

one out of three of America's uninsured children, fall far short of any responsible initiative to deal with the urgent health needs of our children. We were encouraged that a strong bipartisan majority of the Finance Committee voted to include our legislation in their bill. Now we have a realistic opportunity on the floor to guarantee every American child a healthy start in life. I urge the Senate to support it.

Congress can balance the budget with fairer Medicare changes to protect senior citizens, expanded health care for children fully paid for by an increased tobacco tax, and we can still balance the budget with fairer tax cuts to help working families. As those major battles reach the Senate floor, we will have a chance to correct the many serious injustices in the current proposals, and I look forward to working with my colleagues to do so.

Mr. President, I have a chart about the average Medicare outlays per beneficiary. If you take the healthiest 90 percent of Medicare beneficiaries, we only spend \$1,444; the sickest, 10 percent; on which we spend \$36,960 a year. If we are able to reduce the sickest and those that have chronic disabilities, we can have a dramatic impact on the financial stability of our Medicare system. And we certainly ought to take a hard look at that before we start cutting the benefits, and raising copays and deductibles for those on Medicare in the way that the Finance Committee has done so in the last few days.

Mr. President, I yield the floor.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from North Dakota.

#### EXTENSION OF MORNING BUSINESS

Mr. DORGAN. Mr. President, I ask unanimous consent that morning business be extended for 15 minutes, and that Senator DURBIN from Illinois and I be recognized in the 15-minute period.

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

#### THE TAX BILL

Mr. DORGAN. Mr. President, Senator DURBIN and I want to visit a bit with our colleagues about the tax bill that is now being written in the Senate Finance Committee, and the tax cut bill that was written by the House Ways and Means Committee—to talk about who will receive the benefits of this legislation.

I served for 10 years on the House Ways and Means Committee, and was involved in the writing of tax legislation. And I understand that, generally speaking, when tax legislation is written you have a lot of very important interests who come to the table and want to have access to some of the benefits of the tax cuts. My concern is that when Congress decides to provide tax cuts that it provide tax cuts especially to working families in this coun-

try who have seen an increase in their payroll taxes.

One of the circumstances that exists now in this country is that nearly two-thirds of the American people pay higher payroll taxes than they pay in income taxes. Yet, every time we talk about tax cuts around here we have folks who talk about the tax cuts that will generally say if you invest you are going to be exempt but if you work you are going to be taxed. In other words, they go right back to the old approach: Let's tax work and exempt investment. I happen to think investment is a worthy thing. We ought to encourage more of it in this country for those who work. Why can't we construct a tax bill that will value work as much as we value investment?

It is interesting to me that the bill that was constructed by the House of Representatives is a proposed tax cut bill which says here is the way we are going to deal out our tax cuts. We are going to provide for the bottom 60 percent of the people in this country that—if you have a table and the American people are sitting around that table—the bottom 60 percent of income earners are going to get 12 percent of the tax cuts. Then we say for the top 10 percent of the income earners around this table that you are going to get 43 percent of the tax cut.

Let me put it a different way. It says for the bottom 20 percent of the working population in this country you are going to get one-half of 1 percent of the total tax cut given by Congress. The bottom 20 percent gets one-half of 1 percent, and the top 1 percent gets nearly 20 percent of the benefit of the tax cut.

You can construct a tax cut that is much more fair than that.

The tax increases that people have experienced in this country in recent years has been the payroll tax. The folks who go to work—especially at the lower wages and then find their wages are largely frozen. It is hard to get out of those brackets. But the one thing that isn't frozen is the payroll tax, and they have to pay higher and higher payroll taxes.

What happens to them is—despite the fact they have not had increases in income but they have had increases in payroll taxes—when it comes time to figure out how Congress is going to give back some taxes and provide tax relief, they discover that the tax relief isn't really available to them. It is going to be available to the folks at the top. Those are the folks that have had the biggest income increase—the highest increase in income—in recent years. Frankly, they do not pay anywhere near the kind of payroll taxes because their payroll taxes end at a certain level. The folks at the bottom pay a payroll tax on every dollar of income. Those are the taxes that increase.

But here are some of the concerns that we have about the tax bill. Senator DURBIN and I hope that when the

legislation is finished by the Senate Finance Committee that it will come to the floor with a distribution table that is fair for the middle- and lower-income working families so they can get some real tax relief.

But the child tax credit, which I think makes some sense, is not refundable. Therefore, the folks who do not make enough money but are still working and paying payroll taxes—incidentally paying higher payroll taxes—are not going to get the full benefit of the child tax credit.

This chart shows that the child tax credit is not going to be available to 40 percent of American children. There was an adjustment in the last day that will decrease that to about 30 percent. That does not make any sense.

Make that available so that the working people can get a child tax credit. Make that available to them, and that can be helpful to them with real tax relief.

This is the distribution of the House tax bill proposal. It is the same old thing. There is no secret here. If you are fortunate enough to be in the top 1 percent of the income earners, you are going to get a whopping \$12,000 tax cut. And if you are down at the bottom 15 percent, or so, of the income earners, you are going to get a \$14 tax cut.

It is the old cake and crumbs theory. If you are somewhere up near the top, you get the cake. If you are earning somewhere down near the bottom, you get the crumbs.

Yet those who face higher taxes in this country are the ones who are paying the payroll taxes. That especially hurts those at the bottom of the income level.

We hope that when the Congress, and the Senate Finance Committee in this case, brings a bill to the floor of the Senate that we will see a distribution table that allows us to say everybody in this country benefits from a tax cut.

There is kind of a different theory in this country. Some feel this economy works because you pour something in the top and it trickles down to everybody at the bottom. Others of us think that it works because you have a lot of working families, and, if you give them something to work with, it percolates up, and that represents the economic strength and economic engine of this country.

But when we give tax cuts as a Congress, let us do it fairly. Let us make sure that moderate-income and low-income families out there in the middle of the pack also get a reasonable tax cut, and not just the folks way at the upper end who get exemptions for their investments, but the rest of the folks as well. If we get to that point, I think the American people will say a job well done.

Mr. DURBIN. Mr. President, will the Senator yield?

Mr. DORGAN. Yes.

Mr. DURBIN. Mr. President, I am pleased to join Senator DORGAN on this issue. There is not a more important