

****Fact sheets included****

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KENNEDY: TIME TO SAY NO TO VITAL CUTS FOR WORKING

FAMILIES

(As prepared for delivery)

As Congress meets for a final session before we adjourn for the holidays, we should be focused on the true meaning of Christmas and the special thoughts that Americans of many faiths have at this time of year regarding their families, their friends and neighbors, and the rest of humanity.

There are those in America who urge the return of the word “Christmas” to this holiday season. I believe that while it is an important one, Christmas is more than a word. It is a belief in a power far greater than ourselves. It is a belief in the possibility of lives full of hope and fulfillment. It is a belief that each of us has a sacred obligation to care for one another and to help those in need – to lend a hand to the least of those in our midst. As the Bible teaches us, we should “Love thy neighbor as thy self.”

But I’m sad to report, that’s not what we’re seeing in Congress with this week. Today, we are debating two funding bills – the budget bill and the annual funding bill for labor, health and education. Both of these bills will make life harder for millions and millions of Americans in order to secure tax give-aways for the wealthy.

Some of these cuts will mean that the average millionaire will receive \$32,000 next year, while the average middle class American will receive \$29.

To pay for these tax breaks, the Republican budget ignores American priorities in the areas of education, health, and job training, and takes money from the poor.

For example, if the Republican funding bill before the Senate today is enacted three million disadvantaged children will not get smaller classes, better teachers or afterschool programs because funding under the No Child Left Behind program will be cut by \$780 million. The first cut to education in a decade.

At the same time, under the Republican budget, 170,000 students each year will not have the opportunity to attend college as Pell Grants will be frozen for the fourth year in a row, despite tuition rising 46% at four-year public colleges since 2001.

Jobs will go unfilled across the country, because workers will not have the training they need. In my state, over 70,000 jobs are vacant, yet Massachusetts will receive millions less for training programs to help fill these jobs and put America back to work.

Americans will continue to be vulnerable to the threat of avian flu, without the funds needed to prepare for a pandemic.

Shockingly, the Republican leadership has rejected the \$8 billion amendment that Senator Harkin

offered and the Senate approved to enhance vaccine production, stockpile flu medicine, accelerate research, and take other measures needed to prepare for the growing threat.

The proposed NIH budget will be woefully inadequate to maintain our tradition of research excellence and breakthrough medical science. This is the smallest percentage increase to the NIH budget since 1970 and the research and development budget fails to keep up with inflation. These budget cuts will mean that four of five innovative new ideas will be ignored. Over 500 new research grants will fall by the wayside.

There are 45 million Americans who lack health insurance, but the House Republican budget bill would increase costs and cut health benefits to millions of low-income families slashing Medicaid funding by \$12 billion over the next five years, and \$48 billion over 10 years.

Under this Administration, the number of uninsured has already risen to historic levels. But the House bill will add to their ranks, with as many as 2 million poor families dropped from the Medicaid program because they can't afford to pay. Another 5 million people – half of them children – will see their health benefits cut.

For those who face hunger this Christmas season, these proposals add to their pain by cutting food stamps by \$700 million, denying assistance to a quarter of a million poor people.

And it makes life worse for poor children who rely on child support to survive. The House Republican bill greatly weakens enforcement efforts to make dead beat dads live up to their responsibilities and provide for their children. Under the Republican plan, nearly \$8 billion will be lost in child support payments over the next five years – \$24 billion in child support payments will go uncollected over the next ten years.

These are the nation's poor children. They are vulnerable and in need. But the Republican plan would abandon them this Christmas.

The Republican budget proposals will cause many families to choose between putting food on the table and keeping warm this winter.

In Massachusetts, the LIHEAP program serves 134,000 needy families. Patsy Lewis, the Executive Director of the Worcester Community Action Council, reports that – for the families receiving LIHEAP aid – the maximum benefit for a family under current funding levels is only \$765 for the heating season, for a household at the poverty level. This is enough for only one tank of oil. It takes at least two to four tanks to make it through the winter.

These efforts are all done so that tax breaks can be given to the wealthiest Americans.

That is why today, under Senator Harkin's leadership, we are asking our colleagues to reject the appropriations bill – a bill that fails American students seeking a better education, fails American families seeking protection from a pandemic flu and fails American workers seeking the training they need to succeed.

That's why Democrats are demanding during this holiday season that we meet our obligations to our families and to those who have fallen on hard times.

That's why we offer the Senate the chance to vote on motions to:

- Reject cuts to Medicaid so that families can keep their health coverage.
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- Reject cuts to food stamps at a time when child hunger is increasing;
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- Reject cuts to child support at a time when single mothers are having difficulty making ends meet; and
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- Insist on a real increase for LIHEAP so families can keep their children safe and warm this winter.
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That is why I will ask the Senate to insist that we do more to ensure that all American students seeking a college education have the assistance they need to do so.

Under Chairman Enzi's leadership, the Senate Committee on Health, Education, Labor and Pensions reduced the excessive profits of banks and lenders and redirected those funds to help students afford the cost of college.

My motion instructs the conferees to retain those provisions in negotiations with the House, and to reject the provisions by House Republicans that would increase costs for students.

We have learned from history that education is the key to keeping America strong, secure, and competitive. Now more than ever we must embrace and invest in education to advance America in the years ahead.

This requires a commitment to ensuring educational opportunity for all – especially for our talented youth who have so much potential, but need help affording a college degree.

In the Senate bill, we took a step in the right direction. The bill includes over \$8 billion in new need-based aid which will mean a long overdue increase in Pell grants for 5 million students.

The provision will increase the maximum grant for Pell-eligible students from \$4,050 to \$4,500

immediately. It also offers an additional \$1,500 in grants for the neediest students who study math and science, in order to reduce the critical shortage of graduates in these fields.

In Massachusetts, nearly 80,000 students received Pell grants last year. Under the Senate provision, \$120 million in additional aid will be available for Massachusetts students over the next 5 years.

We know that education is the great equalizer. Young men and women willing to work hard in school should be able to go to college.

But the cost of even public college tuition and fees has skyrocketed in recent years and the Pell grant has not kept pace. Under current law, this will be the fourth year in a row that the maximum Pell grant has not increased even by a penny.

For countless families, the gap is too great, and college is out of reach. Over 400,000 talented, qualified students each year can't go to a 4-year college because they can't afford it. 170,000 do not attend college at all. That's unacceptable.

Take the case of Carli, from Hampton, New Hampshire. She's a junior at a public college in the state, and she already has \$25,000 of debt. She relies on her Pell grant, but even with that aid, she has to work 20 hours a week during the school year and 40 hours a week in the summer.

She writes, "This is not a question of not working hard enough. It has been an uphill battle to put myself through school. I am happy to do it, but I just want to know that when I'm through, there is a place for me in the American Dream too."

Becky, from Holyoke, Massachusetts is a junior in college and is already in \$24,000 of debt. She's alarmed at how high it will be when she graduates, especially if she loses her Pell grant aid on top of increasing tuition.

She writes, "We students are the future of the USA. By putting us at risk and in a financial crisis, Bush and his cronies are putting the future of the USA at risk."

More than half of the students who receive Pell grants are working adults, independent students with a median income of \$12,700, who are struggling to support themselves and in many cases their families while they attend college.

Their numbers are growing because they know better education means better jobs, better wages and a better life for their families.

The House bill moves in the opposite direction for these students. It actually increases costs for students by imposing new fees, taking away existing student benefits, and subjecting students to higher interest rates. At a time when college is more important than ever, and fewer and fewer talented young people can afford it, it's an outrage for Congress to even consider imposing higher barriers to a college degree.

I urge my colleagues to join me in sending a strong message to the conferees that students need help now.

Kennedy Motion to Instruct Conferees on Student Aid

Summary: The Kennedy motion to instruct instructs conferees to retain the Senate provisions providing new need-based student aid and reject the House provisions that impose new fees and costs on students.

Senate Bill Helps Students with New Need-Based Aid

- The Senate bill provides more than \$8 billion over the next 5 years in new aid for Pell eligible students.
 - The bill includes \$6 billion to increase aid for 5.3 million students who receive Pell grants.
 - The funding will increase the maximum annual grant for the neediest students \$4,050 to \$4,500 immediately.
 - It also includes \$2 billion to reduce the critical shortage of graduates in math and science.
 - Through this new grant program, Pell-eligible juniors and seniors who choose to study math and science will be eligible for an additional \$1,500 grant per year.

In Contrast, House Bill Imposes New Costs on Students

- The House bill raises interest rate caps to 8.25%. At that rate, the typical borrower would pay as much as \$2,600 more on loans.
- It raises origination fees on Direct Loans in the short-term, which will cost the typical borrower \$400.
- The House bill imposes a new 1% fee on all students who consolidate their loans.
- It jeopardizes billions of dollars in funding currently dedicated to administering student aid programs.

A College Degree is More Important Now than Ever

- A college degree significantly increases lifetime earning potential. Full-time male workers with a college degree in 1972 earned 22% more than their peers with only a high school diploma; in 2002 a college degree meant earning 65% more than a peer with only a high school diploma.
- For women working full-time that difference is even greater. In 1972 the earning differential for women with college degrees compared to their peers with high school diplomas was 42%; in 2002 that differential grew to 71%.
- Education makes a difference over the course of a lifetime. Poverty rates for adults with even some college are 2/3 lower than adults who have just a high school diploma and unemployment rates are 50% lower.

LABOR HHS APPROPRIATIONS BILL: AMERICANS DESERVE BETTER

Education

- Smallest increase in Head Start funding since 1986.
 - Head Start will increase only \$11 million, leaving over 750,000 eligible preschool children without services.
 - In Massachusetts, 15,000 eligible children will not be served.
- Even Start funding is slashed by more than half, from \$225 million to \$99 million.
 - Over 30,250 children will be dropped from the program.
- As requirements under the No Child Left Behind Act are more demanding than ever, the Republican proposed bill cuts \$780 million in funds for these programs.
- Title I funding for disadvantaged students, the law's key program, is \$9.9 billion lower than the amount promised in the law.
 - Nationally, 3.1 million children would be left behind.
 - Over 52,000 Massachusetts children would be left behind.
 - If enacted, Massachusetts schools would see cuts of over \$4 million in Title I funding.
- Includes no new funding for after-school programs.
 - Funding in the bill, \$991 million, is less than half the amount promised under NCLB.
 - At this funding level, 1.65 million children would be left out of afterschool programs.
- Cuts funding to keep our schools safe and drug-free.
 - Funding for Massachusetts schools will be cut from \$6.1 million to \$4.9 million.
- Minimal increases in math and science funding while our students fall farther and farther behind.
 - The bill increases funding for Math and Science Partnerships by only \$5 million.
- Pell Grants are frozen for the fourth year in a row.
 - The maximum Pell grant remains at \$4,050 despite tuition rising 45% at four-year public colleges since 2001.

Labor

- Job training programs cut.
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 - The bill cuts funding for adult and youth training programs by more than \$60 million. This would mean a cut of \$3 million in Massachusetts.
- Funding cuts for Unemployment Insurance and Employment Services, even in the wake of Hurricane Katrina and with 8 million Americans unemployed.

- This bill prohibits OSHA from enforcing respiratory safety standards to protect health care workers from deadly infectious diseases.
- Workplace safety programs failed to receive adequate funding as workplace deaths rise.

Health

- NIH received the lowest funding in 35 years.
- \$8 billion dollars needed to prepare the U.S. for an avian flu outbreak was cut, leaving Americans unprepared.

TAX CUTS FOR THE WEALTHIEST

- Ironically – and sadly – these cuts to the budget come as Republicans will try this week to secure over \$90 billion in new tax breaks for the wealthiest.
- Bush and House Republicans want a \$90 billion package that will extend the president's dividend-and-capital-gains tax cuts for investors. (The Senate Republicans approved a \$58 billion alternative, without Bush's priority of extending capital gains and dividend cuts past their 2008 expiration date.)
- According to the Tax Policy Center, the capital gains and dividend tax cuts in the House Republican bill alone will save the average millionaire over \$32,000 per year — above and beyond the enormous cuts they've gotten already from this Administration.
- Most of the benefits of this extension would flow to taxpayers who make more than \$1 million per year, which the New York Times calls “morally reprehensible” at a time when so much is being cut from domestic programs.
- Estimates based on data from the Urban Institute – Brookings Institution Tax Policy Center show that if all of the Bush tax cuts are made permanent, the richest 1% of taxpayers will receive an average tax benefit of \$58,200 each year. This represents a 7.3% change in their after-tax income. By contrast, middle income taxpayers will receive an average annual tax cut of just \$655. This would represent only a 2.5% change in their after-tax income.

- The Bush tax cuts already enacted cost nearly two trillion dollars, plus additional interest on the higher national debt.

- On top of those tax cuts already in place, the President is proposing another \$1.5 trillion dollars of extended tax cuts between FY 2006 and 2015, with another \$300 billion in additional interest. (Even this understates the real cost of making the tax cuts permanent, because nearly all the cost occurs in the five years after 2010. Thus, the real ten year cost (FY 2011 – 2020) would be nearly \$3.0 trillion dollars.)

- In January 2002, Senator Kennedy was the first major Democratic official to call for a rollback of those Bush tax cuts that benefited only wealthy taxpayers, specifically:
 - 1) restoring the rates of the top three brackets – 39.6%, 36%, and 31% to their 2001 levels;
 - 2) maintaining the partial phase-out of exemptions and deductions for high income taxpayers contained in the 2001 tax code;
 - 3) maintaining the estate tax on estates over \$3.5 million.