, our Lord, our Saviour, Peace, and Power. Amen.

### PLEDGE OF ALLEGIANCE

The Honorable LINCOLN CHAFEE, a Senator from the State of Rhode Island, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. L. CHAFEE). The Senator from Delaware.

### SCHEDULE

Mr. ROTH. Mr. President, today the Senate will immediately begin the final 15 minutes of debate on H.R. 5, the Social Security earnings bill. By previous consent, the Senate will pro-

ceed to a vote on final passage of the bill at approximately 10 a.m. Following the vote, the Senate will begin a period of morning business of 2 hours with the time controlled by Senators BYRD, MURKOWSKI, and DURBIN. For the remainder of the time, the Senate is expected to begin debate on the crop insurance legislation. However, negotiations regarding amendments and debate time are ongoing, and if no agreement can be made, the Senate may turn to any Legislative or Executive Calendar items available for action.

I thank my colleagues for their attention.

### MEASURES PLACED ON CALENDAR—S. 2262 AND S. 2263

Mr. ROTH. Mr. President, I understand there are two bills at the desk due for their second reading.

The PRESIDING OFFICER. The clerk will report the bills by title.

The bill clerk read as follows:

A bill (S. 2262) to amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

A bill (S. 2263) to amend the Internal Revenue Code of 1986 to institute a Federal fuels tax holiday.

Mr. ROTH. Mr. President, on behalf of the majority leader, I object to further proceedings on these bills at this time.

The PRESIDING OFFICER. Under the rule, the bills will be placed on the calendar.

### RESERVATION OF LEADER TIME

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

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

### SENIOR CITIZENS' FREEDOM TO WORK ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now

resume consideration of H.R. 5, which the clerk will report by title.

The legislative clerk read as follows:

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

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes of debate equally divided for closing remarks.

The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, it has been agreed that I will begin these brief remarks in order that our chairman might conclude the debate and proceed to the vote which I think has every prospect of being prodigious in its majority.

We have heard the compelling arguments to eliminate the so-called earnings penalty for persons 65 years and older. There is a short-term cost that is followed by a long-term payback, if you like, such that in a 20- to 30-year period the Social Security trust funds will not in any way be affected. The present practice is to decrease benefits to persons who continue working after their technical retirement age is reached, and then to compensate them after they reach age 70 or stop working. It is a complicated calculation. It is a cause of much distress, if you like, within the Social Security Administration—about \$100 million a year just in sorting out the claims. It is not understood. There is the elemental fact that, although at 65 if you continue to work you know you will get back your benefits, that is in actuarial terms. For the cohort of several million persons, it will all be evened out. You may not be. So why not get rid of this archaic complexity? It is a remnant of Depression legislation of the 1930s.

In that regard, however, we do have the question attending the long-term deficit of the Social Security system. Yesterday our friend from Arizona, Senator MCCAIN, spoke eloquently

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



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about that matter, having raised it during his primary campaign on his side of the aisle. Senator KERREY spoke with equal eloquence. Senator MCCAIN was kind enough to note legislation that Senator KERREY and I have introduced in this matter.

In very short order, I would simply like to recapitulate the four simple steps which put Social Security on an actuarially sound basis for the next 75 years. They are:

No. 1, provide for an accurate cost-of-living adjustment. In 1996, the Boskin Commission originally estimated that the CPI overstates changes in the cost-of-living by 1.1 percentage points; now they say it is 0.8 of a percentage point.

No. 2, normal taxation of benefits.

No. 3, extend coverage to all newly hired State and local workers.

I might interject, if ever there was a holdover from the 1930s, it was this. It was not clear at that time whether the Federal Government could tax a State entity, so they were left untaxed. A great many workers in civil service positions pay no taxes on their principal jobs, but qualify for benefits from "side" jobs, and it is just not fair. We are not taking away anything, but just covering newly hired workers like everyone else.

No. 4, increase the length of the computation period from 35 to 38 years.

We now have a 75-year, long-term actuarial deficit of 2.07 percent. This would bring that down by 2.05 percent, leaving an inconsequential .02 percent over the 75-year period.

These are data based on actuarial calculations and they are clearly within our capacity. Let us hope one day we do it before it becomes too late. That time will come sooner than you may think.

Mr. President, I ask unanimous consent the table be printed in the RECORD at the conclusion of my remarks.

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

ELIMINATING SOCIAL SECURITY'S LONG-TERM DEFICIT

[Numbers expressed as a percent of payroll] <sup>1</sup>	
Long-term (75 year) actuarial deficit	2.07
<hr/>	
Reduction in deficit due to:	
0.8 percentage point cost of living correction	-1.16
Normal taxation of benefits	2-0.43
Extend coverage to all newly hired State and local workers	3-0.21
Increase length of computation period from 35 to 38 years	-0.25
<hr/>	
Total reduction in deficit	-2.05

<sup>1</sup>Estimates are based on the intermediate assumptions of the 1999 Trustees Report and ignore interactions among the provisions.

<sup>2</sup>Social Security benefits would be treated like income from a private pension so that benefits that are attributed to employer contributions and interest earnings would be subject taxed, while benefits attributed to employee contributions would not be taxed. Currently, benefits are taxed only if income exceeds certain thresholds and, depending on some complex formula, only up to 50 or up to 85 percent of the benefit is subject to taxation.

<sup>3</sup>This is the rule that applied to newly hired Federal workers in 1984 and thereafter.

Mr. MOYNIHAN. Mr. President, I look forward to the statement of our

revered chairman, who is going to have a historic triumph this morning.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, first let me thank and congratulate my distinguished colleague, the senior Senator from New York, for his leadership throughout the years on this most important domestic program, Social Security. There is no program of greater importance and interest to the American people than Social Security. The distinguished Senator, Mr. MOYNIHAN, as I said, throughout his career has played a critical role in the development, the preserving, and the strengthening of this important program. I thank him and congratulate him.

As Senator MOYNIHAN pointed out, the Senate is now turning to the vote to repeal the Social Security earnings limit, an important step in preparing Social Security for the 21st century. This repeal is good for seniors, it is good for America, and it is good government. As we have heard, the Social Security earnings limit was enacted 65 years ago to encourage older persons to retire during the Great Depression. But today, with Americans living longer, and the tightest labor market in 30 years, this rule is not only outdated, but it harms both our senior citizens and the economy.

Repealing the earnings limit will help improve the retirement security of seniors by giving them the choice to work longer and to save more. Abolishing the earnings limit will allow us to protect the Nation's economic gains of the past 17 years by encouraging our Nation's most experienced workers to continue working, not only for today but into the future.

Finally, repealing the earnings limit is just plain good government. It will save the Social Security Administration money and reduce very common, frustrating mistakes in calculating benefits. So let me say, I urge each Senator to support this bill.

I am happy to yield the remaining time to the distinguished assistant leader of the majority.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. The Senator has 4½ minutes.

Mr. NICKLES. Mr. President, I compliment my colleagues, Senator ROTH and Senator MOYNIHAN because they work so well together.

Today, we are going to pass something that will have a positive impact on millions of Americans. I say millions—some people say there are only 800,000 people who are currently paying the Social Security earnings penalty. There are millions of people who want to work, maybe have to work, but basically their taxes are so punitive that they cannot work; it does not make sense to work. Their taxes are so high they have to work more for government than they work for themselves.

These are senior citizens, not particularly wealthy people. You can be a senior citizen and have, as an individual, an earned income of \$30,000. You are in the 28-percent tax bracket. Because of the earnings penalty on Social Security, that is an additional 33-percent tax bracket. Add those two together and you are at 61 percent. You have to pay Social Security tax. If you are self-employed, you add 15 percent to that. That is 76 percent, and you have not even paid taxes to the State. For most States, that is 6 or 7 percent.

You can have a marginal tax rate of 80 percent; you work four times more for the Government than you do for yourself. That is way too high. This 33-percent penalty for seniors between the ages of 65 and 70 who want to have earned income—maybe need to have earned income—is long past overdue for repeal.

I am delighted that today we are going to fulfill what the House has done. I compliment Chairman ARCHER in the House. I compliment Chairman ROTH and Senator MOYNIHAN. I remember Senator MCCAIN speaking on this issue for years. I remember Senator ASHCROFT making tireless speeches, saying we need to repeal the earnings penalty.

Over the years, we have raised the amount people can save before the penalty takes effect, but the penalty still takes effect for any income above \$17,000. The real solution is to repeal it. That is what we are going to do today. We are going to open up economic opportunity for millions of Americans who are at age 65 and maybe do not want to retire. They might be a STROM THURMOND; they who may have another 50 years of very energetic hard work ahead of them and they don't want to say they want to retire. We should not force them to retire.

The earnings penalty forces many of these people to retire—some of our most productive citizens in America. I think it is wrong. This tax penalty is wrong. We are going to repeal it today. We are repealing it with bipartisan support. It is going to become the law of the land.

Again, I compliment our leader for proving we can get some good things done that will have a positive impact on millions—frankly, on all of us, because a lot of us want to work beyond the age of 65. Now we are telling seniors they can do so.

Again, my congratulations to the leaders for making this happen. I think this will make Social Security policy better and, frankly, it will make economic policy better for all Americans.

Mr. President, I yield the floor and urge my colleagues to vote yes on this bill.

Mr. LUGAR. Mr. President, I rise today in support of H.R. 5, the Senior Citizens' Freedom to Work Act. The passage of this legislation is long overdue. The Social Security earnings test is bad for our economy and bad for individual senior Americans who wish to

continue in the workforce. I am extremely pleased that the Senate is moving to eliminate the earnings test.

I am hopeful, however, that passage of this bill will not mark the end of thoughtful policy regarding the role of seniors in the American workforce. Senior workers are an invaluable resource for our nation. As the number of Americans of retirement age increases, the economy's need for senior workers will inevitably increase as well. We should encourage those seniors who wish to continue working by making certain that they are treated fairly by tax and retirement laws.

Too often, government policy toward retirees has assumed that all seniors have the same needs, goals, and desires. Mr. President, each individual is different. Many seniors look forward to a leisurely retirement that allows them to pursue activities for which they did not have time when they were working. American seniors have earned this option, and trends over the last several decades that demonstrate the average senior is enjoying a healthier and more prosperous retirement are extremely encouraging.

But other senior Americans wish to delay retirement for as long as possible. Many seniors who have communicated with me about this subject simply enjoy the stimulation that a workplace provides on a daily basis. Others are not ready to leave businesses or farms that they have spent their entire lives building. Still others wish to continue to contribute to the income of their families, children, or grandchildren. Regardless of their reasons for wanting to stay in the workplace, no senior should find that government policy is a disincentive or barrier to work.

In addition to ensuring basic fairness to individuals, providing further incentives to senior workers makes good sense for our economy. Seniors who stay in the workforce continue to pay taxes on their earnings and continue to provide much-needed experience to the American economy. As our economy grows and the baby-boom generation approaches retirement age, we may experience more frequent labor shortages. Ultimately, a declining number of qualified workers could be detrimental to the economy. Adding incentives that reward older Americans for staying in the workforce could help alleviate such shortages while continuing to improve our economy and standard of living.

Last month, with the support of Senators BREAUX and GREGG, I introduced two pieces of legislation that would encourage American seniors to stay in the workforce. These bills, entitled the Retired Americans Right of Employment Acts (RARE I and RARE II), are based on the premise that many seniors want to work and their labor is invaluable to our economy and society. Both bills would repeal the earnings test, as we are seeking to do today. But they would go further by implementing

specific tax and benefit changes that would reward seniors who choose to work.

Among other provisions, both bills would phase in a formula allowing income earned after the retirement age to be counted in the calculation of an individual's Social Security benefits. Currently, Social Security benefits for most people are based on the average of the top 35 earning years prior to age 62. Allowing income earned after age 62 to be included in benefit calculations would increase the benefits of those seniors who choose to continue working.

The two bills offer alternative methods to reduce the taxes of working seniors. RARE I would cut the FICA tax of seniors by 10 percent when they reach full retirement age. As a result, retirees would see their FICA tax reduced from 7.65 percent of their paycheck to 6.885 percent. Because taxes are levied on the first dollar of wages earned, this tax reduction would benefit all income levels of retirees, including those who choose to work part-time.

RARE II would provide individuals who have reached the full retirement age with a tax credit equal to 10 percent of the lesser of the amount of income tax owed or the earned income of the individual. This provision would effectively reward older Americans who continue to earn and to pay taxes after reaching retirement age.

Mr. President, in closing, I want to reiterate my strong support for the underlying bill being discussed today. The elimination of the Social Security earnings test would be a huge step toward ending the disincentives for seniors to work if they choose. But I hope this is only a first step in adjusting policy governing seniors in the workplace. Other changes contained in the RARE bills, which I have described, as well as the repeal of the Clinton Administration's 1993 tax on Social Security benefits, would reaffirm the importance of seniors in our society. The health of our economy and even our national strength will increasingly depend on retaining the services of productive seniors. We should begin constructing these policies now.

Thank you, Mr. President.

Mr. DASCHLE. Mr. President, the time is right to repeal the Social Security earnings test. I ask my colleagues to join with me today in support of the passage of H.R. 5, the Senior Citizens' Freedom to Work Act of 1999.

We all know that reaching retirement age does not necessarily mean a person is ready to retire. It is good news that Americans are now living longer and healthier lives, and I believe that the Social Security system should not penalize those who want to work longer. I understand that many older workers choose to remain in the workforce because they need additional income or have no desire to stop working. I fully support this choice, and I believe that no one should face financial penalties for that personal decision.

In South Dakota this year, 2000 people have seen their Social Security benefits reduced because they chose to continue working when they reached the age of 65. All told, Social Security withheld about \$8 million in Social Security payments last year from those South Dakotans. That works out to a loss of about \$4000 in Social Security benefits for each of those 2000 South Dakotans. That is not right. Let's not penalize them for staying in the workforce to achieve a better standard of living. I know many Americans over 65 in my state who could use that money to pay for health insurance, prescription drugs, and electric bills.

H.R. 5 will not only help these 2000 workers who are not receiving their Social Security benefits, but also encourage those who want to work, but are not doing so now because they fear the earnings limit would consume most or all of their earned benefits. As baby boomers begin to retire, it is especially important that these older Americans who want to work be encouraged to do so. Our nation is celebrating record low unemployment. Let us seize this opportunity to recognize the skills, knowledge, and experience that people over 65 have to offer. I am pleased that Congress is on the verge of removing the earnings limit to encourage citizens in my state and across the country to continue making an important contribution to the American economy.

Mr. President, I urge my colleagues to build on the momentum created by this bipartisan bill to work toward Social Security reform. We can pass legislation this year that will extend the solvency of Social Security for 50 years by using the interest savings earned by paying down the debt. We should take that simple step this year on a bipartisan basis, just as we are passing this bill today.

Mr. GRAMS. Mr. President, I rise to strongly support HR 5, the Senior Citizens' Freedom to Work Act. This very important legislation would help millions of American seniors who choose to, or must work after retirement.

Under current law, the Social Security benefits of those seniors ages 65 through 69 who continue to work will be reduced by \$1 for each \$3 of earnings over \$17,000. In other words, they will be taxed at 33.3 percent of their earnings above the threshold.

However, the onerous tax burden on our seniors does not stop there. These seniors are also subject to a 15.3 percent payroll tax, and a 15 percent income tax. Combined with the earnings test, these seniors are paying taxes of over 60 percent on their earnings from working. If their earnings bump up their income, their Social Security benefits are then taxed. The tax bite could take 68 to 91 percent of their additional earnings.

Mr. President, this is absurd. We must correct this unfair tax burden on our seniors.

When Social Security was set up 65 years ago during the Great Depression,

jobs were scarce, workers were younger and many could not find work to support their families. One of the intentions of the Social Security program was to encourage older workers to retire, so that younger workers could find a job.

Today, our situation is dramatically different. The economic and demographic conditions in the U.S. are not what they were when Social Security was established. Our strong economy has created a tight labor market. After filling over 20 million new jobs during this economic expansion, we still have a job shortage, particularly skilled workers. It is projected that this shortage will continue for the next 5 to 10 years.

Lower birth rates and a longer life expectancy mean that the number and relative size of the older population is growing rapidly. The number of Americans over age 65 has grown from 8 percent in 1950 to 14 percent in 1990 and is projected to reach 22 percent in 2030.

This demographic change has triggered a serious Social Security crisis. In 1940 there were 100 workers to support 1 retiree. Today that ratio has dropped to 3 workers supporting 1 retiree. In less than 20 years, that ratio will decrease to 2 to 1. As a result, we have a \$20 trillion unfunded Social Security liability.

The earnings test penalty has worsened this situation. It discourages seniors from working, even though their skills are much needed in the labor market. If allowed to work without penalty, they will continue to pay payroll taxes into the Social Security system which will help us work toward solvency of the system.

Another important reason we must get rid of the earnings test is that Social Security is a very poor investment for Americans. Americans pay a significant amount of payroll taxes through their working life but face low and declining returns from Social Security, and some receive less in benefits than they have paid in payroll taxes. Their Social Security benefits cannot even begin to meet their pre-retirement standard of living. Many seniors have no choice but to continue to work—and others want to work for the joy of it.

Over the past 15 years, goods purchased mainly by seniors increased 6 percentage points more than goods purchased by the general public. Their medical costs skyrocketed 156 percent.

As inflation on medical and pharmaceutical goods continues to rise, older Americans' hard-earned Social Security benefits are worth less and less. Their purchasing power will continue to diminish.

I believe the earnings test on Social Security benefits is wrong and unfair because Social Security benefits are earned benefits for many senior citizens. The Social Security benefits which working seniors are losing due to the earnings test penalty are benefits they have rightfully earned by con-

tributing to the system throughout their working years before retiring. These are benefits they should not be losing just because they are trying to survive by supplementing their Social Security income. Reducing Social Security benefits upon additional earnings is just double taxation.

As health care and other costs continue to grow, the incomes of more and more senior citizens are falling along with their standard of living. This earnings test hurts seniors who choose, or must work after retirement to maintain their standard of living or to pay for costly health insurance premiums, medical care, prescriptions and many other expenses which increase in retirement years. This is particularly true for seniors with lower-incomes who must work and depend on their earned income for survival.

Mr. President, we cannot let this practice continue.

Eliminating the earnings test on Social Security benefits would reverse this trend, and help responsible senior citizens. The federal government has entered into a sacred covenant with the American people to provide retirement benefits once contribution commitments are made. It is the government's contractual duty to honor that commitment. The government cannot and should not take money from seniors that is rightfully theirs.

Mr. President, I'd like to briefly discuss the health of our Social Security system. Social Security benefits will exceed payroll taxes by 2014 or soon.

President Clinton claims he is saving Social Security by using the interest savings that will result from paying down the government debt held by the public. However, his proposal does not push back the date that Social Security will run a deficit by a single year, and the transfer from the general fund to Social Security does not cover a fraction of the shortfall.

Mr. President, without reform, the unfunded liability of Social Security will crowd out all of our discretionary spending. It will create financial hardship for millions of baby boomers and impose a heavy burden on future generations. We must address this vitally important issue as quickly as we can.

I believe the best way to fix Social Security is to move it from the current pay-as-you-go system to a fully funded one, and the immediate step we should take is to lock in every penny of the Social Security surplus safe from government spending, and put it toward Americans' retirement. My lockbox would sequester spending if re-estimates result in spending any of our Social Security surplus.

In addition, we need to tell Americans the whole truth about Social Security since payroll taxes are the largest tax that many families will ever pay, accounting for up to one-eighth of the total lifetime income they will make.

That's why I also support the Gregg amendment which would require the

government to provide information on the financial status of the program. This amendment is along the same line of my legislation, S. 1104, the Social Security Information Act. Reliable information on Social Security is crucial to enable Americans to better understand the value of their Social Security investment and to help them determine exactly how much they should supplement their expected Social Security benefits with other savings in order to have a certain level of retirement security.

Mr. President, let me close by saying it is critical that we repeal the earnings test penalty. We owe our seniors nothing less than to remove this senseless provision and give them the opportunity to sustain and hopefully improve their standard of living by allowing them to work without additional tax penalties. It is equally important that, by continuing to pay into the Social Security system, our seniors will actually give us more time to reform it—which ultimately benefits everyone.

Mr. CONRAD. Mr. President, I am pleased the Senate is taking action on the H.R. 5, the Senior Citizen's Freedom to Work Act of 2000. This legislation eliminates the earnings test for Social Security recipients between the full retirement age (currently 65) and age 69. The measure will be retroactive to January 1, 2000.

I have long supported changing the Social Security earnings test, which the amount of income recipients may earn before their benefits are reduced. Under current law, recipients aged 65 through 69 can earn up to \$17,000 per year without penalty. But beyond that, benefits are reduced by \$1 for each \$3 of earnings. This year, approximately 800,000 seniors will lose benefits. Repealing the earnings test will allow older Americans who have skills and expertise to continue working and making a contribution to society and to our economy.

I am concerned about the Social Security earnings test and realize the difficulties that many older Americans experience because of it. For many seniors, working beyond the age of 65 is necessary just to make ends meet. Changing the earnings limit will allow them to earn extra income without losing hard-earned Social Security benefits. They have spent a lifetime working for these benefits and they should get them, whether they choose to continue to work or not.

I have supported past legislation to raise the earnings test limit. Today, I fully support this legislation to eliminate the earnings test for all individuals who have reached full retirement age.

This bill is especially important to North Dakota because we have one of the highest rates of seniors receiving Social Security benefits.

I am also pleased because this bill is fiscally responsible. In the long term, it will not have any financial impact on our Social Security trust fund.

I urge my colleagues to join me in supporting this important piece of legislation.

Mr. JOHNSON. Mr. President, today is a particularly important day for American seniors. With a unanimous vote, the Senate passed H.R. 5, the Senior Citizens' Freedom To Work Act which will abolish a Depression-era Social Security restriction that lowers benefits paid to seniors ages 65 to 69 who earn more than a specified amount each year. Earlier this month the House passed H.R. 5 by a vote of 422 to 0. As a proud cosponsor of the Senate version of this bill, I am elated that Congress moved swiftly to pass this long overdue legislation.

Presently, the Social Security earnings test reduces benefits \$1 for every \$3 over earnings of \$17,000 for retirees age 65 to 69. Due to the cap on earnings, older Americans, many of whom live on fixed, modest-incomes, are burdened with a 33.3 percent tax on their earned income. When this is combined with Federal, State, local and other Social Security taxes, it amounts to an atrocious 55-65 percent tax or even higher. Such a policy defies the principals of self-reliance and personal responsibility on which America was founded. Seniors who have substantial outside income from investments have never had a similar tax penalty to pay.

By eliminating the retirement earnings test, older Americans can now decide whether and how much they want to work without a reduction in their current Social Security benefits.

An estimated 800,000 Americans lost all or part of their Social Security benefits in 1999 because they were employed and earned more than the limit. Even a part-time job can put someone over the earnings limit. According to the U.S. Bureau of the Census, the elimination of the earnings test will affect approximately 1,153,000 retirees and auxiliary retirees nationwide, including 3,462 seniors throughout South Dakota.

I believe older Americans ages 65 through 69 should be able to work and supplement their Social Security without a benefit reduction, just as other beneficiaries can supplement, without restriction, their Social Security with pensions and unearned income.

At a time when labor shortages loom on the horizon and people are living longer, we should encourage, not penalize, older workers.

Faced with serious health care expenses, escalating prescription drug prices, long term care needs, and other expenses in caring for a spouse or other family members, older Americans are choosing to stay in the job market longer. By eliminating the earnings test today we have just improved the personal and financial well-being of thousands of seniors throughout South Dakota and our nation.

I am very pleased that President Clinton is supportive of the legislation and has indicated that he will sign the bill into law immediately.

Today marks a strong vote for older Americans. Seniors are one of our nation's most valuable resources and we should honor and respect them by providing the means necessary to live long, fulfilling lives without worrying about whether or not they can afford to pay their rent, heating bill, and other necessities. As we move forward with the 106th Congress, I look forward to working with my fellow colleagues to implement further programs and a strong legislative agenda which strengthens crucial programs such as Social Security and Medicare, and establishes prescription drug coverage, nursing home reforms, new efforts on long-term care, tools to fight crimes against seniors, new plans to secure retirements and protect pensions, and other initiatives that meet the needs of our growing population of seniors.

Mr. GORTON. Mr. President, for too many years I have worked in support of repealing the unfair Annual Earnings Test on Social Security. Incredibly, working seniors currently forfeit one dollar of Social Security benefits for every \$3 they earn over the earnings limit of \$17,000.

If an American spends a lifetime paying into the Social Security system with the guarantee that he or she will get their money when he or she turns 62 or 65 years old, no one should be able to take those benefits away simply because the beneficiary wants to keep working. Why should the federal government be discouraging those seniors who want to keep on working from doing so? As our country faces increasing demands for labor, we can ill afford to deprive ourselves of the skills and experience America's seniors have to offer. The federal government shouldn't be in the position of discouraging anyone from working: seniors should be allowed to make their own decisions.

Over the past few weeks, I have listened to and read the comments of numerous Washington state seniors who lose a portion of their hard-earned Social Security benefits simply because they do not wish to retire or stop working. I have been listening to these same comments for many years, and I can honestly say that today it looks as if common sense will finally prevail and a solution will pass the House and the Senate. Importantly, President Clinton recently changed his position on this issue and now says he will sign this legislation to abolish the Earnings Test.

I will cast my vote for abolishing this unfair tax. Repeal of the Social Security Earnings Test is a victory for seniors and every generation of Americans.

Mr. EDWARDS. Mr. President, I am proud to join my colleagues today—Republicans and Democrats alike—in voting to repeal the Social Security earnings test. For 75 years now, Congress has kept a provision in the Social Security program that hurts our seniors who continue to work. The Senior Citi-

zens Freedom to Work Act is a sensible measure. It will correct an injustice in our Social Security program, infuse our tight labor market with experienced workers, and most importantly, help hundreds of thousands of seniors become more financially secure.

Currently, retirees drawing Social Security benefits are subject to an earnings test. This means that for seniors ages 65 to 69, benefits are deferred by \$1 for every \$3 that their earnings exceed \$17,000. In my state, nearly 2,500 seniors are hurt by the Social Security earnings test. According to the Social Security Administration, the average amount of benefits lost per recipient in 1995 was \$3,596. My state benefits from the contributions of these employees, substantively and economically; yet these individuals are being penalized for their efforts.

It is now time for Congress to bring the Social Security program into a new era. Retiring the earnings test, not our seniors, is a first step.

In 1935, when the Social Security program was established, the United States had a crowded labor field. The earnings test was designed to encourage seniors to leave the work force to open their jobs to younger people. But today the rationale for the test has faded. It's about time we replaced this antiquated provision.

Indeed, no one today would seriously consider structuring the program to discourage older workers. Our unemployment rate is at an historic low. And our country is enjoying unprecedented economic prosperity. Seniors bring years of experience to the work force—knowledge and judgment that cannot be obtained from a textbook, but only from first-hand experience. Employers today are seeking skilled, dependable, and honest employees. Many older Americans would be willing to fill this need if they were not faced with decreased Social Security benefits. The government should not tell people who want to work that they cannot, but this is exactly the message the earnings test sends to many seniors. This message is discriminatory and fundamentally wrong.

Moreover, at a time when we are experiencing such phenomenal economic growth, many of our senior citizens are struggling to pay for everyday needs. This measure will help them. I have heard from hundreds of seniors from North Carolina who are struggling to pay their medical bills and daily living costs. By now, they have been working and paying Social Security taxes for decades. These same seniors are the ones who start to lose benefits because they continue to work, simply because they earn a salary that the government believes is too high for them.

It must be said that this legislation is a patch to one problem in the Social Security system that is currently riddled with holes. If Congress does not start considering overall Social Security reform, we will eventually have a hole too big to fix. It is my hope that

the current momentum to fix small holes in the system will lead to a larger dialogue on how to save the Social Security program.

But until then, the Senior Citizens Freedom to Work Act is a win-win measure. It lets seniors earn a higher salary without retribution. It keeps skilled employees in the workplace. It helps maintain a strong economy. It helps our seniors to afford today's cost of living. And finally, it's the right thing to do.

This bill has a lot of benefits, and it costs the government nothing. I look forward to its quick passage in the Senate and to the positive effects that it will have for our country.

Mr. ABRAHAM. Mr. President, in my State of Michigan, we currently have less than a 3 percent rate of unemployment.

We used to think that just the people entering and leaving the job market, as well as those switching jobs, would keep unemployment to a minimum of 5 percent.

But our economy is exceptionally strong, and the demand for labor is through the roof. In fact, some companies in Michigan have threatened to leave the State because they can't find enough people to work.

Yet throughout the United States, we encourage our seniors between the ages of 65 and 69 to not work because of the earnings test on their Social Security benefits.

At the very time that we need experienced workers in the labor market, the government makes it uneconomical for our most experienced workers to stay in the work force.

Under the current earnings test, Social Security beneficiaries under the age of 65 lose \$1 of social Security benefits for every \$2 they earn over \$10,000 per year.

And those under 70 lose \$1 for every \$3 earned over \$17,000 of annual income.

Not until they reach 70 years of age are seniors free to work again on their own terms.

Seniors are being penalized by double taxation—and in this case, simply for working.

I find it incredible that we force our seniors to forego over \$3.9 billion a year in Social Security benefits simply because they make more than \$10,800 if they are under 65 and \$17,000 if they are between 65 and 69 years of age.

But what is not seen is the income foregone by those seniors for whom the earnings test makes it uneconomical to work.

A recent study by the Institute for Policy Innovation shows that your typical 67-year-old married senior, making let's say the American average of \$37,000, could have a marginal tax rate of over 80 percent.

This is a huge disincentive to continue working, even though we need these experienced seniors in our work force, many of them want to work, and they are able to do so.

In fact, a recent study by the Urban Institute indicated that because of

longer life expectancies and better medical care, a 65-year-old today is healthier than a 40-year-old was before World War II.

This has the effect of forcing able workers out of the work force. In 1948, 47 percent of men over 65 worked. Today, it's one-third of that with about 16 percent continuing to work.

And if they do work, they limit how much they work because of the earnings test. In fact, 65 percent of those seniors that work, keep their total earnings under the earnings test limit in order to avoid the penalties.

But if we repealed the earnings test, we could unleash the economic power of our seniors.

The National Bureau of Economic Research estimates that repealing the earnings test on workers age 65 to 69 would increase the annual number of hours worked throughout the economy by 5.3 percent.

That may not seem to be much, but it actually represents 63 million more hours worked per year, or the equivalent of almost 31,500 jobs.

Because seniors would have more money to save, invest, and spend, it's estimated that overall gross domestic product would rise by \$19.5 billion, increasing the projected growth in disposable personal income by more than 5 percent.

And this would ripple throughout the economy, adding \$6.8 billion to the stock of U.S. capital invested in new jobs.

Finally, the extra growth that would be brought about by this repeal would generate enough new tax collections to totally offset the higher Social Security benefit payments within 10 years.

That is why I was proud to join Senator MCCAIN last year in cosponsoring S. 279 to repeal this antiquated test and allow our seniors to keep all of their Social Security benefits. And that is why I will also support passage of H.R. 5.

But I think we need to look at the broader issues of retirement security, including the taxation of Social Security benefits, and the forced depletions of individual retirement accounts.

In 1993, the President forced through an increase on the amount of Social Security benefits subject to taxation from 50 to 85 percent for those singles making more than \$34,000 and those couples making over \$44,000.

When coupled with the earnings test, these benefits taxes can punish some couples with a 103 percent marginal tax rate. These couples actually lose more than a dollar for making another dollar. Not only is this grossly unfair, it's also an even further disincentive for savings and work.

But the government's raid on senior's retirements assets doesn't even stop there. It also levies a 50 percent tax on IRA savings when seniors fail to withdraw when Washington wants them withdrawn.

Current law requires seniors to start withdrawing their IRA savings beginning at age 70½.

And seniors must usually make these withdrawals in annual amounts large enough to deplete the entire IRA by the time they reach age 85.

Failure to follow these rules earns a whopping 50 percent penalty.

This withdrawal requirement can only be viewed as a punishment for those who plan and save for retirement. Even worse, seniors who live past 85 may find themselves short on funds because the Federal Government forced them to spend their own savings. That's not right, and it must be stopped.

To remedy all of these gross disincentives to seniors planning and saving for their retirement, and staying active in the work force, I introduced the Senior Citizens' Financial Freedom Act, S. 2180.

This legislation would accomplish three objectives:

First, it would repeal the Social Security earnings test working penalty on seniors, just as the legislation before us today would.

Second, it would roll back the Clinton administration's 1993 tax increase on Social Security benefits.

Finally, it would increase the age when minimum IRA distributions must begin, from 70½ to 85.

Passage of H.R. 5 is vitally important to the financial well being of our seniors who chose to remain in the work force.

And I hope we will continue to work toward truly protecting the financial well-being of America's seniors by also addressing this year the other issues of Social Security benefits taxation and forced IRA withdrawals.

With these two important pieces of legislation, we can really strengthen Social Security for our seniors in the most important place possible—their wallets.

Mr. HARKIN. Mr. President, the Senate is going to take an important and long overdue step to stop penalizing older workers in our Nation—eliminating the Social Security earnings penalty. This is a change I have advocated for many years. So I am very pleased we are taking this important step.

This legislation, H.R. 5, is an important step for a number of reasons. First, it is simply the right thing to do. There should not be a penalty for working.

Second, we are now facing and will continue to face tight labor markets. In my State of Iowa, this is an acute problem in some areas. By eliminating the earnings penalty, experienced workers who were discouraged from continuing in or rejoining the work force will have a new incentive to work. The emergence of the Internet and home computers offers tremendous opportunities for seniors to work at home. Marrying these new job opportunities with a repeal of the earnings penalty will become even more important as the Baby Boomers retire.

Third, a large number of older Americans need the income. Over half of today's workers have no pension plans

outside of Social Security. They are going to need additional sources of income to maintain their standard of living.

Some critics have expressed concern that this change would have a negative budgetary impact. I believe that by attracting more Americans back into the work force, either on a full-time or part-time basis, it will strengthen Social Security and the federal budget. And I believe they will add to the productivity of our nation.

I am pleased that the Senate has been able to come together on a strong bipartisan basis to pass this bill. The President has indicated his support and so it should become the law of the land in the next few weeks. That would be a good step forward for our Nation.

Mr. ALLARD. Mr. President, I rise to make a few comments on the Social Security earnings test elimination bill. Today I join my Senate colleagues in supporting important legislation that will benefit millions of American seniors who want to remain working after age 65 without facing a reduction in their Social Security benefits.

In America today there are roughly 800,000 Social Security recipients between the ages of 65 and 70. Under current law if you are one of those 800,000 Americans and you earn more than \$17,000 this year you will begin to see a reduction, \$1 in loss for every \$3 earned over \$17,000 in Social Security benefits. I think it is important to recognize that those being penalized are those who have been paying into Social Security their entire working lives. I have long disapproved of this punitive system that places restrictions on a person's right to work, and an employer's ability to hire the right person for the job. Too often Social Security is viewed as a handout, but for the vast majority of Americans this is an earned benefit that should not be subject to Depression-era work restrictions.

The Members of this body are familiar with the numerous obstacles facing employers, particularly small business owners, in these times of near full employment. In my home State of Colorado, our small businesses, hospitality and tourism employers are struggling to find experienced, qualified individuals even in these times of prosperity. Here in the Senate we have looked at increasing the number of guest workers visas and streamlining the visa process in an effort to provide employers with an opportunity to reach employees. While we will still consider these efforts, the passage of the Social Security earnings test elimination bill will allow employers to tap an eager and rich population of employees already living in every community in our State. Importantly, this legislation will put an end to a depressing practice that has forced working seniors to leave their jobs mid-year once their earnings threshold has been reached. Not only will America's working seniors be spared unnecessary grief, but

these seniors and their employers will be free to develop stable, life-long working relationships.

The Congressional Budget Office has estimated that this legislation will cost \$22.7 billion over the next 10 years. I understand that actuaries from the Social Security Administration have reported that this cost will be negligible over the long term. I mention this solely in the context that as we pass this legislation we recognize that this measure is associated with a cost. Congress must budget appropriately in response to this cost. Repealing the earnings limit is an idea whose time has come, whose time came years ago. Part of constructing good public policy is making hard choices. I hope that my colleagues will recognize that if we are not willing to assume the responsibilities of these costs in other areas of the budget we run the risk of continued fiscal irresponsibility that threatens Social Security and a balanced Federal budget.

Like many of my colleagues in the Senate today I had the good fortune to work on a precursor to this legislation when I served in the House of Representatives. During the 104th Congress I voted in favor of H.R. 2491, the budget reconciliation bill that carried a number of provisions outlined in the Contract with America. One of these provisions was the gradual increase of the Social Security earnings limit. In December 1995, President Clinton vetoed this legislation. I am thankful that today the Senate will pass this legislation overwhelmingly, insuring relief and increased economic freedom for America's seniors.

Mr. KOHL. Mr. President, when the Social Security system was established, a retirement test, also referred to as an earnings test, was made part of the criteria for determining an individual's benefits. This criterion was established because Social Security benefits are intended to replace, in part, earnings lost by an individual or family because of retirement, disability, or death. Therefore, benefits are withheld from individuals who show by their substantial earnings from work that they are not in fact "retired".

What this means today is that recipients aged 62-65 could earn up to \$10,080 annually without having their benefits affected, and those between 65-69 could earn up to \$17,000 a year. For earnings above these limits, recipients aged 62-65 lose \$1 in benefits for each \$2 of earnings while those between 65 and 69 lose \$1 in benefits for each \$3 in earnings. The earnings test does not apply to recipients age 70 and over, and the exempt limits increase each year at the same rate as average wages in the economy. Currently, it is estimated that there are approximately 600,000 recipients age 65-69 affected by the earnings limit test.

Today we are repealing the earnings limit for people between the full retirement age and age 69, giving them the opportunity for increased financial se-

curity, and providing an increase in skilled workers during this tight labor market.

Removing the earnings limit will provide seniors with greater independence and financial security. Today, too many Americans struggle through their retirement years trying to make ends meet. The steps we take today will allow seniors to work longer, and depend on their savings less, giving them more security into their later years. In our modern workplace it makes no sense to penalize workers for staying in the workforce longer. Congress works hard to encourage people to plan their retirement years thoughtfully, and removing the earnings limit will give working families one more tool for planning their financial future.

This move is especially timely in our tight labor market and booming economy. Removing the earnings limit will allow experienced workers to be able to stay in the workforce. I have heard from several business owners in Wisconsin who are desperate for skilled workers in a number of industries. While the long term answer to the skilled worker shortage is increased worker training and education, encouraging older workers to remain in the workforce will certainly help meet the current demand. Proven, experienced, mature workers will help our economy maintain its momentum.

We should not feel too jubilant, however, about today's accomplishment. Comprehensive Social Security Reform is still necessary. Today's changes will do nothing to hold off the coming crisis that will begin when we start drawing down the Social Security Trust fund in 2014. Congress needs to deal with this soon, otherwise we are shirking our duty to the American people.

Mr. BURNS. Mr. President, I rise today to urge all my colleagues to join me in supporting the Senior Citizens' Freedom to Work Act. It is high time we eliminated this Depression-era provision which penalizes motivated senior citizens for working to augment their Social Security income.

As the law currently stands, if a person between the ages of 65 and 69 earns more than \$17,000 per year, their Social Security benefits are reduced by \$1 for every \$3 they earn above \$17,000. That just isn't right. Ours is a society which values hard work; only our Government would devise a scheme to penalize people for working.

Before too long, in 2025, Montana will have the third largest proportion of senior citizens in the Nation. This growth rate is nationwide, however. Our country is aging and the programs which our parents relied on in their golden years need to change if they are to keep pace with the changing face of American society.

Most of the senior citizens affected by this unfair provision are those who can afford it the least. These are the very people who struggle to make ends meet every month. Many may face the impossible decision of putting food on



their tables or prescriptions in their drug cabinets. We expect retirees to augment their Social Security income with money from outside resources but then turn around and penalize them for working. Isn't it about time to bring consistency into Social Security? Eliminating the Social Security earnings limit is one important step in reforming the laws which affect our senior citizens.

I urge the Senate to follow the House of Representatives by expediting passage of this important legislation. Working seniors deserve no less.

Mr. President, I yield back the remainder of my time.

Mr. L. CHAFEE. Mr. President, I rise today to express my support for H.R. 5, the Senior Citizens Freedom to Work Act. This bill will do away with the Social Security earnings test for those individuals between the ages of 65 to 69. The earnings test has proved to be a disincentive for able and healthy senior citizens to be a productive part of the workforce. On March 1, the House of Representatives approved H.R. 5 by a vote of 422-0. Moreover, the administration has expressed its support for the bill. While I believe the amendment offered by Senator KERREY had merit, attaching it to this bill would have delayed enactment of this important legislation. Therefore, it is my belief that we should pass this bill immediately and send it to the President for his approval.

Mr. MACK. Mr. President, I want to express my strong support for repealing the Social Security Earnings Test for working seniors. Many of my colleagues and I have been working together for the past 12 years to pass this legislation. At long last, the Senate is going to retire the Social Security Earnings Test.

The Social Security Earnings Test is a 70 year old dinosaur of a law which was initiated to insure that Social Security benefits were granted specifically to retired persons. Today, unfortunately, economic reality dictates the need for many senior citizens to continue working in order to achieve a basic standard of living. The Social Security Earnings Test stands as a roadblock to independence for tens of thousands of seniors throughout the United States. Furthermore, America's seniors represent a wealth of talent and skill. A national policy which discourages them from working is simply counterproductive.

Clearly, few other states have been as impacted by the unfair Social Security Earnings Test as the people in my home state of Florida. I've seen firsthand the impact upon Seniors of laws which limit income. We have already seen the impact caused by President Clinton's 1993 tax hike on Seniors, when he raised the Social Security benefit tax from 50% up to 85%. When are we, as a nation, going to stop penalizing success?

It's not a group of greedy millionaires who are being impacted by the

earnings test restrictions. It's lower and moderate income Seniors who need some relief from their government to simply survive. In Florida, we are talking about grandparents who live on Social Security plus any outside work they can get. And if you have grandma in the hospital or a nursing home fighting Alzheimer's Disease, and grandpa has go find some work to pay the bills, the Social Security Earnings Test is simply another hurdle they have to overcome.

Several years ago, I was visiting a worksite in Safety Harbor, Florida where I met with a group of working Seniors. I asked them why they were working past the traditional retirement age. Some said they simply wanted to have a reason to get out of the house and do something productive. Others said they needed the additional income to take care of a loved one. Still others said they wanted to maintain a certain lifestyle without Federal interference.

But I was most struck by one gentleman who said to me, "Senator, we live in a throw away society. Don't let them throw us away." What this gentleman was saying was that the message the Earnings Test sends is that society no longer needs you. How can we, as a society, say such a thing? Clearly, we shouldn't.

Finally, consider this thought. Baseball fans might remember my grandfather, Connie Mack, who spent many years in major league baseball. In 1929, he managed the World Champion Philadelphia Athletics. In 1929, he was 66 years old. Suppose he had succumbed to the idea that, at that age, there was no purpose for pursuing one's ideas, one's dreams in life. Suppose he had been told by our nation that he was no longer of value to society. He might not have had the opportunity to produce that great team. Fortunately, we didn't have a law which could have forced him into retirement.

The Federal government is sending a message to working Seniors that they are over the hill. The only thing that is over the hill is the Earnings Test. We need to retire the Earnings Test, not our Seniors.

Mr. ROTH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. FRIST). Is there a sufficient second?

There appears to be a sufficient second.

Who seeks time?

Mr. ROTH. Mr. President, we yield back any remaining time.

Mr. MOYNIHAN. Mr. President, we yield back any remaining time.

The PRESIDING OFFICER. All time having been yielded back, under the previous order, the clerk will read the bill for the third time.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the

question is, Shall the bill pass? The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 42 Leg.]

YEAS—100

Abraham	Feingold	Mack
Akaka	Feinstein	McCain
Allard	Fitzgerald	McConnell
Ashcroft	Frist	Mikulski
Baucus	Gorton	Moynihan
Bayh	Graham	Murkowski
Bennett	Gramm	Murray
Biden	Grams	Nickles
Bingaman	Grassley	Reed
Bond	Gregg	Reid
Boxer	Hagel	Robb
Breaux	Harkin	Roberts
Brownback	Hatch	Rockefeller
Bryan	Helms	Roth
Bunning	Hollings	Santorum
Burns	Hutchinson	Sarbanes
Byrd	Hutchison	Schumer
Campbell	Inhofe	Sessions
Chafee, L.	Inouye	Shelby
Cleland	Jeffords	Smith (NH)
Cochran	Johnson	Smith (OR)
Collins	Kennedy	Snowe
Conrad	Kerrey	Specter
Coverdell	Kerry	Stevens
Craig	Kohl	Thomas
Crapo	Kyl	Thompson
Daschle	Landrieu	Thurmond
DeWine	Lautenberg	Torricelli
Dodd	Leahy	Voinovich
Domenici	Levin	Warner
Dorgan	Lieberman	Wellstone
Durbin	Lincoln	Wyden
Edwards	Lott	
Enzi	Lugar	

The bill (H.R. 5), as amended, was passed.

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

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

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the previous order be postponed for 3 minutes.

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

Mr. MOYNIHAN. Mr. President, this is a moment of high achievement. Is there anybody about who can remember when a substantive piece of legislation affecting millions of Americans and dealing with the Social Security Act would pass this Chamber 100-0? I can't in my 24 years.

In my 24 years, I have not seen the like.

I congratulate the chairman who had the wisdom to bring up the matter, hold it at the desk, and do it this way.

When the President gets back, I am sure the first thing he will do is sign it, or we can put it on a plane and send it to meet him halfway in Geneva.

But congratulations.

Mr. ROTH. Mr. President, I thank the distinguished ranking member, Senator MOYNIHAN, for his kind and gracious but too generous remarks. I know we were able to get this accomplished through his leadership. As I said earlier, I do not only want to congratulate him for his role today, but for his continuing role in his many years of service in the Senate. I thank him for his leadership, for his contribution, and for his steadiness on this most important matter.



I also say to my distinguished colleague that it is important we recognize the staff who worked so hard on this historic measure on the majority side.

I thank Frank Polk, Alec Vachon of the majority staff; on the minority side, David Podoff and Jon Resnick. I also thank David Koitz of the Congressional Research Service, Ruth Ernst of the Senate Legislative Counsel, and Kathy Ruffing of the Congressional Budget Office. Frankly, if it had not been for their hours of long staff work, this historic bill would not have been possible.

Mr. President, I yield the floor.

#### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak therein for up to 5 minutes each.

Under the previous order, the Senator from West Virginia is recognized to speak for up to 10 minutes.

Mr. BYRD. Mr. President, I ask unanimous consent that should I need an additional 3 minutes, I may have it.

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

#### A NATIONAL ENERGY STRATEGY FOR THE 21ST CENTURY

Mr. BYRD. Mr. President, I am aware that some Senators have come to this floor in recent weeks to talk about rapidly increasing petroleum prices, and other Senators have raised serious concerns about home heating oil prices in the Northeast this winter. I also recall that certain regions of this country were threatened by electricity brown-outs last summer, to say nothing of the difficulties our beleaguered farmers may face this year and to say nothing at this moment of what they faced last year. All of these issues raise serious concerns that affect our everyday lives in every season and region of the country. The crisis that we have all been witnessing not only forces us to question our dependence on foreign oil, but, more importantly, to confront the crying need for a serious domestic energy strategy.

I remember very well, because I was here, the energy problems this country experienced in the 1970's. During that decade, we were forced to confront our energy demands and our vulnerability to the whims of foreign powers. A quarter century later, this nation is still facing that same vulnerability. While some circumstances may have changed, the United States is now importing more than half of its oil from overseas. This fact, in addition to the potential for volatile market swings, is very unsettling to me. The United States should not be held hostage to the capricious decisions of other nations—friend or foe. We should not have to go, hat in hand, to other nations to beg them to produce more oil so that our supply

and prices in the United States do not plummet to levels that stifle the economy. We should not have to think of sending in the troops every time some regional difficulty arises in the Middle East.

Our ultimate national interest lies with concerns that are much larger than the current price hikes in gasoline, diesel, home heating oil, or electricity. Though I am certain that, in time, this petroleum crisis will pass as most crises do, I fear that, as a nation, we will sink back into somnolence, asleep at the wheel so to speak. The alarm is ringing loudly today, and it is time to wake up and address the underlying issue—our lack of a serious, comprehensive national energy strategy. That is the underlying issue. Our policies must take into account our energy independence and U.S. energy security. We need a policy that buffers our economy and our people from decisions made by foreign suppliers. It is past time to focus on increased research and development into advanced technologies, energy efficiency and conservation measures, and market incentives for these advanced technologies and conservation measures. Obviously we must also be sensitive to the environment. Clean air and clean water matter; the responsible use of our land matters; and the potential impact caused by the growth of greenhouse gases matters. We should aggressively investigate promising carbon sequestration technologies. In fact, a comprehensive national energy strategy must also incorporate a strong environmental strategy. I believe that we can, and that we should undertake this challenge. We ought to do it now.

The United States is vast, and our resources are vast. We are a fortunate nation in that regard. The Creator has blessed us. Our economy is booming and with that boom comes an increased appetite for energy. We must consider how much we consume and how efficiently we use these resources. We possess energy reserves of oil and natural gas, as well as wind, solar, hydro, fuel cell, geothermal, and nuclear power. And, some of our most abundant energy sources are the coal reserves underlying many areas of the United States. We will need all of these resources if we are ever to achieve the goal of stable energy independence. It is time to examine the tough questions and to explore the opportunities before us to increase our energy independence.

This is a daunting task, and its success is dependent on our active support of a focused research and development program. I serve as the Ranking Member of the Senate Appropriations Committee. I am proud to have been able to provide funding for a range of critical research and development programs for energy efficiency. I have been on that committee 41 years; now going on 42 years. I have been on that Appropriations Committee longer than any other Senator has ever served on it. During

that time, I have been conscious of the need for more energy research and the need for a comprehensive energy strategy. So I have provided funding for a range of critical research and development programs for energy efficiency. One such research and development effort that I am especially proud of is the Clean Coal Technology Program. I believe that it was, and continues to be, a commonsense, forward thinking program.

In 1985, I was able to provide the initial \$750 million to create the Department of Energy's Clean Coal Technology Program. It has been a very successful public-private partnership. Originally designed to address acid rain reduction, the Clean Coal Technology Program is now addressing a broader range of emission issues, including the reduction of greenhouse gases.

Over the years, more than \$2.4 billion in federal funding has moved the clean coal program forward. I have supported every dollar that has been utilized in this way. To date, 40 projects have been approved, with 32 either completed or scheduled to be completed by the end of 2001. But there is a disturbing trend taking shape at the Federal level. These funds are being threatened by deferrals and rescissions by this Administration. I have had to try to fight off these deferrals and rescissions that are being recommended by this administration. A critical research and development program that supports more efficient use of one of our most abundant domestic fuel sources—coal—must not be eviscerated if we are serious about advancing our energy security goal. We must continue to be ready in the event of a crisis. We have seen these crises occur before. Yet here we are with an administration that wants to rescind, wants to defer, moneys that are to be spent in the clean coal technology program.

The utter folly of such an approach is self-evident. Here we have been caught without a cushion, so we were not prepared for the crisis the country is now in. We should have been prepared. Coal cannot be taken off the list of domestic energy sources if we are ever to get out of the posture of begging, begging, begging OPEC for mercy.

I come from a coal State. Coal reserves are plentiful—not so plentiful as they once were in my State, but they are plentiful in this country. Coal supplies 56 percent of all electricity in this country. See the lights up here. Electricity is what makes those lights burn. What is behind that electricity? Coal, C-O-A-L. It keeps the lights burning in the hospitals, in the schools, in the Federal buildings, in the White House.

Coal, as I say, supplies 56 percent of all electricity in this country—56 percent.

Coal has literally fueled the American economy. It will continue to be an important source of energy for the foreseeable future—and it must continue to be. I know that there are concerns about coal mining and coal use.