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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable SHELTON WHITEHOUSE, a Senator from the State of Rhode Island.

PRAYER

The PRESIDING OFFICER. It is my honor and privilege to announce today's opening prayer will be offered by the Right Reverend Geralyn Wolf from the Episcopal Diocese of Rhode Island.

The guest Chaplain offered the following prayer:

Let us pray.

Almighty God, shepherd of our souls, the global community listens with eager expectation to the deliberations and decisions of the Senate of these United States.

With Your holy wisdom, enter the hearts of those who serve this august Chamber; assure them of Your constant love and presence as they address challenges that occasion creative solutions.

Let Your holy spirit come and breathe upon their anxieties, diminishing their power, and releasing a freshness of vision that secures the common good and honors the generations to follow.

May their pursuit of peace, security, and happiness extend across nations and peoples, moving beyond political allegiances to a proclamation of hope for all humanity.

Bless us, dear Lord, and make us a blessing to others. Amen.

PLEDGE OF ALLEGIANCE

The Honorable SHELTON WHITEHOUSE 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.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication

to the Senate from the President pro tempore (Mr. INOUE).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 14, 2011.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable SHELTON WHITEHOUSE, a Senator from the State of Rhode Island, to perform the duties of the Chair.

DANIEL K. INOUE,
President pro tempore.

Mr. WHITEHOUSE thereupon assumed the chair as Acting President pro tempore.

The PRESIDING OFFICER (Mr. UDALL of New Mexico). The Senator from Rhode Island.

WELCOMING THE GUEST CHAPLAIN

Mr. WHITEHOUSE. Mr. President, I am delighted to be here with my senior colleague, Senator JACK REED, to welcome Geralyn Wolf, the Bishop of the Episcopal Archdiocese of Rhode Island, who shared with us the prayer this morning.

I wish to share with my colleagues what a wonderful addition she is to our Rhode Island community. She has served in Kentucky and in Pennsylvania, but she has been in Rhode Island for many years and has been devoted to our community, particularly to the needy in our community, to the point where at one point she spent 30 days living as a homeless person in order to see firsthand what the resources were to support people when they faced the burden and the sorrow of homelessness and to inform her actions as the bishop of our diocese.

She is keenly interested in the Sudan and works with priests who are helping to bring Christianity to those areas as the vehicle for peace amidst some of the worst and most horrific violence on the face of our planet.

It gives both Senator REED and myself great pride that she has come down to Washington today to open the Senate. It is my hope, and I am sure Senator REED's as well, that during the course of our deliberations today we will be informed by the hopes and the sentiments and the confidence and the blessings she expressed.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, I join my colleague Senator WHITEHOUSE in welcoming Bishop Wolf to the Senate today. I commend Senator WHITEHOUSE for his invitation. Bishop Wolf is not only a pastoral leader in our community, she is also a great community leader. She not only preaches the gospel, she lives the gospel.

As Senator WHITEHOUSE indicated, she went on the mean streets of Providence, and there are such streets in every town in this country, to experience firsthand the travails and the troubles of people just trying to get by. That experience informed her ministry and informed her public positions, and we thank her for that. She has a global vision as well as a vision in Rhode Island. That global vision is a world inspired by American actions that is peaceful and progressive and finds opportunity for all.

So on behalf of the people of Rhode Island, I wish to thank her for her service, and I thank her especially for the grace she has brought to us today and has brought the State of Rhode Island as a result of her service.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. REED of Rhode Island). The majority leader is recognized.

SCHEDULE

Mr. REID. Mr. President, following any leader remarks, the Senate will be

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



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in a period of morning business for 1 hour. Republicans will control the first half and the majority will control the final half.

Following morning business, the Senate will resume consideration of the motion to proceed to H.R. 2055, the Military Construction and Veterans' Affairs appropriations bill, postcloture. We hope to yield back time and begin consideration of the bill sometime today.

BUDGET NEGOTIATIONS

Mr. REID. Mr. President, there are some in the Republican Party who will not listen to the truth no matter who speaks it.

This is my opinion: If we allow this Nation for the first time in its history to default on our national obligations, it will not only be a black mark on our reputation but also a massive financial disaster that will sweep the world into global depression.

But it is not my opinion alone. I have come to that belief by listening to the most respected voices in the business community. Default, they say, is a "risk our country must not take."

They are not the only ones who believe that is true. The most respected bankers have also said it. JPMorgan Chase CEO Jamie Dimon said default would be "catastrophic."

Investors have said it. Bill Gross, one of the world's largest mutual fund managers, sent us a warning yesterday. He said:

There should be no question at all. The debt ceiling must be raised and not be held hostage by budget negotiations. Don't mess with the debt ceiling, Washington.

That is what Bill Gross said.

Economists have also said it. Ben Bernanke, appointed by President Bush as Chairman of the Federal Reserve, has said default would be a "major crisis" that would send "shock waves" through the world financial markets. Yesterday, he said failure to avert default would mean "huge financial calamity."

Even other Republicans have said it. This is what Speaker BOEHNER said in April:

Not raising the debt limit would have serious—very serious—implications for the worldwide economy and jobs here in America.

Perhaps most telling of all, all three rating agencies have already sent warning shots across our bow. Last night, Moody's cautioned us that America's AAA rating was already under review for downgrade. Never in the history of the country has that happened, that we are being reviewed to downgrade our debt rating. We have 3 weeks left until we miss our first payment. They cited the "rising possibility" that we will default. They said we could lose this crucial rating—which saves every American money every day—even before we miss a payment.

Standard & Poor's has told Congress and business leaders that even if the

United States keeps paying creditors but delays payments such as Social Security or veterans' benefits, it may cut our rating.

Fitch Ratings has said a default would "threaten the still fragile financial stability of the United States and the world as a whole."

So why are some Republicans in Congress still saying that a first ever default on our Nation's financial obligations would be no big deal?

When every financial expert, investor, business leader, and banker in the country—and even every reasonable member of your own political party—is telling you the consequences of default would be catastrophic, it is time to start listening. Why? Because default won't just roll the financial markets, pushing interest rates higher and tank the stock markets. It will affect every American's wallet as well.

Here are a few of the things that will happen. Social Security checks and benefits to our troops would stop. Some of the most vulnerable Americans would be placed at risk. Our promise to the men and women who protected this Nation so bravely—and those who protect it today—would be broken. We would not be able to make payments to our military.

Payments on our national debt would stop. American investments and retirement accounts could be decimated. Millions of Americans could lose their jobs.

Interest rates would rise not only for the government but for ordinary Americans as well. Those Americans will pay more for their mortgages. They will pay more to use a credit card or buy a car or finance a university education. They will even pay more for their electric bills, groceries, and gas. The spike in interest rates and damage to the U.S. dollar alone would cost the average American family more than \$1,500 immediately. It would be the most serious financial crisis this country has ever faced, and it would come at a time when our economy can least afford it. In the long run, it would wind up costing the government not millions, not billions, but trillions of dollars—a fact Republicans shouting about the debt fail to mention. For every 1-percent increase in interest rates, it will cost our Nation \$1.3 trillion—again, not million, not billion, but trillion. For every 1-percent increase in interest rates, it will cost this Nation \$1.3 trillion.

With so much at stake, even Speaker BOEHNER and Minority Leader MCCONNELL seem to understand the seriousness of the situation. They are willing to negotiate in good faith, which I appreciate, and the country appreciates.

Meanwhile, House Majority Leader ERIC CANTOR has shown that he shouldn't even be at the table, and Republicans agree he shouldn't be at the table.

One House Republican told Politico, a Hill publication, last night: "He lost a lot of credibility when he walked

away from the table. . . . It was childish." What is that all about?

We had negotiations going on here in Room S. 219, a short jaunt from here, and he walked out on the meetings with the Vice President of the United States. It was childish.

Another Republican said CANTOR is putting himself first. He said this: "He's all about ERIC."

The time for personal gain and political posturing is over. It is time to put our economy and our country first. The risks we face are simply too grave.

We don't need to take my word for it. More than 300 respected business leaders wrote to Congress the night before last to make it clear how serious this crisis is.

A great nation—like a great company—has to be relied upon to pay its debts when they become due. This is a Main Street not Wall Street issue.

We are listening. It is time for the irresponsible voices in the Republican Party who continue to deny the truth of this crisis to start listening as well.

I note the absence of a quorum.

The PRESIDING OFFICER (Mr. UDALL of New Mexico). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Republican leader is recognized.

BUDGET NEGOTIATIONS

Mr. MCCONNELL. Mr. President, over the past few days, a lot of people have taken it upon themselves to offer Republicans in Congress and me in particular their advice on the debt limit. I have listened to all of it very carefully. I appreciate how frustrating it is for people to think that in spite of everything we know about the state of our economy, and despite all the warnings we have heard about the dangers presented by our deficits and debt, we can't do something about it. I share that frustration. No one has spent more time cajoling and persuading this White House of the need to do something big.

I was truly hopeful the President could be persuaded to view the upcoming debt limit vote as an opportunity to cut Washington spending and the debt that has ballooned since he took office, and to preserve entitlements at the same time. But, in the end, he wasn't interested in doing something of that magnitude that would pass.

He gave us three bad choices: higher taxes, smoke and mirrors or default, and we refuse to accept any of them. Republicans will not be reduced to being the tax collectors for the Obama

economy. We will not be seduced into calling a bad deal a good deal, and we will not let the White House fool around with the full faith and credit of the United States.

If the President wants to threaten seniors or veterans or rattle the world economy by pretending he cannot pay our bills, he, of course, can do that. But he is not going to implicate Republicans in these efforts.

That is why I proposed, as a last resort, a plan that would force the White House to show its hand. If the President would rather default than cut back on the size and scope of government, let him explain that. If he would rather preserve his vision of Washington than protect entitlements, let him explain that. If he and the Democratic Senate would rather borrow and spend us into oblivion, they can certainly do that. But do not expect any more cover from Republicans on it than they got on health care—none.

The American people deserve to know what their elected representatives stand for in this debate. None of these proposals that have been presented up to now would do that.

If Democrats will not agree to reforms we need, then we should at least show the public where we stand. What they wanted was a deal that purported to lower the debt from \$26 trillion to \$24 trillion over 10 years, then have us give it thumbs up and call it a bipartisan victory for fiscal discipline. We were not about to call this a good deal any more than we were willing to call the health care bill real reform.

We refuse to let this President use the threat of a debt-limit deadline to get us to cave on tax hikes or phony spending cuts. It is time to change this debate altogether. It is time to make it clear to the American people where the two parties stand in this debate.

Either you are with the President and his vision of a government that continues to live beyond its means or you are with those of us who believe Washington needs some strong medicine. Either you want to simply borrow and spend our Nation into oblivion or you want to get our fiscal house in order, and the single most effective way to do that is with a balanced budget amendment.

If the President and Democrats in Congress will not agree to cut back, let's force them. Let's pass a constitutional amendment that actually requires Congress to live within its means.

It is time for the American people to contact lawmakers on the Democratic side and simply demand it. Republicans are unanimous in their support for a balanced budget amendment. We need 20 Democrats to join us.

It is an uphill climb, but if the American people speak out, we can get it done. If the President will not agree to it, it is time we go around him and directly to the American people.

Let's keep the pressure on. Let's show the administration where the

public is on this issue. Let's get our fiscal house in order.

I yield the floor.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senate will be in a period of morning business for 1 hour, with Senators permitted to speak therein for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the final half.

The Senator from Tennessee is recognized.

THE BUDGET

Mr. CORKER. Mr. President, I realize a scheme has been concocted on the debt ceiling that allows Democrats to go into this next election continuing to ensure that spending to many of their constituents is at levels that please them; therefore, allowing them to run successfully in 2012, and that scheme also allows Republicans to run in 2012 with spending being the issue.

I think we all understand that, look, the debt ceiling is going to be increased, and it is going to be increased in such a way that both sides of the aisle have the ability to campaign against the other respective to their bases.

But the fact is, our great Nation is in decline because of the elected leaders in Washington. Our great Nation is in decline because of this body and the way it is acting, the House of Representatives and the way it is acting, and the White House and the way it is acting.

This body, as we meet and go on to a spending bill, is helping our great Nation go into decline. Let me explain why.

Maybe the debt ceiling was the wrong place to pick a fight as it relates to trying to get our country's house in order. Maybe that was the wrong place to do it. The reason it was chosen is because this body has not passed a budget in 806 or 807 days, and I credit both sides for that. But the fact is the Senate has not passed a budget in over 806 days.

I had a dinner this week, Monday night, with six Democrats and five Republicans. I will not mention their names to impugn them in any way. But all of them expressed tremendous frustration with the way this body is being run. Basically, most Senators in this body are nothing but two-bit pawns—two-bit pawns—as a political fight is under way basically to lay out the groundwork, if you will, for the 2012

election. That is what is happening right now in this body, and I think we all know that.

Yet yesterday we voted to move to a spending bill where we, in essence, are acting as accomplices. We are accomplices to this—the Presiding Officer and myself. I voted against it. But anybody who votes to go to a spending bill without forcing the Senate to come to terms with a budget is, in essence, an accomplice to allowing the shenanigans that are taking place right now to continue. We are allowing this great Nation to go into decline by not forcing us to make those tough decisions.

The reason the debt ceiling was chosen is because there has not been any other mechanism to cause us to sit down and make those tough choices as it relates to spending in our country. Because we were unwilling to do that, many people lined up, as a matter of fact, Democrats and Republicans—there is a Gang of 6 that had been working, with three Republicans and three Democrats. It is my sense that they too had planned to use the debt ceiling vote as a place to try to cause us to come together around something that might be sensible for our country. We have not seen the details of that. I hope we will see that soon.

But my point is, both sides of the aisle actually had focused on this debt ceiling vote—or many people on both sides of the aisle—to try to cause us to have the fiscal discipline we need. Obviously, with this new scheme, that is not going to happen.

I think we all know the debt ceiling is going to be raised. Blame will be assessed to either side. Both sides will use that in the 2012 election, and then we will move on to another cycle where probably we will continue to be irresponsible.

But the fact is, by moving to a spending bill without a budget—everyone who agrees to do that, every single person in this body who agrees to move to a spending bill, no matter what it is funding or no matter at what level it is funding the things it is funding, every one of us is an accomplice in causing this great Nation to decline, every single one of us.

I would urge people in this body who would like to see us actually do our work, cause us to function the way the Founding Fathers had created this body, cause us to function in a way that no longer allows our country to be in decline. I would urge everybody in this body to not agree to go to this spending bill and to say we will not spend any more of the U.S. resources—taxpayers' resources—without first agreeing to those tough decisions.

I love seeing some of the masters of the universe on some of these financial programs in the morning. I heard one of them this morning on a particular program I sometimes turn on to see what the markets are doing in reaction to the ridiculous, undisciplined nature of this body, I heard one of them say the debt ceiling is no place—most

countries do not even vote on a debt ceiling. What they do is they vote on budgets. In this country, we do not even vote on budgets. Of course, we have figured out a way to not make any tough decision on the debt ceiling vote either, and I understand what is getting ready to happen.

But, again, I say to all those folks who are not head of this body, who are not in leadership, who in the bathrooms or in the halls or at dinner or at lunch complain about the fact that this place is dysfunctional, complain about the fact that they do not have the ability to be involved in causing us to function in the way we should, every single one of you, in my opinion, who votes to go to a spending bill today or end debate on a spending bill—in essence, allow us to pass a spending bill—is an accomplice, is an accomplice in allowing this great Nation to go into decline. That is pretty strong, but I believe it.

The fact is we make a big deal out of some items around here, but we do not make a big deal when it comes to something we can actually affect and cause us as a body to do the things we need to do.

I say to the Presiding Officer, look, I am very disappointed in the Senate. I am very disappointed in the White House. I am very disappointed in all of us. I am very disappointed in the childish behavior this body has continued to exude over the course of this entire year. I am very disappointed we would even consider going on with spending taxpayer resources and not sitting down and making tough decisions. I am very disappointed, candidly, that both sides of the aisle only want it their way.

I do not think this great country was created the way it was so one side of the aisle got it exactly the way they wanted it. I think this body was created to be “the greatest deliberative body in the country.” Yet we do not do that. We do not act that way. We do not debate tough issues. We hide—all of us—we hide and we let our leadership concoct ways to keep us from doing the tough things we need to do.

The fact that we cannot even have a budget on this floor to come out of a committee, when, obviously, there is a majority—and I am not even pointing fingers at the other side; I think both sides are equally problematic in this because both sides, it is evident to me, are going to allow us to go to a spending bill today without a budget, but the fact that we cannot even bring a budget to the floor, when committees are stacked in such a manner that one side does have the majority, to me, is incredible.

If we move to a spending bill today without a budget, if we continue to do the things we do here, just without worrying about the fundamentals of what it takes for this country to be great, this body today will move one step further down the path of causing this great Nation to go into decline, to

keep us from making tough decisions, to allow committee heads or subcommittee heads in Appropriations to be able to bring forth their fruit, if you will, the things they would like to spend money on.

By the way, I support much—I probably support everything that is in this bill. I am not sure. It supports veterans. It supports military construction. But the fact is, actually, the very people this benefits, the people who are veterans, the people who have given their limbs—some have given loved ones—probably are embarrassed by the Senate too. Even though they would like to receive the benefits at some point in time down the road—when these benefits come to fruition in this next fiscal year, they would like to receive those—they probably would prefer, first, that all of us in this body do our job, that we quit acting like the children we have been acting like this entire year; that we quit calculating what we are going to do around the 2012 elections; that we quit hiding behind our leadership and allowing them to go down and negotiate grand bargains in private; that we quit, again, hiding from tough decisions.

I hope others will join with me and that we will not end debate on this bill. Let me put it this way: If we do not do that—in other words, if we proceed with spending in this bill—I sure hope all those who vote to do so will stop talking in private about how embarrassed they are about this Senate, will stop talking in private about how they feel like little pawns in a political game, will stop talking in private about how they would like to see this body start acting in the fashion it should act.

We have not done any real business this year. We all know it. We have not done any real business this year because we have not wanted to take on those tough issues. I am embarrassed by that, personally. I am embarrassed about the way this Senate has been conducting its business this year.

I am not going to vote for a spending bill until we pass a budget. If we had passed a budget and had the tough debates about revenues and expenditures, we would not be in this no-win situation right now as it relates to the debt ceiling, and we all know that. But we want to hide behind that.

With that, I suggest the absence of a quorum.

THE PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MR. THUNE. Mr. President, as we all know, in the next few weeks we are going to have to be faced with a decision about what to do with the debt limit, and of course there has been a lot of discussion around here as well as

between the White House and the congressional leadership about how best to resolve this issue.

I believe what it really comes down to is a question about what is the best way to resolve a debt crisis. I think it creates a great debate, a philosophical debate about do we need to grow government or do we need to shrink government. I would argue that is kind of the defining line in this debate, whether you believe the best way out of a debt crisis is to expand and grow government or whether you think, as I do, that we ought to make government smaller, not larger, if we are trying to figure out how to get out of this particular circumstance we find ourselves in right now.

We have a \$14 trillion debt. We are going to have to increase the borrowing authority to get to the 2012 election by \$2.4 trillion. That is the rate at which our debt is growing. I have said on the floor before that if you look at just the daily borrowing our Federal Government does, it exceeds the entire budget of my State of South Dakota for a whole year. So we will borrow more in the next 24 hours here in Washington, DC—about \$4 billion—than the State of South Dakota spends in an entire year. That is the dimension of the problem we are facing.

Many of us believe the best thing we could do in order to get ourselves on a better fiscal track is to pass a balanced budget amendment to the Constitution. Frankly, I hope we will have an opportunity to vote on just that sometime in this next week or the following week. Most States around the country, including my State of South Dakota, have a balanced budget amendment in their constitution. It requires them year-in and year-out to get their books balanced. They cannot continue to spend as if there is no tomorrow. They cannot spend money they do not have. They live within their means. That is what most Americans have to do, that is what American businesses and families have to do, and it certainly makes sense that we ought to be doing that at the Federal level.

I would urge my colleagues, as we look at the short-term issue, which is the debt limit vote, we have to figure out how we are going to get the best deal we can get in the near term, but what are we going to do in the long term to put our country on a more sustainable fiscal footing? I would argue that putting an imposed discipline on Congress, such as an amendment to the Constitution that would require us year-in and year-out to balance our budget, just makes sense. It is practical, it makes economic sense, and it certainly is discipline that has been lacking here in Washington, DC, for some time.

If you look at the States that have made hard decisions—mine is a good example of that—they had to cut spending this year significantly to balance their budgets, but at least they are doing that. They are making these

hard choices and hard decisions, and that is something we have been putting off here for way too long.

I would point out to my colleagues here that as we talk about how to get the country back on the right fiscal track, we do have to start setting priorities.

Well, we are not doing that. We haven't had a budget here now for 806 days. It has been 806 days since the Democratic majority in the Senate has allowed us to have a vote on a budget.

Many of us believe that in order to determine how you are going to spend \$3.7 trillion of America's hard-earned money, you ought to have some priorities. You ought to at least put a pathway out there about how you are going to go about spending those dollars and setting priorities for the country.

Well, we are not doing that because we have not passed a budget in 806 days. That is the fundamental responsibility we have as leaders. The people of this country elected us to do that. We are not doing that. I think that is creating uncertainty. It is creating instability out there around the country.

I met with some business owners this morning who say that in their particular industry, there are people who want to invest, they want to create jobs, and they want to make capital investments. But these are long-term investments, and they don't know what is happening, they don't know what the policies coming out of Washington are going to be with regard to taxes, spending, regulations, all of those sorts of things. There is an enormous amount of uncertainty.

There was a survey done just recently by the U.S. Chamber of Commerce in which they asked small businesses about their future hiring plans, and 64 percent of the small businesses that responded to that survey said they were not going to add to their payroll this year, they were not going to hire this year. Another 12 percent said they were actually going to cut jobs. Why? Half of the people who responded to the survey said: Economic uncertainty. They just flat do not know what Washington is going to do next. And you can't have that kind of uncertainty. What the markets want, what businesses want, what investors want is they want to know what the rules are going to be, and they want some certainty about what is going to happen next.

The kind of uncertainty we are creating reaches beyond our shores because I think that if you look at what is happening in Europe today, they are facing a debt crisis in many of those countries. What are the economic impacts of that? Well, if you look at the interest rates in the Euro zone, the 3-year government interest rates are 19.4 percent for Portugal, 28.9 percent for Greece, and 12.9 percent for Ireland. That is our future if we don't get our fiscal house in order.

What does that mean? That means that not just does the Federal Govern-

ment have to pay more to borrow money, pay more in higher interest costs, it also means that those interest costs—all interest rates in this country, whether it is for an auto loan or a home loan or a student's college loan, they all track with the Treasury borrowing rates. If those rates go up, that has profound implications for our economy. That means people across this country are going to pay much higher interest rates. Small businesses are going to pay higher interest rates to borrow money.

These are real-world impacts if we do not make the right kinds of decisions here to get this spending and this borrowing under control. So if you want to see our future, look at some of the European countries. Look at what impact this is having on interest rates and on their economies. That is something our economy could not withstand.

We are already facing 9.2 percent unemployment. We have a need to get people back to work. And what we need now is not more expanded government and more uncertainty about what Washington, DC, is going to do; we need stability, we need certainty, and we need decisions here which have a favorable impact on the private marketplace and create an inducement to hire people as opposed to discouraging it, which is what we are seeing today.

I have argued down here on many occasions that this debt is really strangling our economy because it is crowding out private investment. Anytime the government is out there borrowing money, it means there is less capital out there for private businesses to have access to. I think the more fundamental issue in this whole debate, however—and I mentioned this yesterday in some remarks on the floor—is really the size and scope of government and whether we want to see an expanded, bigger, larger government or whether we ought to try to work our way out of this debt crisis by actually reducing the size of our government.

I pointed out that in the past couple of years alone, we have seen government expand dramatically. In fact, nondefense discretionary spending in the last 2 years has grown by 24 percent. The debt has grown by 35 percent in just the time this President has been in office. The amount we spend on our Federal Government as a percentage of our entire economy has grown dramatically as well. The 40-year historical average is 20.6 percent. That is what we historically, for the past 40 years, have spent on the Federal Government as a percentage of our entire economic output. If you go back to the year 1800—hard to believe—it was 2 percent. That is what we spent on the Federal Government as a percentage of our entire economy. Of course, it has grown since that time, but it has really taken off here in just the last few years.

I pointed out yesterday as well that of the five times the budget has actually been balanced in this country since 1969, in every circumstance it has

been when government has spent less as a percentage of our entire economy than the average. So if the average is 20.6 for the past 40 years, the times when we have actually balanced the budget, we have averaged spending 18.7 percent of our GDP.

The point simply is this: If you want to solve this problem, it gets solved on the spending side of the equation. The problem we have in this country is not that we tax too little or have too little revenue, it is that we spend too much because this year we will spend, as a percentage of our entire economy, 24.3 percent. There is almost a quarter of the entire economy of this country now being spent by the Federal Government, and that will only go up over time as we see these new entitlement programs, the new health care program that was created last year, continue to consume more and more of our resources in this country. That means there is less and less out there for the private economy where the real jobs are created.

If you look at just what we pay in interest costs alone and how we would be influenced by a slight uptick in interest rates—there was a great op-ed written in the Wall Street Journal a couple of weeks back by Larry Lindsey, who is a former economic adviser to President Bush and also a member of the Federal Reserve Board of Governors. He pointed out that if interest rates return to their 20-year average, it would add \$4.9 trillion in additional borrowing costs over the next decade. So everything we are talking about here in this debate about the debt limit in terms of reducing spending really pales in comparison to just a normalization of interest rates.

If we saw interest rates go back to what is a 20-year average, we would see an additional \$4.9 trillion that we would have to spend to finance our debt. That is a staggering statistic. Again, I think it speaks to the need for us to get our spending under control because the amount we borrow, as it continues to ratchet up, and we continue to get further in debt, the likelihood is that our interest rates are going to go up in a corresponding manner, and we will end up spending more and more on higher interest.

I think the real issue is whether we as a nation are going to make a conscious decision that the way we resolve this debt crisis is either on the spending side or on the revenue side. We heard our colleagues on the other side—and we heard the President—say we need more revenue. In fact, I have not been in on the discussions occurring at the White House, but it is my understanding that one of the latest proposals on the table was a \$1.6 trillion increase in taxes. In other words, they want to add \$1.6 trillion in additional tax revenues in order to get some amount of spending reduction.

We have seen this picture before. We can go back to the 1990 budget deal that President Bush made with the

Congress at the time which was supposed to have 2-to-1 spending cuts to tax increases. The tax increases occurred; the spending cuts didn't. That is our history. That is why making a deal that involves massive increases in taxes on our economy, on our small businesses, when we have 9.2 percent unemployment is a bad idea when the problem we are trying to fix is fundamentally a spending problem. It would be one thing if we were spending at a historical rate. If we were spending at a rate that is 20 percent of our total economy, the 40-year average, that would be different. We are spending more than 24 percent. This is fundamentally a spending problem that cannot be solved on the revenue side.

The only thing that increasing taxes would do is make it harder, more expensive, and more difficult for small businesses to create jobs. That is precisely what we want small businesses to think about doing. Instead, 64 percent of them are saying that this next year they are not going to add to the payroll, create jobs. Why? Because of economic uncertainty. We need to create some certainty out there. We need them to know that tax rates will stay at a low level—taxes on investments and income. We need them to know we are committed to cutting spending and getting the Federal debt under control. We need them to know we are not going to add massively to the cost of doing business in this country by dramatically increasing the number of Federal regulations with which they have to comply.

I hear that everywhere I go, whether it is a farmer, rancher, or small business owner—everywhere. In a meeting I had with some small business owners, they said the regulations are making it increasingly costly and more difficult for them to create jobs. So if we get into the final days of this debate and these decisions have to be made, I would say that the President needs to recognize that this is not a revenue issue; this is a spending issue, and he needs to step up and provide leadership and a pathway for how we get our fiscal house in order—not by increasing taxes on the job creators in our economy, our small businesses but, rather, by getting Federal spending under control.

I think we would have an incredibly warm and favorable reception from both the House and the Senate, who are prepared to do business when it comes to reducing spending and making government smaller, not bigger, dealing with this long-term structural problem that we have of a runaway debt that is growing literally by the year at the tune of about \$1 trillion annually.

If we don't do this, as I said before, we are looking at a future that will resemble many countries in Europe. We don't want to be a country that defaults on our debt. We obviously need to address this issue of the debt limit. We need to do it in a responsible way that holds us accountable to the Amer-

ican people who spoke loudly and clearly in the last election indicating that they believe government has gotten too big and is growing too fast. They want the government reined in.

The way we do that is to rein in Federal spending. That involves not just the discretionary spending I mentioned earlier, which has grown at 24 percent in the last 2 years, but the long-term structural challenges that we face in entitlement programs—Medicare and Social Security.

Republicans in the Congress are willing to lead on those issues and are willing to step forward and put forward a plan. The only plan put forward so far has come from the House Republicans, and it has been criticized by a lot of Democrats in the House and Senate and also by the White House. We have yet to see a plan from the other side. It has been 806 days, and we haven't had a budget presented by the Democratic majority in the Senate, nor has the President come forward with a plan that actually does something to reduce spending and debt.

The President did submit a budget proposal earlier this year which dramatically would have increased spending and doubled the debt over the next decade and dramatically increased taxes. That is the wrong message to have received.

The message the people of this country are sending is that we want Washington to focus on the spending side. We want a smaller Federal Government, not a larger Federal Government. We want the Federal Government to do what we have to do—American families and small businesses—and that is to live within its means.

I hope this debt debate, as it comes to a conclusion, will come to a good outcome and result for the people of this country. We don't want to have this country in a situation where we are not making payments, where we are defaulting on our debt. But we cannot just continue this pattern of raising the borrowing authority of this country, adding to the Federal debt, without doing something to get that debt under control, without doing something to reduce the amount this Federal Government spends every single year. Spending at 24 to 25 percent of our entire economy is a trend that cannot be continued and cannot be sustained. We need to get back to more of a historical average, where the American people want us to be.

The reason the American people reacted the way they did in the last election is they saw this government growing at a rate that made them very uncomfortable and frightened. That continues to this day because there is uncertainty about the country's future and an instability that exists today.

I heard from some business owners this morning. They want stability, some certainty about what the rules are going to be. More importantly, it starts by having a Federal Government that lives within its means and doesn't

spend money that it doesn't have and that focuses intently on getting spending and debt under control and creating favorable conditions for economic growth and job creation.

That doesn't happen by raising government revenues, raising taxes; that happens by the Federal Government exercising fiscal responsibility, reducing spending, reducing debt, and keeping taxes low on our job creators so that we can get people in this country back to work. That is the correct prescription for this country. It is a prescription I hope the President will embrace.

I can say that the Republicans in the Senate—and I daresay the Republicans in the House of Representatives as well—are prepared to meet him in working together on that challenge of reducing spending and debt and creating conditions favorable to economic growth and job creation and getting American people back to work.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. RUBIO. Mr. President, I ask unanimous consent to speak for up to 15 minutes.

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

Mr. RUBIO. Mr. President, I stand here today having spent some time over the last few days thinking about this dispute regarding the debt limit, as we are hearing from our constituents across the country who are looking at Washington and asking: What is going on? What are you guys doing?

It is a difficult process for people to understand. They elect us and send us here to serve our country and to solve problems. Yet they read in the newspapers all these startling statements—the President saying a few days ago he can't guarantee Social Security payments, others saying our bond rating might be at risk. And, of course, the reality of daily life is that, more than ever, Americans are finding it difficult to find a job, and the ones who do are working twice as hard and making less.

So things have gotten tougher over the last couple of years, unfortunately, and people have a right to be upset with the direction we are heading. And that was one of the reasons I felt compelled to run for the Senate—to come up here and be part of trying to make a difference, be part of putting this country on a track that helps us to embrace all the things that make us exceptional and unique and continue to make us exceptional and unique.

When I look at this dispute, I see two things that are very clear. No. 1, we can't continue to do what we are doing now, and anyone who argues we can is

not being realistic and is doing a great disservice to the future of our country. It is this simple: You can't have a government that spends \$1.5 trillion more than it takes in every single year. You can't have a government that borrows 40 cents out of every dollar it spends.

Look what happened yesterday. Greece was downgraded. They are on the verge of being in default. Not Greece—I apologize. It was Ireland. Why is that happening in Europe? Why are these countries in trouble? It is not because they refuse to raise their debt limit; it is because people don't think they can pay back the money anymore. The people who lend the money, the people who sell the debt, they are saying: We don't know how you are going to pay us back. Your economy doesn't produce enough money. You have no plan to bring spending under control. We have lost confidence in you.

That is the message being sent to Europe today, and if we keep doing what we are doing now, that is the message that will be sent here to America very soon. The impact that will have not just on our country but on the world is, quite frankly, devastating. That is what we are facing.

The fundamental problem is twofold: We have a government that spends too much money—more money than it takes in—and we have a government that doesn't take in enough money to pay its debts because its economy is not growing. That is why I have argued from the days on the campaign trail to when I got elected that the way out of this problem is a two-pronged approach. You have to do them both.

You have to cut spending. We have to have spending cuts and spending discipline. It doesn't all have to happen overnight, but we have to stop spending \$1.5 trillion a year of money we do not have. We cannot continue to do that.

That is why I support the cut, cap, and balance plan, because it says we are going to begin to cut spending this year in a real way, we are going to cap the ability of government to continue to grow its spending in future years, and we are going to give the States the right to ratify a balanced budget amendment for our country that basically says: You cannot spend more money than you take in. States balance their budgets, businesses have to balance their budgets, families have to balance their budgets. If this Federal Government doesn't begin to balance its budget sometime in the near future, we may cross a line that is irreversible and puts us in a place similar to what we are seeing in Europe today.

So on the spending side, it has to happen. Again, to people who pretend we can do it overnight, I say: Of course not. It took a long time to get into this predicament, and it will take a while to get out, but we have to start trending in the right direction. It is critically important that some sort of spending discipline plan be put in place.

Look, I know this is a political place. The debate is always framed by politics. I, like everyone else here, fully participate in the political banter. But today, for a moment, I want to step back from that and just say this. Ultimately, I want to see a solution to the spending plan. I will welcome that solution whether it comes from the White House, from the minority leader, or from the majority leader. I just want someone to step up and offer a plan that begins to bring spending discipline under control. I know I have endorsed one. It is called the cut, cap, and balance plan. If there is a better way to do it, offer it now. What are you waiting for? Now is the time to offer it. If someone in this building has a better way to bring spending under control, now is the time to offer it. Don't negotiate in the shadows. All these negotiations going on we are hearing about in the press—where is the plan? Where is the document that tells us and shows us how we can bring spending under control? Now is the time to show it. Now is the time to do it. What are you waiting for?

That is on the spending side. Spending cuts are important. They are essential. We cannot do it without fiscal spending discipline, but that is not enough. We also have to grow. We have to grow. That is where the crux of this debate has really gotten to. You hear in the press that this fight is because certain people don't want to raise taxes on certain people. That is really not what this issue is about. I think everyone agrees that we need growth, that government needs growth in its revenue so it has a way to pay down this debt. The debate is about from where this revenue comes.

Some argue: Well, the way you get more money for government is to raise taxes on people—raise taxes on very rich people. I have two problems with that, and neither one is ideological.

The first problem is it doesn't work. You can't possibly raise taxes high enough to collect enough money to make a difference on the debt. I looked at some of the tax increases the President and others have proposed. It adds up to less than 10 days of deficit spending. Even if you raise the taxes on what they define as rich to 100 percent next year, it is still not enough money to pay for just 1 year's deficit. So tax increases don't work because they don't work. They do not generate enough money to do anything.

The second reason I can't support tax increases is because it will kill jobs. And while this debt is a huge issue—it is very important—the jobs issue is even more important. The No. 1 issue in Washington is the debt—rightfully so because it is a huge, enormous, generational issue—but unemployment is the No. 1 issue in America. We are talking about people who have worked hard their entire lives, who went to school and did everything that was asked of them, and now they go out into the job market and they can't find

a job. It is especially astonishing among young people—25, 30 years of age—who went to college and got their degrees and now they can't find a job, certainly not in the areas they studied.

We have to get that turned around. Every other problem we face in our country—the housing crisis and all these other problems—becomes easier to deal with if you have more people working, people making money, paying taxes, and spending money in our economy. So unemployment is what we have to get at, and we are not going to create jobs by tax increases. If someone in this building, if someone in Washington has a tax increase that creates jobs, I invite them to offer it. We are all ears. If someone in Washington has a tax increase that helps create jobs, right now is the time to offer it. I would submit we will not find one because there are no tax increases that will create jobs. If you don't create jobs and you don't grow this economy, there is no way out of this debt. You can't cut your way out of it, and you certainly can't tax your way out of it.

Does that mean we don't do anything about taxes, as I hear some commentators in the press saying? Of course not. Our Tax Code is broken. There are a bunch of things in the Tax Code that do not belong there, and I think there is bipartisan support—whether the media tries to ignore it or not—in the Senate, in the House, in Washington for tax reform.

Tax reform we can get done. Tax reform means we are going to look at the Tax Code, and if there are things in the Tax Code that are there because somebody hired a lobbyist and got it put in the Tax Code but it is not really good policy, it shouldn't be in there. And if we find enough of those unfair things in the Tax Code, then we can lower everybody's rates. We can make the rates flat, we can make the Tax Code simpler and easier to comply with, and that is what we should aim for because that is what job creators tell us.

I swear to you, I have never met a job creator who told me they are looking for a State with high taxes and burdensome regulations. I have never met one. There may be one, but I invite anyone here in Washington, DC, to produce for us a job creator—a company or an individual—who says that what they are looking for is to open a business someplace where the taxes are high and difficult to understand and the regulations are expensive to comply with. And that is what we have in America. You want to know why jobs aren't being created. Because that is what we have in America. So if someone knows of a job creator anywhere in the world who is looking for a high, complex tax environment or looking for a high regulatory environment, I would like to meet them because I have yet to meet a job creator who is looking for that, and that is what we have.

I will submit to you that there is bipartisan support for the idea of tax reform, of simplifying our Tax Code and

making it easier to comply with, of—if we do it the right way—lowering everybody's tax rates so that people have more money in their pockets to spend into the economy and grow their business or to start a new business because that is how jobs are created.

I know all of us would like to think that Senators and Presidents create jobs but not outside this building they do not. Jobs are created when everyday people from all walks of life decide, you know what, today I am going to open a business and operate from the spare bedroom of my home or out of the garage or when somebody has an existing business and decides: I want to grow this business, so I am going to hire a couple more people because I have a belief this business can do better.

We need to get people excited about doing that again, and we are not going to get them excited about doing that again if our taxes and our regulations are out of control. So let's begin to focus with regard to this debt limit on some of the things that there has to be agreement on, and there are two things: We must control our spending, and we must put a plan in place that shows the world how America will bring its spending under control, and we have to do something to grow our economy.

Ask any job creator in the real world, What are you looking for to grow and create jobs? They will tell you, We are looking for confidence. And we get confidence from knowing that regulations are predictable and easy to comply with, and the Tax Code is predictable, affordable, and easy to comply with.

I submit that if we focused on that and not all the other noise that goes on in the back and forth of this place, we can actually start moving toward a solution.

The last point I would make is the word "compromise" is a very popular word around here, and there is nothing wrong with compromise, so long as the compromise also happens to be a solution. Because if your compromise doesn't solve the problem, you have created a new problem.

There is nothing wrong with compromise. Maybe your ideas of tax reform are different than my ideas of tax reform, but ultimately we have to solve the broken Tax Code. So compromise is not a dirty word, unless the compromise makes it worse, not better. Too often in politics compromise leads to things that make things worse, not better. If you raise taxes in this economy, with 9 percent unemployment, you are going to make things worse, not better.

I hope we will rally in a bipartisan fashion around the concept of tax reform, of creating a Tax Code in America that encourages people to create jobs here once again, because if we can solve the jobs issue, if we can begin to solve the unemployment issue, all these other issues we face as a nation become easier to face.

Mr. President, I thank you for your attention and I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARDIN. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BROWN of Ohio). Without objection, it is so ordered.

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

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

BUDGET NEGOTIATIONS

Mr. CARDIN. Mr. President, we are getting dangerously close to the August 2 deadline. The August 2 deadline is the deadline for America to increase its debt limit or to face default on our obligations. We need to come together. We need to increase the debt limit, and this is an opportunity for us also to manage our debt.

We have been talking about this for a while, and I understand—and I think my colleagues understand—the responsible thing for us to do is to use this opportunity to increase the debt limit to also craft a game plan to manage our national debt and our spending. We need to have a credible plan. Our debt is not sustainable. We cannot continue along this path. We understand that. We have to have a credible plan to manage our deficit. Well, quite frankly, the Democrats have come up with these plans.

The proposal offered by Senator CONRAD, the chairman of the Budget Committee—and supported by all the Democrats on the Budget Committee, and I am proud to be a member of that committee—brings forward a credible proposal that has all the elements of our budget on the table. It reduces government spending. It deals with protecting the priorities that are important for America's growth. It invests in education. It invests in innovation and in infrastructure so we can create the jobs necessary for America's prosperity. That is what that budget does. It brings about more deficit reduction than the Republican budget, bringing our debt under control.

We understand we need a bipartisan budget. It is not going to be just what the Democrats want. That is what the political process is all about. Midterm elections: The House is controlled by Republicans. The Senate has a Democratic majority. We have to come together.

What many of us have said in this body is let's use the bipartisan Bowles-Simpson proposal as a starting point. That has all the elements on the table, including mandatory spending and including doing a better job on revenues. It is a bipartisan proposal. Democrats have said we are willing to work and come out with what we call the grand

deal—the deal that will manage our debt and all elements of the Federal budget will be on the table as we talk about that.

But there is one option that should not be on the table, and that option is to allow August 2 to pass without increasing the debt limit; in other words, to permit America to default on its obligations. That is one option that cannot be on the table. Quite frankly, what concerns me is there seems to be a growing number of Republicans who say that is an option; that is OK; it will be all right for us to pass August 2 without increasing the debt limit.

Let me quote, if I might, from David Brooks, the conservative columnist, who said:

... the Republican Party may no longer be a normal party. Over the past few years, it has been infected by a faction that is more of a psychological protest than a practical, governing alternative. The members of this movement do not accept the logic of compromise, no matter how sweet the terms. If you ask them to raise taxes by an inch in order to cut government by a foot, they will say no. If you ask them to raise taxes by an inch to cut government by a yard, they will still say no.

The members of this movement do not accept the legitimacy of scholars or intellectual authorities. A thousand impartial experts may tell them that a default on the debt would have calamitous effects, far worse than raising revenues a bit. But the members of this movement refuse to believe it.

I know the majority leader in the House of Representatives, Mr. CANTOR, tells us there is no compromise that can pass at the present time in the House of Representatives. I don't accept that. I think Democrats and Republicans working together in the House can pass a grand deal under the parameters that have been talked about at the White House. But what Mr. CANTOR needs to do is work with the Democrats as well as the Republicans in the House of Representatives. We have to come together, Democrats and Republicans.

The one part of the option that should not be on the table is to allow us to pass August 2 without raising the debt limit. Let me talk about the consequences. I have said I believe they are catastrophic consequences, and I do believe that. We know it is likely—almost certain—that the rating houses will downgrade America's currency from the most secure currency in the world. We would be downgraded. We run a real risk as to whether the dollar will continue to be the global currency. Right now, many international transactions are related in dollars. We know that as it relates to energy. All of a sudden, on August 3, we run the risk that the American dollar will no longer be the global currency, having a major impact on the U.S. economy.

J.P. Morgan tells us we could expect an immediate increase in interest costs of 75 to 100 basis points. What does that mean? Well, for the taxpayers of this country, it means it is going to cost

more money for us to pay for our borrowing. That will raise the cost of interest payments which I would suggest is a not very productive use of taxpayer dollars, causing taxpayers to have to pay more for our borrowing. But it goes well beyond the Federal taxpayers. It affects every family in America. The estimates are that the effect of the increase in U.S. obligations on interest rates will have an effect on all borrowing. So if a person is buying a home, they can expect the interest costs will increase by about \$1,000 a year. If a person is a credit card holder, they can expect their interest rates to go up about \$250 a year. That is the effect it is going to have on every American family if we pass August 2 without increasing our debt limit.

If a person has money in the stock market, they can expect there will be a reduction in the value of their wealth. We saw that happen once before when retirement account values slipped dramatically. We are at risk of having that happen again if we pass August 2 without increasing the debt limit.

The impact it will have on our economy, on jobs—we expect it will clearly have a negative impact on our job market. We will lose jobs and we very well may go back into a recession. That is why this is catastrophic if we don't deal with the debt limit in a mature way.

Let me cite the numbers. In the month of August, we expect we are going to have about \$172 billion of revenue coming into our Treasury, but we are going to have \$360 billion of bills coming in—spending we have already incurred that we have to pay for. There are those who say we can pick which bills we want to pay and let the others go. They say we will have some winners and losers. Well, I think we will have all losers, because we can't pick winners and losers.

There are some who say, well, obviously, we will pay interest on the national debt. OK, we will pay that. How about Social Security, and how long can we pay Social Security? If we don't pay Social Security, what happens to those on fixed incomes or, if we reduce the Social Security payments, how does someone who has planned their monthly budget manage with getting, say, 40 percent less of their Social Security in August? How do they handle their obligations?

Then what do we do about Medicare? Do we continue to pay Medicare at 100 percent? Well, I assume we are going to run out of money.

What do we do about our military, our soldiers, who we all say we want to support? Do we continue their salaries or do we reduce their amounts by, say, 40 percent? If we pay all of those, there is no money left over to pay veterans' benefits. What happens to our veterans who are depending on their checks to be able to meet their obligations?

Then what do we tell our students who are preparing to go to school in the fall about their Pell grants, that

their Pell grants aren't going to be available and maybe they can't go to school in the fall? They have to make plans right now.

What do we do about small business owners who are depending upon their contracts with the Federal Government in order to make their payroll? Is their money going to be coming in on August 3? We can't pay those bills unless we raise the debt limit. It has nothing to do with increased obligations of this country; we are talking about spending we have already incurred, that has already been obligated, and now the people who are entitled to the money are asking for their checks. What do we do on August 3?

I don't believe we have a choice. I think we must increase the debt limit. I don't think it is an option not to. No responsible legislator would consider that to be an option.

Yes, let's use that opportunity to manage our deficit. I still hold out hope we can get this grand deal. It has to be fair. It has to be balanced. It has to allow America to grow and it has to allow us to create more jobs. It has to invest in education and innovation and infrastructure so America can compete. We know we can get that done if we use a balanced approach: Reduce government spending at all levels, including the military, as we bring our troops home from Afghanistan. Yes, we need to look at the money we spend through our Tax Code. We have talked about this over and over. We need to have a balanced approach, a credible approach, to manage our debt. That should be our first option. But under no circumstances should we allow America to default on its obligations, causing harm to every American family.

I urge my colleagues to put the national interests first and to take off the table the default on our debt. Take that off the table. Let's put the national interests first and work together to bring about a credible plan to manage our national debt.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. McCASKILL). Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—H.R. 2055

Mr. DURBIN. Madam President, I ask unanimous consent that at 1:20 p.m., the Senate proceed to the consideration of H.R. 2055, the Military Construction, Veterans Affairs and Related Agencies appropriations bill; further that following the opening remarks of the two managers of the bill, Senator SESSIONS be recognized to raise a 303(c)

Budget Act point of order; that Senator JOHNSON be recognized to waive the applicable portion of the Budget Act; that there be 4 hours of debate, equally divided, between Senators JOHNSON and SESSIONS or their designees prior to a vote on cloture on the motion to waive; provided further, that if cloture is invoked, the Senate immediately proceed to a vote on the motion to waive, with no intervening action or debate.

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

Mr. DURBIN. Madam President, I ask unanimous consent to speak as in morning business.

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

U.S. CREDIT RATING

Mr. DURBIN. Madam President, this morning's Wall Street Journal has a headline which I hope America will pay close attention to: "Raters put U.S. on notice." The United States of America has a credit rating, much as we do as individuals, businesses, and families. The credit rating of the United States is AAA, the very best.

What does it mean? It means two things. First, that those who do business with America think it is the best place to do business—the most reliable economy, the rule of law, transparency. It says good things about America. It translates into the lowest interest rates charged when America borrows money. That is a good thing because we borrow a lot of money.

This AAA rating, of course, is something that is not guaranteed. You have to work for it. Countries around the world now, particularly in Europe, are struggling and failing economically, some in worse shape than others. In the Irish Times yesterday they referred to what they called the "PIGS". I had never seen that term before. It refers to Portugal, Ireland, Greece, and Spain. They said this week Italy was joining the PIGS, the seventh largest economy in the world, roiling in euro debt, being called on to transform and change their economies and their government to deal with their national debt.

It is a tough time in the European Union, and the jury is still out about any one of those countries and how this will end. The United States is not in that situation, thank goodness. Our economy has its problems. We know that: 9.2 percent of our workforce is unemployed, a situation where many small businesses are still struggling, where families struggle, many of them paycheck to paycheck, to get by. But still, the fact that we have to guard our borders to keep people from coming here is an indication of what America's promise means to the rest of the world.

This notice from the rating agencies that now we are on a watch, a credit watch, as to whether our AAA credit rating in America should be diminished

is serious. Secretary of Treasury Tim Geithner meets with us when we go down to the White House to talk about the current negotiation over the debt ceiling. What he told us yesterday was that this rating is the product of two things: First, there is no clear path available to indicate that Congress is able to extend the debt ceiling of the United States on August 2; and, secondly, there is no clear indication that Congress and the President are working together to deal with our national deficit. Because of that, Secretary Geithner said this rating has come out, and that is the reality of what we face.

First, a word about the debt ceiling. What is it? Most people do not know, and it is understandable because it does not get much attention, although it has been around a long time. The debt ceiling was created in 1939. It was created because Congress decided they did not want to vote every time we issued a national bond or some other note. We would rather give our Department of Treasury the authority to issue debt obligations up to a certain dollar level. As the debt of the United States increased and the need to borrow increased, that level increased as well. Between 1993 and today, we have extended the debt ceiling in America 89 times, 55 times under Republican Presidents, 34 times under Democratic Presidents, and virtually without notice. Who is the No. 1 President in the history of the United States to extend the debt ceiling and to increase America's debt? Ronald Reagan, far and away. He did it 18 times, and during the course of his 8 years in office, raised the national debt ceiling by 199 percent.

Then you go to the next President, who raised it 90 percent in debt, President George W. Bush. So it is a bipartisan undertaking. What it means is that when needed, the Congress of the United States authorizes the President to borrow the money necessary to cover what we have spent in appropriations from Congress, in our entitlement and mandatory programs—Social Security, Medicare, and the like—we have to borrow money.

In fact, we borrow 40 cents for every \$1 we spend in Washington for everything—40 cents for every \$1. So we are looking to the people to loan us money on a regular basis. The No. 1 one creditor of the United States, among countries, is China—ironic—our No. 1 creditor, our No. 1 competitor. An interesting relationship.

The debt ceiling comes due August 2. As it has been routinely extended time and time again, this time is different. The House Republican leadership has said: We refuse to vote to extend the debt ceiling of the United States unless we see deficit reduction. What would happen if we did not extend the debt ceiling?

What would happen if you did not make your mortgage payment? I think I would know what would happen to Loretta and me in Springfield, IL. We

might hear from our bank, and our bank might say: Mr. DURBIN, you know, the month of July has come and gone and you did not pay your mortgage on your home in Springfield. What is up?

If you said: I am just not going to pay it this month, they would say: That is not what you signed up for. You signed up to meet your obligation. So if you do not pay it, you face foreclosure.

But in the meantime, what have you done, what my family would have done under those circumstances, is to jeopardize our credit rating. The next time my family would want to borrow money for a home, the bank would say: I am not sure you are such a good risk. You have missed your mortgage payment or, if they loaned us money, it would be at a higher interest rate.

That is the reality of what happens if you do not extend the debt ceiling. This situation when it comes to America is grave. It is not just about America paying a higher interest rate to borrow money, it is about the interest rate across our country being affected. Down at the Federal Reserve, Ben Bernanke and the Federal Reserve Board of Governors are doing everything in their power to keep interest rates low because we want businesses to expand, to be profitable, and to hire people.

When interest rate costs go up, businesses find it more expensive to borrow and borrow less. Individual families find it more difficult to buy the car, the home, the appliances they might need. So with interest rates going up as a result of our failure to extend the debt ceiling, we are doing exactly the opposite of what the American economy needs today. That is why it is so serious. In fact, it could be catastrophic. In a few minutes, we are going to hear from Treasury Secretary Tim Geithner, who is going to come before us and talk about the impact of failure to extend the debt ceiling.

What we are doing in the White House today is negotiating with leaders of Congress, Democrats and Republicans, and the President to extend the debt ceiling because many of us believe it would be disastrous. If we would default on our debt, we call into question the full faith and credit of the United States of America. At the end of the day, we would find ourselves with a self-inflicted wound to the American economy: raising interest rates and making it more difficult to come out of this recession.

We are trying to reach an agreement, and it has been hard going. We have had five face-to-face meetings in the White House so far. Yesterday's was reported in the news as contentious, and it was. The President has said he believes our first obligation is to get the American economy back on track and Americans back to work. We should not do anything in the course of our business that would make that more difficult. I could not agree with him more.

The highest priority in America is putting Americans back to work in good-paying jobs right here at home. The highest priority in America is allowing small businesses to expand, to do more business, and hire more people. That is what we ought to be about. If we fail to extend the debt ceiling, it makes it more difficult to reach those goals.

I listened as Presidential candidates of the other party in Iowa say: It does not matter. Default on the debt. Let's see what happens. That is the most—let me think of a good word here—naive comment on our economy I can imagine. The people who are making it have no business aspiring to the highest office in the land. We need to accept this responsibility and deal with this debt ceiling honestly. We need to extend it so there is no question about the credit rating—the full faith and credit of the United States of America.

Secondly, we need to get serious about this deficit. I know the occupant of the chair has strong personal feelings about this. She has introduced legislation dealing with this deficit and how we can cope with it in the Senate and in the House. I have been part of the President's deficit commission. I have been engaged with colleagues of both political parties on how to take it further. Our goal is, very simply stated, I believe and those who are engaged in these conversations believe we can reduce the debt of the United States by up to \$4 trillion over the next 10 years. We can do it in a sensible, thoughtful way, with shared sacrifice across America.

We need to put everything—and I underline the word “everything”—on the table. Spending programs are the start. We should go to them and root out what we consider to be wasteful, unnecessary, fraudulent, and abusive practices in our spending, whether it is in the Department of Defense or any other agency of government.

When the Department of Defense came before the Bowles-Simpson commission, we asked them how many private contractors work for the Department of Defense.

Their answer: We have no idea.

We said: Give us a range.

They said: The range is somewhere between 1 million and 9 million people working for the Department of Defense—maybe.

That is unacceptable. We can do better. Our brave men and women in uniform deserve better, and so do the American taxpayers.

We must put all spending on the table, reducing spending where we can, where we must, to move toward \$4 trillion in deficit reduction. Then we need to put entitlement programs on the table. This is where many Democrats get nervous because you are talking about things that mean a lot to us—Social Security, Medicare, and Medicaid, for example. I am as committed to those programs as any Member of the Senate. I believe we can protect the

basic benefits under those programs and still find ways to make them stronger and longer.

Social Security, untouched, will make every promised payment, with cost-of-living adjustments, for the next 25 years. You can't say that about much in Washington. You can't say that about any program other than Social Security. We can do better by making minor, small changes in Social Security today and putting the savings back into Social Security, and then we can say it will last 75 years, which means everybody going into the workplace, starting their work career in America, will know they can count on Social Security to be there when they need it. That is an attainable goal, and if we face it honestly, we can do it.

When I was elected in 1982 and came to office in 1983, we were facing bankruptcy in Social Security. We came together with a bipartisan approach and passed it. We bought literally 52 years of solvency for Social Security, and not a single Member lost the next election because we did it in a bipartisan fashion, determined to make Social Security stronger. We can do it again.

Medicare—same story. Medicare, of course, provides health care for the elderly and disabled in America. It is extremely expensive because health care costs keep going up. Are there ways to reduce the costs of Medicare so that the people who are deserving of care—seniors and the disabled—will have it available to them?

On January 1 of this year, 9,000 Americans turned the age of 65; on January 2, another 9,000; and then every day since—every day for the next 19 years. The boomers have arrived. They have paid into Medicare and Social Security their entire lives, and they expect America to keep its promise. And we will. But we can look at Medicare and find ways to make that program more cost-efficient. There are certainly ways that are obvious.

Under the Medicare prescription drug program, we currently don't have a Medicare option. All we have is private health insurance company options. Let Medicare bargain with pharmaceutical companies to buy in bulk and bring down the cost of drugs for seniors, thus reducing their out-of-pocket costs and our costs as taxpayers. The pharmaceutical industry hates that the way the Devil hates holy water. The fact is that when you put Medicare in there, like the Veterans' Administration is in there, it can make a difference.

We need to include spending, entitlements, and revenue. I hope we can do it on a bipartisan basis.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

MILITARY CONSTRUCTION AND VETERANS AFFAIRS AND RELATED AGENCIES APPROPRIATIONS ACT, 2012

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 2055, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2055) making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes, namely:

TITLE I

DEPARTMENT OF DEFENSE

MILITARY CONSTRUCTION, ARMY

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other personal services necessary for the purposes of this appropriation, and for construction and operation of facilities in support of the functions of the Commander in Chief, \$3,066,891,000, to remain available until September 30, 2016: Provided, That of this amount, not to exceed \$255,241,000 shall be available for study, planning, design, architect and engineer services, and host nation support, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, NAVY AND MARINE CORPS

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy and Marine Corps as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, \$2,187,622,000, to remain available until September 30, 2016: Provided, That of this amount, not to exceed \$84,362,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR FORCE

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law, \$1,227,058,000, to remain available until September 30, 2016: Provided, That of this amount, not to exceed \$81,913,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, DEFENSE-WIDE (INCLUDING TRANSFER OF FUNDS)

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, \$3,380,917,000, to remain available until September 30, 2016: Provided, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction or family housing as the Secretary may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided further, That of the amount appropriated, not to exceed \$439,602,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor: Provided further, That of the amount appropriated, notwithstanding any other provision of law, \$24,118,000 shall be available for payments to the North Atlantic Treaty Organization for the planning, design, and construction of a new North Atlantic Treaty Organization headquarters.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contributions therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, \$773,592,000, to remain available until September 30, 2016: Provided, That of the amount appropriated, not to exceed \$20,671,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Director of the Army National Guard determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, \$116,246,000, to remain available until September 30, 2016: Provided, That of the amount appropriated, not to exceed \$9,000,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Director of the Air National Guard determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, ARMY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, \$280,549,000, to remain available until September 30, 2016: Provided, That of the amount appropriated, not to exceed \$28,924,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of the Army determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both

Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, NAVY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, \$26,299,000, to remain available until September 30, 2016: Provided, That of the amount appropriated, not to exceed \$2,591,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of the Navy determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, \$33,620,000, to remain available until September 30, 2016: Provided, That of the amount appropriated, not to exceed \$2,200,000 shall be available for study, planning, design, and architect and engineer services, as authorized by law, unless the Secretary of the Air Force determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of the determination and the reasons therefor.

NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

For the United States share of the cost of the North Atlantic Treaty Organization Security Investment Program for the acquisition and construction of military facilities and installations (including international military headquarters) and for related expenses for the collective defense of the North Atlantic Treaty Area as authorized by section 2806 of title 10, United States Code, and Military Construction Authorization Acts, \$272,611,000, to remain available until expended.

FAMILY HOUSING CONSTRUCTION, ARMY

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension, and alteration, as authorized by law, \$186,897,000, to remain available until September 30, 2016.

FAMILY HOUSING OPERATION AND MAINTENANCE, ARMY

For expenses of family housing for the Army for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$494,858,000.

FAMILY HOUSING CONSTRUCTION, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension, and alteration, as authorized by law, \$100,972,000, to remain available until September 30, 2016.

FAMILY HOUSING OPERATION AND MAINTENANCE, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$367,863,000.

FAMILY HOUSING CONSTRUCTION, AIR FORCE

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension,

and alteration, as authorized by law, \$84,804,000, to remain available until September 30, 2016.

FAMILY HOUSING OPERATION AND MAINTENANCE, AIR FORCE

For expenses of family housing for the Air Force for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, \$404,761,000.

FAMILY HOUSING OPERATION AND MAINTENANCE, DEFENSE-WIDE

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for operation and maintenance, leasing, and minor construction, as authorized by law, \$50,723,000.

DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND

For the Department of Defense Family Housing Improvement Fund, \$2,184,000, to remain available until expended, for family housing initiatives undertaken pursuant to section 2883 of title 10, United States Code, providing alternative means of acquiring and improving military family housing and supporting facilities.

HOMEOWNERS ASSISTANCE FUND

For the Homeowners Assistance Fund established by section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, (42 U.S.C. 3374), as amended by section 1001 of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 194), \$1,284,000, to remain available until expended.

CHEMICAL DEMILITARIZATION CONSTRUCTION, DEFENSE-WIDE

For expenses of construction, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions in accordance with section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521), and for the destruction of other chemical warfare materials that are not in the chemical weapon stockpile, as currently authorized by law, \$75,312,000, to remain available until September 30, 2016, which shall be only for the Assembled Chemical Weapons Alternatives program.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT 1990

For deposit into the Department of Defense Base Closure Account 1990, established by section 2906(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), \$323,543,000, to remain available until expended.

DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT 2005

For deposit into the Department of Defense Base Closure Account 2005, established by section 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), \$258,776,000, to remain available until expended: Provided, That the Department of Defense shall notify the Committees on Appropriations of both Houses of Congress 14 days prior to obligating an amount for a construction project that exceeds or reduces the amount identified for that project in the most recently submitted budget request for this account by 20 percent or \$2,000,000, whichever is less: Provided further, That the previous proviso shall not apply to projects costing less than \$5,000,000, except for those projects not previously identified in any budget submission for this account and exceeding the minor construction threshold under section 2805 of title 10, United States Code.

ADMINISTRATIVE PROVISIONS

SEC. 101. None of the funds made available in this title shall be expended for payments under a cost-plus-a-fixed-fee contract for construction, where cost estimates exceed \$25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the

Secretary of Defense setting forth the reasons therefor.

SEC. 102. Funds made available in this title for construction shall be available for hire of passenger motor vehicles.

SEC. 103. Funds made available in this title for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

SEC. 104. None of the funds made available in this title may be used to begin construction of new bases in the United States for which specific appropriations have not been made.

SEC. 105. None of the funds made available in this title shall be used for purchase of land or land easements in excess of 100 percent of the value as determined by the Army Corps of Engineers or the Naval Facilities Engineering Command, except:

- (1) where there is a determination of value by a Federal court;
- (2) purchases negotiated by the Attorney General or the designee of the Attorney General;
- (3) where the estimated value is less than \$25,000; or
- (4) as otherwise determined by the Secretary of Defense to be in the public interest.

SEC. 106. None of the funds made available in this title shall be used to:

- (1) acquire land;
- (2) provide for site preparation; or
- (3) install utilities for any family housing, except housing for which funds have been made available in annual Acts making appropriations for military construction.

SEC. 107. None of the funds made available in this title for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations of both Houses of Congress.

SEC. 108. None of the funds made available in this title may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.

SEC. 109. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year may be used to pay real property taxes in any foreign nation.

SEC. 110. None of the funds made available in this title may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations of both Houses of Congress.

SEC. 111. None of the funds made available in this title may be obligated for architect and engineer contracts estimated by the Government to exceed \$500,000 for projects to be accomplished in Japan, in any North Atlantic Treaty Organization member country, or in countries bordering the Arabian Sea, unless such contracts are awarded to United States firms or United States firms in joint venture with host nation firms.

SEC. 112. None of the funds made available in this title for military construction in the United States territories and possessions in the Pacific and on Kwajalein Atoll, or in countries bordering the Arabian Sea, may be used to award any contract estimated by the Government to exceed \$1,000,000 to a foreign contractor: Provided, That this section shall not be applicable to contract awards for which the lowest responsive and responsible bid of a United States contractor exceeds the lowest responsive and responsible bid of a foreign contractor by greater than 20 percent: Provided further, That this section shall not apply to contract awards for military construction on Kwajalein Atoll for which the lowest responsive and responsible bid is submitted by a Marshallese contractor.

SEC. 113. The Secretary of Defense is to inform the appropriate committees of both Houses of Congress, including the Committees on Appropriations, of the plans and scope of any proposed military exercise involving United States personnel 30 days prior to its occurring, if amounts expended for construction, either temporary or permanent, are anticipated to exceed \$100,000.

SEC. 114. Not more than 20 percent of the funds made available in this title which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year.

SEC. 115. Funds appropriated to the Department of Defense for construction in prior years shall be available for construction authorized for each such military department by the authorizations enacted into law during the current session of Congress.

SEC. 116. For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects and on subsequent claims, if any.

SEC. 117. Notwithstanding any other provision of law, any funds made available to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were made available, if the funds obligated for such project:

(1) are obligated from funds available for military construction projects; and

(2) do not exceed the amount appropriated for such project, plus any amount by which the cost of such project is increased pursuant to law.

(INCLUDING TRANSFER OF FUNDS)

SEC. 118. In addition to any other transfer authority available to the Department of Defense, proceeds deposited to the Department of Defense Base Closure Account established by section 207(a)(1) of the Defense Authorization Amendments and Base Closure and Realignment Act (10 U.S.C. 2687 note) pursuant to section 207(a)(2)(C) of such Act, may be transferred to the account established by section 2906(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), to be merged with, and to be available for the same purposes and the same time period as that account.

(INCLUDING TRANSFER OF FUNDS)

SEC. 119. Subject to 30 days prior notification, or 14 days for a notification provided in an electronic medium pursuant to sections 480 and 2883, of title 10, United States Code, to the Committees on Appropriations of both Houses of Congress, such additional amounts as may be determined by the Secretary of Defense may be transferred to:

(1) the Department of Defense Family Housing Improvement Fund from amounts appropriated for construction in "Family Housing" accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund; or

(2) the Department of Defense Military Unaccompanied Housing Improvement Fund from amounts appropriated for construction of military unaccompanied housing in "Military Construction" accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund: Provided, That appropriations made available to the Funds shall be available to cover the costs, as defined in section 502(5) of the Congressional Budget Act of 1974, of direct loans or loan guarantees issued by the Department of Defense pursuant to the provisions of subchapter IV of chapter 169 of title 10, United States Code, pertaining to alternative

means of acquiring and improving military family housing, military unaccompanied housing, and supporting facilities.

SEC. 120. (a) Not later than 60 days before issuing any solicitation for a contract with the private sector for military family housing the Secretary of the military department concerned shall submit to the Committees on Appropriations of both Houses of Congress the notice described in subsection (b).

(b)(1) A notice referred to in subsection (a) is a notice of any guarantee (including the making of mortgage or rental payments) proposed to be made by the Secretary to the private party under the contract involved in the event of—

(A) the closure or realignment of the installation for which housing is provided under the contract;

(B) a reduction in force of units stationed at such installation; or

(C) the extended deployment overseas of units stationed at such installation.

(2) Each notice under this subsection shall specify the nature of the guarantee involved and assess the extent and likelihood, if any, of the liability of the Federal Government with respect to the guarantee.

(INCLUDING TRANSFER OF FUNDS)

SEC. 121. In addition to any other transfer authority available to the Department of Defense, amounts may be transferred from the accounts established by sections 2906(a)(1) and 2906A(a)(1) of the Defense Base Closure and Realignment Act of 1990 (10 U.S.C. 2687 note), to the fund established by section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) to pay for expenses associated with the Homeowners Assistance Program incurred under 42 U.S.C. 3374(a)(1)(A). Any amounts transferred shall be merged with and be available for the same purposes and for the same time period as the fund to which transferred.

SEC. 122. Notwithstanding any other provision of law, funds made available in this title for operation and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including general or flag officer quarters: Provided, That not more than \$35,000 per unit may be spent annually for the maintenance and repair of any general or flag officer quarters without 30 days prior notification, or 14 days for a notification provided in an electronic medium pursuant to sections 480 and 2883 of title 10, United States Code, to the Committees on Appropriations of both Houses of Congress, except that an after-the-fact notification shall be submitted if the limitation is exceeded solely due to costs associated with environmental remediation that could not be reasonably anticipated at the time of the budget submission: Provided further, That the Under Secretary of Defense (Comptroller) is to report annually to the Committees on Appropriations of both Houses of Congress all operation and maintenance expenditures for each individual general or flag officer quarters for the prior fiscal year.

SEC. 123. Amounts contained in the Ford Island Improvement Account established by subsection (h) of section 2814 of title 10, United States Code, are appropriated and shall be available until expended for the purposes specified in subsection (i)(1) of such section or until transferred pursuant to subsection (i)(3) of such section.

SEC. 124. None of the funds made available in this title, or in any Act making appropriations for military construction which remain available for obligation, may be obligated or expended to carry out a military construction, land acquisition, or family housing project at or for a military installation approved for closure, or at a military installation for the purposes of supporting a function that has been approved for realignment to another installation, in 2005 under the Defense Base Closure and Realignment

Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note), unless such a project at a military installation approved for realignment will support a continuing mission or function at that installation or a new mission or function that is planned for that installation, or unless the Secretary of Defense certifies that the cost to the United States of carrying out such project would be less than the cost to the United States of cancelling such project, or if the project is at an active component base that shall be established as an enclave or in the case of projects having multi-agency use, that another Government agency has indicated it will assume ownership of the completed project. The Secretary of Defense may not transfer funds made available as a result of this limitation from any military construction project, land acquisition, or family housing project to another account or use such funds for another purpose or project without the prior approval of the Committees on Appropriations of both Houses of Congress. This section shall not apply to military construction projects, land acquisition, or family housing projects for which the project is vital to the national security or the protection of health, safety, or environmental quality: Provided, That the Secretary of Defense shall notify the congressional defense committees within seven days of a decision to carry out such a military construction project.

(INCLUDING TRANSFER OF FUNDS)

SEC. 125. During the 5-year period after appropriations available in this Act to the Department of Defense for military construction and family housing operation and maintenance and construction have expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations may be transferred into the appropriation "Foreign Currency Fluctuations, Construction, Defense", to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred.

SEC. 126. Amounts appropriated or otherwise made available in an account funded under the headings in this title may be transferred among projects and activities within the account in accordance with the reprogramming guidelines for military construction and family housing construction contained in Department of Defense Financial Management Regulation 7000.14-R, Volume 3, Chapter 7, of February 2009, as in effect on the date of enactment of this Act.

TITLE II

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by section 107 and chapters 11, 13, 18, 51, 53, 55, and 61 of title 38, United States Code; pension benefits to or on behalf of veterans as authorized by chapters 15, 51, 53, 55, and 61 of title 38, United States Code; and burial benefits, the Reinstated Entitlement Program for Survivors, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of title IV of the Servicemembers Civil Relief Act (50 U.S.C. App. 541 et seq.) and for other benefits as authorized by sections 107, 1312, 1977, and 2106, and chapters 23, 51, 53, 55, and 61 of title 38, United States Code, \$58,067,319,000, to remain available until expended: Provided, That not to exceed \$32,187,000 of the amount appropriated under this heading shall be reimbursed to "General operating expenses, Veterans Benefits Administration", "Medical support and compliance", and "Information technology systems"

for necessary expenses in implementing the provisions of chapters 51, 53, and 55 of title 38, United States Code, the funding source for which is specifically provided as the "Compensation and pensions" appropriation: Provided further, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical care collections fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by chapters 21, 30, 31, 33, 34, 35, 36, 39, 51, 53, 55, and 61 of title 38, United States Code, \$11,011,086,000, to remain available until expended: Provided, That expenses for rehabilitation program services and assistance which the Secretary is authorized to provide under subsection (a) of section 3104 of title 38, United States Code, other than under paragraphs (1), (2), (5), and (11) of that subsection, shall be charged to this account.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by title 38, United States Code, chapters 19 and 21, \$100,252,000, to remain available until expended.

VETERANS HOUSING BENEFIT PROGRAM FUND

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by subchapters I through III of chapter 37 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That during fiscal year 2012, within the resources available, not to exceed \$500,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$154,698,000.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

For the cost of direct loans, \$19,000, as authorized by chapter 31 of title 38, United States Code: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That funds made available under this heading are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$3,019,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$343,000, which may be paid to the appropriation for "General operating expenses, Veterans Benefits Administration".

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

For administrative expenses to carry out the direct loan program authorized by subchapter V of chapter 37 of title 38, United States Code, \$1,116,000.

VETERANS HEALTH ADMINISTRATION MEDICAL SERVICES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs and veterans described in section 1705(a) of title 38, United States Code, including care and treatment in facilities not under the jurisdiction of the Department, and including medical supplies and equipment, food services, and salaries and expenses of health care employees hired under title 38, United States Code, aid to State homes as authorized by section 1741 of title 38, United States Code, as-

sistance and support services for caregivers as authorized by section 1720G of title 38, United States Code, and loan repayments authorized by section 604 of Public Law 111-163; \$41,354,000,000, plus reimbursements, shall become available on October 1, 2012, and shall remain available until September 30, 2013: Provided, That notwithstanding any other provision of law, the Secretary of Veterans Affairs shall establish a priority for the provision of medical treatment for veterans who have service-connected disabilities, lower income, or have special needs: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs shall give priority funding for the provision of basic medical benefits to veterans in enrollment priority groups 1 through 6: Provided further, That, notwithstanding any other provision of law, the Secretary of Veterans Affairs may authorize the dispensing of prescription drugs from Veterans Health Administration facilities to enrolled veterans with privately written prescriptions based on requirements established by the Secretary: Provided further, That the implementation of the program described in the previous proviso shall incur no additional cost to the Department of Veterans Affairs.

MEDICAL SUPPORT AND COMPLIANCE

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of capital policy activities; and administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under chapter 17 of title 38, United States Code, and the Federal Medical Care Recovery Act (42 U.S.C. 2651 et seq.); \$5,746,000,000, plus reimbursements, shall become available on October 1, 2012, and shall remain available until September 30, 2013.

MEDICAL FACILITIES

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities and other necessary facilities of the Veterans Health Administration; for administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction, and renovation of any facility under the jurisdiction or for the use of the Department; for oversight, engineering, and architectural activities not charged to project costs; for repairing, altering, improving, or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; for leases of facilities; and for laundry services, \$5,441,000,000, plus reimbursements, shall become available on October 1, 2012, and shall remain available until September 30, 2013.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by chapter 73 of title 38, United States Code, \$581,000,000, plus reimbursements, shall remain available until September 30, 2013.

NATIONAL CEMETERY ADMINISTRATION

For necessary expenses of the National Cemetery Administration for operations and maintenance, not otherwise provided for, including uniforms or allowances therefor; cemetery expenses as authorized by law; purchase of one passenger motor vehicle for use in cemetery operations; hire of passenger motor vehicles; and repair, alteration or improvement of facilities under the jurisdiction of the National Cemetery Administration, \$250,934,000, of which not to exceed \$25,100,000 shall remain available until September 30, 2013.

DEPARTMENTAL ADMINISTRATION

GENERAL ADMINISTRATION

(INCLUDING TRANSFER OF FUNDS)

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including administrative expenses in support of Department-Wide capital planning, management and policy activities, uniforms, or allowances therefor; not to exceed \$25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, \$431,257,000, of which not to exceed \$21,562,000 shall remain available until September 30, 2013: Provided, That \$15,000,000 shall be to increase the Department's acquisition workforce capacity and capabilities and may be transferred by the Secretary to any other account in the Department to carry out the purposes provided therein: Provided further, That funds provided under this heading may be transferred to "General operating expenses, Veterans Benefits Administration".

GENERAL OPERATING EXPENSES, VETERANS BENEFITS ADMINISTRATION

For necessary operating expenses of the Veterans Benefits Administration, not otherwise provided for, including hire of passenger motor vehicles, and reimbursement of the Department of Defense for the cost of overseas employee mail, \$2,018,764,000: Provided, That expenses for services and assistance authorized under paragraphs (1), (2), (5), and (11) of section 3104(a) of title 38, United States Code, that the Secretary of Veterans Affairs determines are necessary to enable entitled veterans: (1) to the maximum extent feasible, to become employable and to obtain and maintain suitable employment; or (2) to achieve maximum independence in daily living, shall be charged to this account: Provided further, That of the funds made available under this heading, not to exceed \$105,000,000 shall remain available until September 20, 2013: Provided further, That from the funds made available under this heading, the Veterans Benefits Administration may purchase (on a one-for-one replacement basis only) up to two passenger motor vehicles for use in operations of that Administration in Manila, Philippines.

INFORMATION TECHNOLOGY SYSTEMS

For necessary expenses for information technology systems and telecommunications support, including developmental information systems and operational information systems; for pay and associated costs; and for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including contractual costs associated with operations authorized by section 3109 of title 5, United States Code, \$3,161,376,000, plus reimbursements: Provided, That \$915,000,000 shall be for pay and associated costs, of which not to exceed \$25,000,000 shall remain available until September 30, 2013: Provided further, That \$1,709,953,000 shall be for operations and maintenance as designated in the President's 2012 budget justification, of which not to exceed \$110,000,000 shall remain available until September 30, 2013: Provided further, That \$536,423,000 shall be for information technology systems development, modernization, and enhancement as designated in the President's 2012 budget justification, and shall remain available until September 30, 2013: Provided further, That none of the funds made available under this heading may be obligated until the Department of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress, and such Committees approve, a plan for expenditure that:

- (1) meets the capital planning and investment control review requirements established by the Office of Management and Budget;
- (2) complies with the Department of Veterans Affairs enterprise architecture;
- (3) conforms with an established enterprise life cycle methodology; and

(4) complies with the acquisition rules, requirements, guidelines, and systems acquisition management practices of the Federal Government: Provided further, That amounts made available for information technology systems development, modernization, and enhancement may not be obligated or expended until the Secretary of Veterans Affairs or the Chief Information Officer of the Department of Veterans Affairs submits to the Committees on Appropriations of both Houses of Congress a certification of the amounts, in parts or in full, to be obligated and expended for each development project: Provided further, That amounts made available for salaries and expenses, operations and maintenance, and information technology systems development, modernization, and enhancement may be transferred among the three subaccounts after the Secretary of Veterans Affairs requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued: Provided further, That the funds made available under this heading for information technology systems development, modernization, and enhancement, shall be for the projects and in the amounts, specified under this heading in the report accompanying this Act.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, to include information technology, in carrying out the provisions of the Inspector General Act of 1978 (5 U.S.C. App.), \$112,391,000, of which \$6,600,000 shall remain available until September 30, 2013.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending, and improving any of the facilities, including parking projects, under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, construction management services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is more than the amount set forth in section 8104(a)(3)(A) of title 38, United States Code, or where funds for a project were made available in a previous major project appropriation, \$589,604,000, to remain available until expended, of which \$5,000,000 shall be to make reimbursements as provided in section 13 of the Contract Disputes Act of 1978 (41 U.S.C. 612) for claims paid for contract disputes: Provided, That except for advance planning activities, including needs assessments which may or may not lead to capital investments, and other capital asset management related activities, including portfolio development and management activities, and investment strategy studies funded through the advance planning fund and the planning and design activities funded through the design fund, including needs assessments which may or may not lead to capital investments, and salaries and associated costs of the resident engineers who oversee those capital investments funded through this account, and funds provided for the purchase of land for the National Cemetery Administration through the land acquisition line item, none of the funds made available under this heading shall be used for any project which has not been approved by the Congress in the budgetary process: Provided further, That funds made available under this heading for fiscal year 2012, for each approved project shall be obligated:

- (1) by the awarding of a construction documents contract by September 30, 2012; and
- (2) by the awarding of a construction contract by September 30, 2013: Provided further, That the Secretary of Veterans Affairs shall promptly submit to the Committees on Appropriations of

both Houses of Congress a written report on any approved major construction project for which obligations are not incurred within the time limitations established above.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities, including parking projects, under the jurisdiction or for the use of the Department of Veterans Affairs, including planning and assessments of needs which may lead to capital investments, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, 8122, and 8162 of title 38, United States Code, where the estimated cost of a project is equal to or less than the amount set forth in section 8104(a)(3)(A) of title 38, United States Code, \$550,091,000, to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is equal to or less than the amount set forth in such section: Provided, That funds made available under this heading shall be for:

- (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe; and
- (2) temporary measures necessary to prevent or to minimize further loss by such causes.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home, and domiciliary facilities in State homes, for furnishing care to veterans as authorized by sections 8131 through 8137 of title 38, United States Code, \$85,000,000, to remain available until expended.

GRANTS FOR CONSTRUCTION OF VETERANS CEMETERIES

For grants to assist States and tribal governments in establishing, expanding, or improving veterans cemeteries as authorized by section 2408 of title 38, United States Code, \$46,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 201. Any appropriation for fiscal year 2012 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred as necessary to any other of the mentioned appropriations: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall request from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and such Committees issue an approval, or absent a response, a period of 30 days has elapsed.

(INCLUDING TRANSFER OF FUNDS)

SEC. 202. Amounts made available for the Department of Veterans Affairs for fiscal year 2012, in this Act or any other Act, under the "Medical services", "Medical support and compliance", and "Medical facilities" accounts may be transferred among the accounts: Provided, That any transfers between the "Medical services" and "Medical support and compliance" accounts of 1 percent or less of the total amount appropriated to the account in this or any other Act may take place subject to notification from the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress of the amount and purpose of the transfer: Provided further, That any transfers between the "Medical services" and "Medical support

and compliance" accounts in excess of 1 percent, or exceeding the cumulative 1 percent for the fiscal year, may take place only after the Secretary requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued: Provided further, That any transfers to or from the "Medical facilities" account may take place only after the Secretary requests from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued.

SEC. 203. Appropriations available in this title for salaries and expenses shall be available for services authorized by section 3109 of title 5, United States Code, hire of passenger motor vehicles; lease of a facility or land or both; and uniforms or allowances therefore, as authorized by sections 5901 through 5902 of title 5, United States Code.

SEC. 204. No appropriations in this title (except the appropriations for "Construction, major projects", and "Construction, minor projects") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 205. No appropriations in this title shall be available for hospitalization or examination of any persons (except beneficiaries entitled to such hospitalization or examination under the laws providing such benefits to veterans, and persons receiving such treatment under sections 7901 through 7904 of title 5, United States Code, or the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)), unless reimbursement of the cost of such hospitalization or examination is made to the "Medical services" account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 206. Appropriations available in this title for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 2011.

SEC. 207. Appropriations available in this title shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from sections 3328(a), 3334, and 3712(a) of title 31, United States Code, except that if such obligations are from trust fund accounts they shall be payable only from "Compensation and pensions".

(INCLUDING TRANSFER OF FUNDS)

SEC. 208. Notwithstanding any other provision of law, during fiscal year 2012, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund under section 1920 of title 38, United States Code, the Veterans' Special Life Insurance Fund under section 1923 of title 38, United States Code, and the United States Government Life Insurance Fund under section 1955 of title 38, United States Code, reimburse the "General operating expenses, Veterans Benefits Administration" and "Information technology systems" accounts for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in such an insurance program during fiscal year 2012 that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: Provided further, That if the cost of administration of such an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: Provided further, That the Secretary shall determine the cost of administration for fiscal year 2012 which is properly allocable to the provision of each such insurance program and to the provision of any total disability income insurance included in that insurance program.

SEC. 209. Amounts deducted from enhanced-use lease proceeds to reimburse an account for expenses incurred by that account during a prior fiscal year for providing enhanced-use lease services, may be obligated during the fiscal year in which the proceeds are received.

(INCLUDING TRANSFER OF FUNDS)

SEC. 210. Funds available in this title or funds for salaries and other administrative expenses shall also be available to reimburse the Office of Resolution Management of the Department of Veterans Affairs and the Office of Employment Discrimination Complaint Adjudication under section 319 of title 38, United States Code, for all services provided at rates which will recover actual costs but not exceed \$42,904,000 for the Office of Resolution Management and \$3,360,000 for the Office of Employment and Discrimination Complaint Adjudication: Provided, That payments may be made in advance for services to be furnished based on estimated costs: Provided further, That amounts received shall be credited to the "General administration" and "Information technology systems" accounts for use by the office that provided the service.

SEC. 211. No appropriations in this title shall be available to enter into any new lease of real property if the estimated annual rental cost is more than \$1,000,000, unless the Secretary submits a report which the Committees on Appropriations of both Houses of Congress approve within 30 days following the date on which the report is received.

SEC. 212. No funds of the Department of Veterans Affairs shall be available for hospital care, nursing home care, or medical services provided to any person under chapter 17 of title 38, United States Code, for a non-service-connected disability described in section 1729(a)(2) of such title, unless that person has disclosed to the Secretary of Veterans Affairs, in such form as the Secretary may require, current, accurate third-party reimbursement information for purposes of section 1729 of such title: Provided, That the Secretary may recover, in the same manner as any other debt due the United States, the reasonable charges for such care or services from any person who does not make such disclosure as required: Provided further, That any amounts so recovered for care or services provided in a prior fiscal year may be obligated by the Secretary during the fiscal year in which amounts are received.

(INCLUDING TRANSFER OF FUNDS)

SEC. 213. Notwithstanding any other provision of law, proceeds or revenues derived from enhanced-use leasing activities (including disposal) may be deposited into the "Construction, major projects" and "Construction, minor projects" accounts and be used for construction (including site acquisition and disposition), alterations, and improvements of any medical facility under the jurisdiction or for the use of the Department of Veterans Affairs. Such sums as realized are in addition to the amount provided for in "Construction, major projects" and "Construction, minor projects".

SEC. 214. Amounts made available under "Medical services" are available—

- (1) for furnishing recreational facilities, supplies, and equipment; and
- (2) for funeral expenses, burial expenses, and other expenses incidental to funerals and burials for beneficiaries receiving care in the Department.

(INCLUDING TRANSFER OF FUNDS)

SEC. 215. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, may be transferred to "Medical services", to remain available until expended for the purposes of that account.

SEC. 216. The Secretary of Veterans Affairs may enter into agreements with Indian tribes and tribal organizations which are party to the Alaska Native Health Compact with the Indian

Health Service, and Indian tribes and tribal organizations serving rural Alaska which have entered into contracts with the Indian Health Service under the Indian Self Determination and Educational Assistance Act, to provide healthcare, including behavioral health and dental care. The Secretary shall require participating veterans and facilities to comply with all appropriate rules and regulations, as established by the Secretary. The term "rural Alaska" shall mean those lands sited within the external boundaries of the Alaska Native regions specified in sections 7(a)(1)–(4) and (7)–(12) of the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1606), and those lands within the Alaska Native regions specified in sections 7(a)(5) and 7(a)(6) of the Alaska Native Claims Settlement Act, as amended (43 U.S.C. 1606), which are not within the boundaries of the Municipality of Anchorage, the Fairbanks North Star Borough, the Kenai Peninsula Borough or the Matanuska Susitna Borough.

(INCLUDING TRANSFER OF FUNDS)

SEC. 217. Such sums as may be deposited to the Department of Veterans Affairs Capital Asset Fund pursuant to section 8118 of title 38, United States Code, may be transferred to the "Construction, major projects" and "Construction, minor projects" accounts, to remain available until expended for the purposes of these accounts.

SEC. 218. None of the funds made available in this title may be used to implement any policy prohibiting the Directors of the Veterans Integrated Services Networks from conducting outreach or marketing to enroll new veterans within their respective Networks.

SEC. 219. The Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress a quarterly report on the financial status of the Veterans Health Administration.

(INCLUDING TRANSFER OF FUNDS)

SEC. 220. Amounts made available under the "Medical services", "Medical support and compliance", "Medical facilities", "General operating expenses, Veterans Benefits Administration", "General administration", and "National cemetery administration" accounts for fiscal year 2012, may be transferred to or from the "Information technology systems" account: Provided, That before a transfer may take place, the Secretary of Veterans Affairs shall request from the Committees on Appropriations of both Houses of Congress the authority to make the transfer and an approval is issued.

(INCLUDING TRANSFER OF FUNDS)

SEC. 221. Amounts made available for the "Information technology systems" account for development, modernization, and enhancement may be transferred between projects or to newly defined projects: Provided, That no project may be increased or decreased by more than \$1,000,000 of cost prior to submitting a request to the Committees on Appropriations of both Houses of Congress to make the transfer and an approval is issued, or absent a response, a period of 30 days has elapsed.

SEC. 222. None of the funds appropriated or otherwise made available by this Act or any other Act for the Department of Veterans Affairs may be used in a manner that is inconsistent with—

- (1) section 842 of the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006 (Public Law 109–115; 119 Stat. 2506); or
- (2) section 8110(a)(5) of title 38, United States Code.

SEC. 223. Of the amounts made available to the Department of Veterans Affairs for fiscal year 2012, in this Act or any other Act, under the "Medical facilities" account for non-recurring maintenance, not more than 20 percent of the funds made available shall be obli-

gated during the last 2 months of that fiscal year: Provided, That the Secretary may waive this requirement after providing written notice to the Committees on Appropriations of both Houses of Congress.

(INCLUDING TRANSFER OF FUNDS)

SEC. 224. Of the amounts appropriated to the Department of Veterans Affairs for fiscal year 2011 for "Medical services", "Medical support and compliance", "Medical facilities", "Construction, minor projects", and "Information technology systems", up to \$241,666,000, plus reimbursements, may be transferred to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of title XVII of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 3571) and may be used for operation of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500): Provided, That additional funds may be transferred from accounts designated in this section to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund upon written notification by the Secretary of Veterans Affairs to the Committees on Appropriations of both Houses of Congress.

(INCLUDING TRANSFER OF FUNDS)

SEC. 225. Such sums as may be deposited to the Medical Care Collections Fund pursuant to section 1729A of title 38, United States Code, for healthcare provided at facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500) shall also be available:

- (1) for transfer to the Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund, established by section 1704 of title XVII of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 3571); and
- (2) for operations of the facilities designated as combined Federal medical facilities as described by section 706 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4500).

(INCLUDING TRANSFER OF FUNDS)

SEC. 226. Of the amounts available in this title for "Medical services", "Medical support and compliance", and "Medical facilities", a minimum of \$15,000,000, shall be transferred to the Department of Defense/Department of Veterans Affairs Health Care Sharing Incentive Fund, as authorized by section 8111(d) of title 38, United States Code, to remain available until expended, for any purpose authorized by section 8111 of title 38, United States Code.

(INCLUDING RESCISSION OF FUNDS)

SEC. 227. (a) Of the funds appropriated in title X of division B of Public Law 112–10, the following amounts which will become available on October 1, 2011, are hereby rescinded from the following accounts in the amounts specified:

- (1) "Department of Veterans Affairs, Medical services", \$1,400,000,000.
- (2) "Department of Veterans Affairs, Medical support and compliance", \$100,000,000.
- (3) "Department of Veterans Affairs, Medical facilities", \$250,000,000.

(b) In addition to amounts provided elsewhere in this Act, an additional amount is appropriated to the following accounts in the amounts specified, to become available on October 1, 2011, and to remain available until September 30, 2013:

- (1) "Department of Veterans Affairs, Medical services", \$1,400,000,000.
- (2) "Department of Veterans Affairs, Medical support and compliance", \$100,000,000.
- (3) "Department of Veterans Affairs, Medical facilities", \$250,000,000.

SEC. 228. The Secretary of the Department of Veterans Affairs shall notify the Committees on Appropriations of both Houses of Congress of all bid savings in major construction projects that total at least \$5,000,000, or 5 percent of the programmed amount of the project, whichever is less: Provided, That such notification shall occur within 14 days of a contract identifying the programmed amount: Provided further, That the Secretary shall notify the committees 14 days prior to the obligation of such bid savings and shall describe the anticipated use of such savings.

SEC. 229. The scope of work for a project included in "Construction, major projects" may not be increased above the scope specified for that project in the original justification data provided to the Congress as part of the request for appropriations.

TITLE III

RELATED AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one-for-one replacement basis only) and hire of passenger motor vehicles; not to exceed \$7,500 for official reception and representation expenses; and insurance of official motor vehicles in foreign countries, when required by law of such countries, \$61,100,000, to remain available until expended.

FOREIGN CURRENCY FLUCTUATIONS ACCOUNT

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, such sums as may be necessary, to remain available until expended, for purposes authorized by section 2109 of title 36, United States Code.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Appeals for Veterans Claims as authorized by sections 7251 through 7298 of title 38, United States Code, \$30,770,000: Provided, That \$2,726,323 shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law 102-229.

DEPARTMENT OF DEFENSE—CIVIL CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of two passenger motor vehicles for replacement only, and not to exceed \$1,000 for official reception and representation expenses, \$45,800,000, to remain available until expended: Provided, That none of the funds available under this heading shall be for construction of a perimeter wall at Arlington National Cemetery. In addition, such sums as may be necessary for parking maintenance, repairs and replacement, to be derived from the Lease of Department of Defense Real Property for Defense Agencies account.

Funds appropriated under this Act may be provided to Arlington County, Virginia, for the relocation of the federally owned water main at Arlington National Cemetery making additional land available for ground burials.

ARMED FORCES RETIREMENT HOME TRUST FUND

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the

Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, \$67,700,000, of which \$2,000,000 shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home—Washington, District of Columbia, and the Armed Forces Retirement Home—Gulfport, Mississippi.

TITLE IV GENERAL PROVISIONS

SEC. 401. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 402. Such sums as may be necessary for fiscal year 2012 for pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 403. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 404. No part of any funds appropriated in this Act shall be used by an agency of the executive branch, other than for normal and recognized executive-legislative relationships, for publicity or propaganda purposes, and for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or film presentation designed to support or defeat legislation pending before Congress, except in presentation to Congress itself.

SEC. 405. All departments and agencies funded under this Act are encouraged, within the limits of the existing statutory authorities and funding, to expand their use of "E-Commerce" technologies and procedures in the conduct of their business practices and public service activities.

SEC. 406. None of the funds made available in this Act may be transferred to any department, agency, or instrumentality of the United States Government except pursuant to a transfer made by, or transfer authority provided in, this or any other appropriations Act.

SEC. 407. Unless stated otherwise, all reports and notifications required by this Act shall be submitted to the Subcommittee on Military Construction and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the House of Representatives and the Subcommittee on Military Construction and Veterans Affairs, and Related Agencies of the Committee on Appropriations of the Senate.

SEC. 408. (a) Any agency receiving funds made available in this Act, shall, subject to subsections (b) and (c), post on the public website of that agency any report required to be submitted by the Congress in this or any other Act, upon the determination by the head of the agency that it shall serve the national interest.

(b) Subsection (a) shall not apply to a report if—

(1) the public posting of the report compromises national security; or

(2) the report contains confidential or proprietary information.

(c) The head of the agency posting such report shall do so only after such report has been made available to the requesting Committee or Committees of Congress for no less than 45 days.

SEC. 409. (a) IN GENERAL.—None of the funds appropriated or otherwise made available to the Department of Defense in this Act may be used to construct, renovate, or expand any facility in the United States, its territories, or possessions to house any individual detained at United States Naval Station, Guantanamo Bay, Cuba, for the purposes of detention or imprisonment in the custody or under the control of the Department of Defense unless authorized by Congress.

(b) EXCEPTION.—The prohibition in subsection (a) shall not apply to any modification of facilities at United States Naval Station, Guantanamo Bay, Cuba.

This Act may be cited as the "Military Construction and Veterans Affairs, and Related Agencies Appropriations Act, 2012".

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of South Dakota. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. HAGAN). Without objection, it is so ordered.

Mr. JOHNSON of South Dakota. Madam President, I am pleased to present the fiscal year 2012 Military Construction and Veterans Affairs and related agencies appropriations bill to the Senate. The bill was unanimously reported out of the committee on June 30. It is a fiscally disciplined and bipartisan measure, and I hope all Senators will support it.

I thank my ranking member, Senator KIRK, for his contributions in crafting this bill. He has taken a very active role on the subcommittee, and it has been a pleasure to work with him. I also thank Chairman INOUE and Vice Chairman COCHRAN, as well as Leader REID and Minority Leader MCCONNELL for their support and assistance in moving this bill forward.

The MILCON-VA appropriations bill provides crucial investments in infrastructure for our military, including barracks and family housing, mission critical training and operational facilities, schools and hospitals, and childcare and family support centers. It also fulfills the Nation's promise to our vets by providing the resources needed for their medical care and benefits.

Madam President, the bill before the Senate today totals \$142 billion, of which \$72.5 billion is discretionary funding. We are all mindful of the severe economic problems facing this Nation, and this bill reflects that reality. It is \$1.25 billion below the budget request and \$618 million below the fiscal year 2011 enacted level. I can assure my colleagues there are no congressional earmarks in the bill.

As always, protecting essential benefits and health care for veterans tops my list of priorities. With an aging population of veterans requiring increased services, and a surge of combat veterans from the Iraq and Afghanistan wars entering the system, the demand for VA health care services has increased dramatically in recent years. The number of Iraq and Afghanistan veterans in the VA health care system will exceed half a million in 2012, a 106-percent increase since 2008.

The sluggish economy is exacerbating the pressure on the VA as more and more out of work or underemployed veterans turn to the VA for their health care.

This bill provides \$58.6 billion for VA discretionary funding, \$2.3 billion over current funding. Nearly 90 percent of the funding—\$50.6 billion—is for veterans health care. The bill also includes \$52.5 billion in fiscal year 2013 advance appropriations for veterans medical care.

The bill includes \$2.9 billion, as requested, to meet the health care needs of veterans who have served in Iraq and Afghanistan, a \$594 million increase over the current funding. This funding includes research and treatment programs for mental health issues, including traumatic brain injury and post-traumatic stress disorder.

One of the very few areas in which the bill provides an increase in funding is VA medical research, which is funded at \$581 million, \$72 million over the budget request, to restore funding to the current level. This program funds a broad array of vital research efforts including mental health, spinal cord injury, burn treatment, polytrauma injuries, and sensory loss.

The bill includes \$4.9 billion for health care and support services for homeless veterans. Ending homelessness among veterans is a top priority of VA Secretary Eric Shinseki, and it is a goal fully supported by the committee. As a result of programs the Secretary has instituted, and the robust funding provided in recent MilCon/VA bills to implement them, the average number of homeless veterans on any given night has dropped from 195,000 6 years ago to 75,600 this year. The funding in this bill provides the resources to continue to make headway on this very important initiative.

As a Senator from a rural State, I am pleased to report that the bill also includes \$250 million for programs, such as mobile clinics and telemedicine services, to support rural and Native American veterans. This continues the rural health initiative that I initiated in the fiscal year 2009 MilCon/VA bill, and reflects the importance that both Congress and the VA place on meeting the needs of veterans who live in rural areas and must often travel hundreds of miles for treatment at a VA facility.

The bill also includes \$52 million for collaborative efforts with the Indian Health Service to ensure that Native American veterans receive the care that they have earned. I am encouraged by this funding and by the fact that the VA created an Office of Tribal Government Relations earlier this year to expand outreach to American Indians, Alaska Natives, and Native Hawaiians. Access to health care among Native Americans is a major problem in South Dakota and other rural States, and I believe that collaboration between the VA and the Indian Health Service is essential to leverage the resources and services of both agencies.

Information technology, or IT, represents another important investment in this bill. The bill provides the full \$3.2 billion as requested in the budget to develop electronic health care

records, paperless claims systems, and seamless integration of medical and service records with the Defense Department. Secretary Shinseki and former Defense Secretary Robert Gates worked very closely over the past year to develop a framework for implementing a joint VA-DOD electronic health care record system. Their leadership and determination to overcome bureaucratic hurdles to a find a joint electronic solution to the current maze of paperwork involved in transferring health records from DOD to VA was key to making progress on this long-stalled effort.

The Secretaries have announced that the Departments have agreed to pursue a number of integrated development approaches including the decision to share common data centers and to utilize open source software development. I hope that implementing a joint electronic health record system remains a top priority for Secretary Panetta as he assumes the leadership of the Defense Department.

There are several other notable VA programs funded in this bill, including \$270 million for women's veterans programs, \$6.9 billion for long term care for veterans, and \$112 million for the VA Inspector General's Office. Each of these programs meets an emerging requirement for the VA.

As more and more women join the ranks of America's veterans entitled to VA health care, their unique needs require a reevaluation and reemphasis of services offered in VA clinics and hospitals.

Long-term care for veterans is also emerging as a mounting need for veterans, including both the growing population of aging veterans as well as severely wounded veterans from the wars in Iraq and Afghanistan.

With the growth and complexity of VA services, it is essential to maintain vigilant oversight of VA programs. The committee, therefore, has provided \$112 million for the Office of Inspector General, \$3 million over the budget request, to support robust oversight by the inspector general.

The bill also provides the full budget request for both major and minor construction as well as the full advance appropriation request for medical facilities. However, I have deep concerns about the VA's budget request in all three areas. With this year's budget submission, the Department also transmitted its 10-year Strategic Capital Investment Plan. The plan identifies a requirement of between \$53 billion and \$65 billion over the next decade to address critical infrastructure needs. Yet, the combined request for both major and minor construction is \$400.8 million below the fiscal year 2011 enacted level. Additionally, the advance request for medical facilities includes \$600.2 million for nonrecurring maintenance at existing clinics and hospitals, a \$510 million decrease from what is being spent this year.

While I understand that the budget crisis facing the country requires sac-

rifice and belt tightening from all sectors, funding decreases of this magnitude given the requirements and the age of VA facilities is alarming. I urge the Department to develop and submit a comprehensive plan with next year's budget submission identifying specific ways in which to adequately finance VA's infrastructure needs.

In addition to the above mentioned items, the budget submission included a request to establish a \$953 million contingency fund to be available for medical care if a larger than expected number of veterans turns to the VA for health care as a result of the lagging economy. The contingency fund was to be composed of carryover funds already available to the VA as a result of the Federal pay freeze plus \$240 million in fiscal year 12 funding.

Instead of creating a loosely defined contingency fund based on an untested projection of the VA's standard modeling formula, the committee has directed the Department to use \$664 million in carryover funds made available by the Federal pay freeze, as well as additional carryover funds projected to reach \$500 million by the end of fiscal year 12, to address this contingency, should it arise.

With little room to maneuver on the VA side of the ledger, the vast majority of the savings in the bill comes from incrementing or deferring funding for certain military construction projects. The bill provides \$13.7 billion for military construction, \$1 billion below the request. The MilCon reductions in the bill are restricted to the active duty components. The Guard and Reserve components, Family Housing, BRAC and other accounts are fully funded at the President's request.

The MilCon portion of this bill mirrors the Senate Defense authorization bill, which was unanimously reported out of the Senate Armed Services Committee on June 16. Every military construction project funded in this bill is authorized in the authorization bill. In fact, if you do the math, 52 Senators in this Chamber have already voted in favor of the MilCon portion of this bill.

Because of the constrained budget environment, the bill does not provide any increase in funding for military construction projects. Several Senators urged the committee to provide additional funding for such things as Army Guard readiness centers or various unfunded requirements of the services. In normal times, the committee would wholeheartedly support these efforts, but given the austere budget circumstances, there was simply no money to fund these initiatives.

In addition to MilCon and VA, the bill includes \$221 million for several related agencies, including \$77 million for the American Battle Monuments Commission as requested; \$45.8 million for Arlington National Cemetery as requested, and \$67.7 million for the Armed Forces Retirement Home as requested. The bill also provides \$30.8 million for the U.S. Court of Appeals

for Veterans Claims, which is \$25 million below the request. The reduction reflects the committee's decision to defer funding for a proposed courthouse for the Court until uncertainties surrounding the cost and location of the project can be resolved.

Madam President, I again thank my ranking member for his support in crafting this bill. I also thank the staff of the subcommittee—Christina Evans, Chad Schulken and Andy Vanlandingham of my staff; Dennis Balkham and D'Ann Letteri of the minority staff, and former minority staffer Ben Hammond—for their months of hard work and cooperative effort to produce this bill.

Again, this is a well-balanced and bipartisan bill. It provides resources vital to the well being of our troops and their families, and to the millions of veterans who have served and sacrificed for their Nation. I urge my colleagues to support this bill, and I yield the Floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. KIRK. Madam President, I first came to Capitol Hill in 1984 during Ronald Reagan's first term. I believe it was Chairman Hatfield running the committee on the Senate side and Jamie Whitten on the House side. I care very much about the appropriations process and the Appropriations Committee because I think we spend less with a higher degree of transparency when we consider appropriations bills in regular order, as this one now is.

This bill funds our veterans programs and our military construction needs mainly for the Active-Duty and Reserve Americans who wear the uniform—or wore the uniform—upon which all of our freedoms and the independence of our country depends. Today, there are over 20 million veterans, and this bill cares for them in a bipartisan way. We owe these veterans just about everything—for our independence and freedom—and this bill cares for them.

Now, why, in this difficult and partisan time, is this bill coming up in this way? Why is it that we have every Republican on the subcommittee and the full committee in favor of this legislation? It is because the chairman made the decision, that I strongly supported, to mark to the House level. When we marked to the House level, we opened the door for full bipartisan support for this needed bill.

We present to the Senate this bill for full consideration, taking into account all of the requests of Members in their budget submission. But let me emphasize that not only are we slightly below the House spending level in discretionary budget authority, there are no earmarks in this bill, reflecting the new wave of reform that has come to the Appropriations Committee—both the House and the Senate.

We have made a tough set of spending decisions in this bill. We have come

in \$1.2 billion below President Obama's spending request. We came in \$620 million below last year's level. I was a bit surprised we were able to do this—and that we did—but we are even \$2.6 million below the House Republican-approved level in the bill put together by Chairman CULBERSON.

This bill spends in discretionary budget authority less than the House of Representatives, and I will just point out that when the House took up this legislation, over 400 Members of the House of Representatives—Republicans and Democrats—supported this legislation, and only five Members of the House voted against this legislation. That is why this legislation enjoys such tremendous bipartisan support on our side.

This bill would not be possible without the outstanding work of Chairman JOHNSON and his staff, his military experience and, most importantly, his son's military experience. On behalf of the veterans of his State, he has done a very good job, with my full support. We take care of our veterans and their benefits, their health care, and the construction of medical facilities in this legislation.

Madam President, many veterans live in urban areas, but also a great many live in rural and even highly rural areas. This bill pays attention to their needs thanks to the chairman, and also I want to highlight the work of the Senator from Alaska, LISA MURKOWSKI, in the decisions we made in this bill to make sure veterans who live in the State of Alaska will not, in many cases now, need to leave the State for their veterans care.

We have also worked diligently with our veterans service organizations, and I would highlight this bill has now been endorsed by the Veterans of Foreign Wars, by AMVETS, by the Paralyzed Veterans of America, the Disabled American Veterans, and the Iraq and Afghanistan Veterans of America. I take the last endorsement very seriously, having, as a reservist, served in Afghanistan myself.

Chairman JOHNSON highlighted the funding levels in this bill, which I think are quite important, but I would also like to highlight several policy issues in this bill. No. 1, originally, the administration—our commander in South Korea—put forward an idea to bring almost 50,000 American dependents to South Korea to build homes and hospitals and schools. But the cost could be upwards of over \$20 billion to transfer that many Americans to the Korean peninsula.

Given this time of deficits and debt, and given this enormous bill, I think DOD is rethinking this proposal, as they wisely should. I think this bill lays out a set of concerns over where we go with such a spending decision.

With regard to Guantanamo—very important to me—originally there was a proposal to transfer the al-Qaida core of terrorists to my State, to Thompson, IL. This bill wisely concludes the

overwhelming bipartisan provision prohibiting the construction or renovation of any facility in the United States or its territories for individuals detained at Guantanamo Bay.

With regard to Guam, while the Navy is attempting to move more than 17,000 marines and their families from Okinawa to Guam, the plan that Chairman JOHNSON and I have seen has serious problems. Therefore, there are no projects in this bill associated with this very complicated move.

We did fund the Air Force request for projects related to the Strike capability for the bed down of Strike and intelligence capabilities, but the rest we are looking for further information.

Also, with regard to our military infrastructure in Germany, we believe there is a better need for accounting of funds that we provide for facilities, and, as a result, we cut about \$37 million from the requested projects.

With regard to charter schools and improving education for our military families, we think the children of servicemembers have a unique situation and fewer choices when choosing schools. So we have asked the Department of Defense to conduct a study and tell this committee where charter schools could make a positive difference.

I will highlight here my work with my fellow Senator, Mr. DURBIN, on potential charter school operations serving the men and women and the families of the Great Lakes community in northern Illinois.

I raise the one particular issue important to me, which is that over time we are planning on spending upwards of \$20 billion, as we should, on the new facilities for Guam. But I think if we are going to make that kind of investment in Guam, we need to make sure those facilities are there when the United States needs them most in a military capacity, which is during combat. That is why it is so essential to provide also for the missile defense of Guam, and, I would say, for the missile defense of Guam on platforms that cannot be sunk. That is why we are calling on the Department of Defense not to ignore plans to provide for the missile defense of Guam, and, I would say to emphasize, a land-based solution that is more survivable.

We also highlighted more scrutiny on the budget request, especially with regard to funding for general officers quarters. I will say that in my review, along with the chairman, we saw a disciplined budget request largely by the Air Force and the Navy to house our Air Force generals and admirals; but I have been disappointed with the Army, which originally came forward with a request for \$1.4 million to upgrade a general's garden in Germany. Luckily, the Army has pulled back that request, and we are looking for further scrutiny to make sure that general officer quarters budget requests are in line with the practice of the sister services of the Air Force and the Navy.

This bill also handles issues with regard to the VA, especially on information technology. This bill fully funds the account and encourages the Department to pursue open-source, off-the-shelf technology for electronic health records, and I think that is critical to maintaining cost containment as we go forward.

I will also say we have been urging the Department of Defense and Veterans Affairs to come up with one common electronic medical record. The vision here is that when an American joins the U.S. military, that record then follows that servicemember through, at minimum, for example, a 3-year enlistment, and then a 60-year to 90-year time as a veteran. It should be a common record. I hope the two Secretaries, Panetta and Shinseki, move to finally make sure that becomes a reality.

With regard to the contingency fund in this bill, the Department of Veterans Affairs requested a contingency fund in the event they needed additional funds. We do not support establishing this fund but did allow the Department to keep \$664 million it received last year in advance appropriations for the now-prohibited pay raises. This should be adequate to ensure our veterans are not only cared for but will give the VA some flexibility during the period of conflict in Iraq and Afghanistan.

This bill also emphasizes caregivers who give care to our wounded veterans, veterans who live in rural areas, and veterans who are sent to facilities a long distance from their home, as I mentioned, in the State of Alaska. We also highlighted the issue of claims processing so our veterans could finally receive the compensation they deserve in a reasonable amount of time.

I want to echo the chairman's thanks to the staff, especially led by Tina Evans on the Democratic side and Dennis Balkham on the Republican side.

In short, this is a very good bill. It represents the Senate moving forward under regular order. It represents greater transparency to the appropriations process.

I would highlight, we have cut or reduced funding in 24 separate major areas, and these were hard choices to make. We did them in line with the decisions made by the authorizing committee under Chairmen LEVIN and MCCAIN's leadership. We also completely denied funding for a proposed brandnew building to house the Court of Veterans Appeals. In this time of deficit and debt, I think we should hold off.

In sum, this bill represents cooperation between Republicans and Democrats. This bill represents budget control and cooperation between House and Senate. This bill represents cooperation and coordination between the authorizing Armed Services Committee and the Appropriations Committee, and this bill, underlined with the endorsement of major veterans

service organizations, represents a commitment to our veterans.

I think we should move forward. I know later we will consider a point of order with regard to not taking up a bill prior to the adoption of a formal budget. I would hope that common sense would prevail here; that because this is one of those rare measures where we are marking up to the House level that only five Members of the House voted against at that level, that all of the Republicans and all of the Democrats on the subcommittee voted for this legislation, and yesterday 89 Members voted in overwhelming bipartisan fashion for cloture to bring this bill up so we can get the Senate moving again, that we can get the appropriations process moving again, that we can stand by our men and women in uniform who need these facilities, and our veterans, and that, yes, we can control spending in full agreement with the House of Representatives but still move the Senate forward.

Madam President, with that, I yield back my time.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Madam President, I thank my colleagues for their excellent presentation. They are excellent Senators. And, from all that appears, they produced a piece of legislation that will be positive for our country. But the pending measure, H.R. 2055, An Act Making Appropriations for Military Construction, the Department of Veterans Affairs and related Agencies, offered by the Senators, would appropriate Federal funds for the year 2012. However, the Senate has not yet adopted a concurrent budget resolution for 2012, and there is no 302(a) allocation in place for that fiscal year.

Section 303(c) of the Congressional Budget Act prohibits consideration of any appropriation bill until a concurrent resolution on the budget has been agreed to and an allocation has been made to the Committee on Appropriations for fiscal year 2012, or any subsequent year.

Therefore, I raise a point of order against this measure pursuant to section 303 of the Congressional Budget Act.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON of South Dakota. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the point of order under section 303 of that act for H.R. 2055, and any amendments thereto and motions thereon.

Mr. SESSIONS. Madam President, I object and would debate the issue.

I make this motion for a very important reason, not directly related to the quality of the work of Senator JOHNSON and Senator KIRK in producing this bill, but a very important question concerning the budget of the United States.

We have in the United States Code a budget act. The budget act says you

shouldn't be bringing forth appropriating bills until you have a budget. That is pretty simple, that is pretty commonsensical, and it is the correct way to do business. We haven't had a budget for 806 days now. The reason we are spending this country into bankruptcy is we have had no budget. This year, the majority has not even sought to bring one to committee, and certainly not brought one on the floor.

The Democratic leadership said it would be foolish to pass a budget. Well, I don't think it is foolish to pass a budget. I think our lack of budget is the reason we have gotten out of control in what we are doing. So that is the reason why I made the objection.

Madam President, I ask unanimous consent that I be able to enter into a colloquy with my Republican colleagues.

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

Mr. SESSIONS. Madam President, I would say this is a very important matter, and I don't like to have to take this action, but I believe it is the right action.

I see on the floor Senator CORKER from Tennessee. He was mayor of the city of Chattanooga and as mayor he produced budgets and actually did one of the greatest jobs of any mayor of the United States, the truth be known, in making that city the fabulous place it is today. He is a businessman also.

I ask Senator CORKER, what are his thoughts at this point in time about the state of the financial management of the taxpayers' money being handled by the Senate?

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. CORKER. Thank you, Madam President.

I thank the Senator from Alabama for his comments and leadership on the Budget Committee.

To the two gentlemen, the Senator from Illinois and the Senator from South Dakota, I thank them for their work in appropriations. This discussion on the floor has absolutely nothing to do with work they have done. I understand actually the top line they are using is within the budget that was passed through the House.

The reason I am here today, though, is for this reason: There aren't many Senators on either side of the aisle who believe the Senate is functioning in an appropriate manner. I can't go to the dining room or any other place, walk down the hall, get on the subway, without some Senator saying, Can you believe how this place is operating? Our allowing spending bills to come to the floor and to be voted upon without having budgets basically makes us an accomplice in allowing this place to continue to be dysfunctional.

We are having a showdown over the debt ceiling because there isn't any other place to have a showdown. I realize many people have decided that is not the appropriate place, and there has been a scheme concocted to sort of

allow both sides to have it as they may and try to fight this out in the electoral process down the road instead of dealing with some of the tough issues we ought to deal with now.

But it seems to me that what we do by going on about our business in this way is we act as accomplices to the dysfunctionality of the Senate. It is my belief this Senate, by virtue of the way we are acting, is making this great Nation weaker. That is what we are doing. This Chamber we are standing in right now is causing this great Nation to decline because we are unwilling to come down here. I would say, candidly, leadership on both sides of the aisle doesn't want us to come down and make tough decisions. Either side wants it 100 percent their way. But we realize that to move things ahead, you have got to skirmish, you have got to fight, you have got to debate. Sometimes you have to do some things you don't want to do to move the country ahead. But we are avoiding that, and what we are doing today is moving possibly to an appropriations bill, a spending bill, without a budget.

I can't imagine in a country spending \$3.7 trillion, 40 percent of it that we don't have, that we are going to move to spending bills without resolving these particular issues. So I am extremely disappointed.

I know I have been saying some pretty strong things on the floor, but it is because I am concerned about this country. I know everybody here is concerned about this country. It is not as if those of us who have been talking about this issue are the only ones. That is not the image or perception I am trying to project. I think sometimes we go to sleep at the switch. We go about our business almost as zombies down here, continuing to allow this dysfunctionality to occur.

I am all in support of the movement put in place here to basically not allow this to go forward because we don't have a budget. That is the appropriate place for us to be.

I hope the Senate, in spite of the fact this appropriations bill funds some things that candidly we all support—we want to see veterans get benefits. But those veterans, many of them, lost limbs doing tough things for our country, and they are watching potentially us not having the courage to do tough things on the floor that might flesh this out, that might cause us to actually take a tough position on the floor. But, oh, that might affect electoral politics down the road, so instead of doing that, we will go 806 days without a budget.

Look, I am disappointed. I am disappointed in all of us on both sides of the aisle. I do not think we should be going to a spending bill until we do the tough business that we were sent here to do as Senators.

With that, I yield to my friend from Alabama.

Mr. SESSIONS. Before recognizing other Senators, I briefly ask Senator

CORKER, having been a businessman and a mayor and having observed the political scene in the country, is the Senator aware of any government entity—city, county or State—that systematically, almost structural, is borrowing 40 cents out of every \$1 they spend? Can he remember any time in Tennessee, in any city or State, that ever ran such a deficit?

Mr. CORKER. No, I cannot. The fact is, that is why recent polls show Americans have about a 20-percent approval rating of Congress. What I would say, based on what I know, based on what we are getting ready to do on the floor today, 20 percent is way too high. The fact is we do everything we can to avoid tough decisions in public, tough decisions in public where we have to take a stand.

That is what we were elected to do. That is what the veterans who receive benefits, if this bill passes, did. That is what we are not doing. My guess is they will be willing to wait until this bill passes—it doesn't fund things until next year—and allow us to make the tough decisions we need to make as we flesh out a budget, as we work out among ourselves to finally come to a place we agree upon in funding this government.

I certainly appreciate the leadership of the Senator. I know others want to speak at this moment and I yield the floor.

Mr. SESSIONS. I thank Senator CORKER. I just would say the spasm that is occurring in the Senate, the frustration that is boiling up, is not for light or transient reasons. It is a big deal when the U.S. Government has been for months and will continue to be borrowing about 40 percent of every \$1 we spend, running up the largest deficits the Nation has ever seen. The law says, the United States Code says you should have a budget.

When you set a budget, you take all the bills that are out there and tell them how much money they have to spend so the total amount of money at the end does not exceed a dangerous level for the country. That is what a budget does.

We are going to seek and repeatedly call to the attention of this Senate that we have the cart before the horse. We are spending money without a budget and we are going to have to have a budget or else we are not in control of our spending. Once you have a budget, it takes 60 votes to violate the budget. You can stick to it if you make up your mind to do so. We do not have to violate it and burst the budget. That is what we are talking about today. It is a matter of great seriousness. I am pleased my colleague, Senator RAND PAUL from Kentucky, who was elected last fall to this body, is here. I know he talked about the State of the American economy and our debt during that campaign.

I ask the Senator, what are his thoughts as we approach this moment?

Mr. PAUL. I wish to join in the sort of the outrage that we would consider

spending money without having a plan. Who spends money with no plan as to how much you are going to spend or a plan as to what the repercussions are for spending money you do not have? We are spending \$100,000 a second. By the time I finish this sentence, we will have spent \$½ million.

Of that \$100,000 a second, we are borrowing \$40,000 a second. The President is asking us now—you all heard about it, the debate is on—the President is asking us to add \$2 trillion of spending and borrowing, of borrowing and spending—\$2 trillion. How long will it last? We do not know because there is not a budget, but there is going to be an estimated \$2 trillion that will be spent in the next year that we do not have.

What does that mean to a country? There are estimates that our deficit now, which approaches the size of our economy, is costing us 1 million jobs a year. What does that mean? That also means less revenue, which means worse deficits. It is all compounding upon itself.

We have a rule and a law within the Senate—is it called the budget resolution from 1974?

Mr. SESSIONS. The Budget Act.

Mr. PAUL. In this, it had some rules. Right now we are discussing: Do we need new rules to do something about the deficit? This was a rule they thought about back in 1974. It was supposed to make things better. But it shows the rules only work if we obey them. We will be in defiance of this rule. That is the question I have for Senator SESSIONS: Will we be in defiance of our own rules if we go forward with an appropriation without a budget?

Mr. SESSIONS. It absolutely will. It sets forth precisely the language. It requires this. It is pretty clear. I don't think there is any doubt about it: Until the concurrent resolution on the budget for fiscal year has been agreed to and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for that year, it shall not be in order for the Senate to consider any appropriations bill.

That is pretty clear. I am pleased to see the Senator is a doctor, not a lawyer, but I believe almost anybody could understand that point.

Mr. PAUL. What was the intention, though? What was the intention that rule would do? By having a budget was it supposed to limit, then, what each appropriations bill for each subject would be allowed to spend?

Mr. SESSIONS. That is correct. I am sure in 1974 they were concerned about the process in the Senate. They decided to try to bring order to it. They decided to require the budget be passed which sends a message over to the Appropriations Committee. This is a subcommittee of the Appropriations Committee producing their MILCON proposal.

They then give them numbers which they are supposed to stay within. If

they do not, it requires a 60-vote total to proceed above the budget number. It is a way to bring integrity to the system.

Mr. PAUL. So by invoking this rule from the 1974 Budget Act, the Senator's intention has nothing to do with the bill presented before us, it has to do with whether we should be responsible as a government, have a budgetary plan, know how much money comes in, know how much money is being spent, and do the responsible things the American people expect of us.

I am concerned what happens if we keep on this path. If we keep spending money at the rate we are spending it, within about a decade entitlements and interest consume the whole budget, that is, if interest rates do not go up. As you noticed the other day when Larry Lindsey wrote about it in the Wall Street Journal, he said if interest rates go up to where they have historically been, we will add another \$5 trillion. My fear is the economy will not withstand it, our country will not withstand it, and we need to have somebody to say enough is enough.

The country needs to have a plan. We need to budget how much money comes in and how much we can spend. I think this is a good first step.

Mr. SESSIONS. I thank the Senator. I cannot think of a more important time in history for us to return to the tried and true budgetary process than at a time in which we are spending to a degree that is irresponsible, above anything we have ever done before. It is threatening the American economy. It is not a light, little problem. It is a serious problem. We are going now 805, 806 days without a budget. That is part of the problem.

We are going to continue to work to insist that we proceed in the regular order under a budget. The House has passed a budget. The Republican House passed one by April 15, as the law requires. We have not even had a markup in the Budget Committee because the Democratic leadership has decided it is not fun to vote on a budget. You have to show your cards. You have to show where you are going to raise taxes, where you are going to cut spending, and how much the deficit is going to be after it is all over.

President Obama's budget received such a poor reception because it was so unbalanced and irresponsible that, I guess, maybe they decided it would be foolish, as the leader said, for the Senate to even produce one. That is not a good reason.

I know it might be appropriate that we yield at this point to our colleagues and let them share any remarks they have.

Mr. PAUL. I have a question before we finish. The question I have is: We have not had a budget in 2 years. When is the last time we had appropriations bills and are we working in the committees? See, the people expect us to come up here and do our jobs and I think our job is in committee. We de-

liberate over a budget in your Budget Committee. Over appropriations, are we deliberating over appropriations or have we had any committee hearings over the debt ceiling or how we could cut spending in order to spend so much money we do not have? Are we in the process of doing what we are supposed to be doing in committee?

Mr. SESSIONS. I don't believe we are, but I have to give this subcommittee credit. I am told that the appropriations bill now before the Senate is the first stand-alone appropriations bill brought to the floor of the Senate since 2008.

When I came here, we would try to pass all our appropriations bills, at least a number of them, before the August recess and all by September 30. When we did not, we were embarrassed. In the last several years, everything has been cobbled into one big continuing resolution and moved in a block.

I guess I say to my colleagues as I yield the floor, thank you for proceeding at a pace to get a bill forward. It is not your fault that we have not had a budget at this point in time.

I yield the floor and reserve the remainder of the time.

The PRESIDING OFFICER (Mr. BLUMENTHAL). The Senator from South Dakota.

Mr. JOHNSON of South Dakota. Mr. President, I believe Senator KIRK would like to speak in favor of the motion to waive and I yield him as much time as he may consume.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. KIRK. Mr. President, I thank our ranking Republican member on the Budget Committee because in normal circumstances I would be strongly supporting him and agree with him. The irony is, this legislation conforms to a budget, it conforms to the PAUL RYAN House budget and fits under the 302(b) allocation; that is, the amount of money the House granted to the House Appropriations Subcommittee that wrote this bill. When this bill passed our very conservative House of Representatives, only five Members of the House voted against it. All the leading Members of the House voted for it.

We talk about needing to make tough decisions. I appreciate the Members and their praise for the underlying legislation because we made some tough decisions. We looked at the President's request and we made a number of cuts.

In Alaska, at Fort Wainwright, we cut \$57 million from their aviation complex; in Germany, at Gomersheim Central Distribution Facility we cut \$21 million; also, at that same facility, their infrastructure we cut by \$16 million; at Fort Bliss, for the maintenance facility, we terminated funding for that, also for their infrastructure proposal; at Fort Belvoir, road and infrastructure projects, we terminated that project. In Honduras, at Soto Cano, we made a \$5 million reduction; in California, the Coronado Fitness Center for

North Island, we made a \$14 million reduction; in California, at Bridgeport, for a multipurpose building, an addition, we made a \$3 million reduction; in the Persian Gulf, in Bahrain, for the bachelors' enlisted quarters, we terminated funding for that for this fiscal year; also, in Bahrain, a waterfront development, also terminated that; in the Marianas, at the North Ramp utilities, we also terminated that. That was a \$78 million reduction. In Marianas, at the north ramp facility, we also terminated with a \$78 million reduction; also in the Finnegan Water Utilities, ended funding for that project. In Guam, at the Guam Strike Fuel Systems Maintenance Handler, we cut funding in half, saving \$64 million. In Nebraska, at Offutt, we made a \$30 million reduction for their replacement facility No. 1. In Al Udeid in Qatar, we terminated funding for the Blatchford-Preston Complex. In Utah, at Hill Air Force Base, we terminated funding for the F-35 ADAL Hangar. In Colorado, at Buckley, we made a \$70 million reduction in their Mountainview Operations Facility. In Maryland, at their joint base Andrews, their ambulatory care center suffered a 150-percent reduction. In Maryland, at Fort Meade, the high-performance computing factory, we terminated funding for that facility. In Texas, joint base San Antonio, the ambulatory care center, we cut funding in half, saving \$80 million. In Texas, at Fort Bliss, at the hospital replacement facility, we reduced funding by \$27 million. In Utah, Camp Williams, the data center, we cut that funding in half, saving \$123 million.

In total, we made the reductions in 24 separate programs including canceling the building I talked about, a whole new court for the Court of Veterans Appeals. That is why this legislation came in \$2.6 million even below the House, why it is \$1.2 billion in budget authority below the President and \$620 million below last year's budget authority, reminding Members there are no earmarks in this legislation.

Eighty-nine Members voted for cloture on this legislation yesterday, which is why we brought it up. My hope is those 89 Members vote for cloture again on this underlying motion. I think most of our Members on my side, the Republican side, are going to vote for this budget point of order once we get to that, and I completely understand. I will probably be supporting him on other bills. The only common-sense point I will make here is that because we are at the House budget level and because the House has adopted them, this conforms to the PAUL RYAN budget, I think we should move forward, especially as our ranking member wisely said, this is the first appropriations bill coming up separately since 2008, and I will say you make specific reductions to real spending when you actually bring up a bill, as Chairman JOHNSON has decided to do with my backing.

I yield to Chairman JOHNSON and thank him for the time.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON of South Dakota. Mr. President, I yield the floor and reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. I see Senator LEE from Utah. Senator LEE is a new Senator. He campaigned throughout his State and talked about the kind of issues we are dealing with today. I would yield to him at this time.

Mr. LEE. We have now been operating for more than 800 days without a budget having been passed. We are operating at the direction of the party in control of this body on autopilot. It is easy to operate on autopilot. In many ways it is far easier than operating not on autopilot, especially when we are spending more than \$1.5 trillion a year more than we are bringing in, more than \$1.5 trillion every year more than we have, continuing to bury our children under a mountain of debt. When you are on autopilot, you don't have the same constraints, the same hard choices, the same prioritization demands that need to be made that Americans make every single day as they manage their homes, their lives, their families, their businesses—and State and local governments. This is unfortunate. It is unnecessary, and it is shameful. It should not continue to operate this way. An enterprise as large as the Federal Government, which brings in \$2.2 trillion every single year, having access to more money than perhaps any other institution on Earth, ought to be able to operate with a budget. It ought to be able to pass a budget. It ought not be operating on autopilot so as to insulate itself from critiques justifiable and unjustifiable alike, from those who would say: Why are you doing it this way? Why are you doing it that way? To have a debate, a discussion, that is necessary. It necessarily surrounds the budgeting process in any legislative body, in any republic around the world.

In the process of operating on autopilot, we are severely exacerbating our deficit problem with our national debt now totaling nearly \$15 trillion. What then is the solution? I believe the solution to our current problem, especially as we approach the debt limit, involves the cut, cap, and balance approach, including passage by both Houses of Congress of the Cut, Cap, and Balance Act, one that would require, in addition to our making immediate short-term cuts and adopting statutory spending caps designed to put us on a firm, smooth glidepath toward a balanced budget, that we also pass a balanced budget amendment to the Constitution. All of these would be passed as conditions precedent to our raising the debt limit, which many of us are willing to do, if necessary, to get those measures passed. We are not willing to raise it without those measures first being passed because we cannot continue to perpetuate this problem, one which we

operate on autopilot while burning \$1.5 trillion a year that we do not have.

This is crowding out other priorities. It is crowding out other investment in our economy. It is killing jobs. It is jobs we need to be focused on because that is what the American people are focused on. They are worried about their ability and the ability of their friends and family members, many of whom are unemployed, to be able to provide for their children, to pay their rent, to buy their groceries. These are things every American ought to be able to have access to and would have access to if only they had access to jobs. But at a time when we are spending at such a rate as we are, when we borrowed to such a degree that we have that our debt-to-GDP ratio is at about 95 percent, we are killing as many as 1 million jobs every year in America as long as we remain in that danger zone. This simply cannot continue.

Another thing we face right now that is something I find completely unacceptable is the fact that amidst all of this debate and discussion we have had in recent weeks about the debt limit, amidst the offer on the part of what are now most of the Republicans in the Senate to raise the debt limit under the circumstances I have outlined, the President of the United States responded to those offers by threatening—promising, perhaps—to cut Social Security to current retirees if the debt limit is not immediately raised and raised only consistent with the conditions that he is demanding right now. I fail to understand why the President of the United States would prefer to make so hasty, so cruel, and so reckless a threat as withholding Social Security checks for current retirees before looking at any other Federal program.

Look, we borrow at a rate of about \$125 billion a month. That is a lot of money. A lot of people don't make that much money in a whole year. As we are borrowing at that rate, we have to take into account the fact that Social Security benefits cost the U.S. Treasury about \$50 billion a month. It is \$50 billion out of \$125 billion each month that we borrow, assuming that is the portion we borrow. Meanwhile, we are bringing in \$200 billion a month in tax revenue. So there is more than enough tax revenue there to cover not only Social Security benefits but also interest on debt and a number of other things as well. That begs the question: Why are Social Security beneficiaries the first to be threatened? Why is it their checks that the President is threatening to withhold first? There is no explanation to this that he has offered, and I hereby demand one.

I think our current retirees deserve more than to be used as pawns in a high-stakes political game, one that uses fear and uncertainty and doubt rather than reason and discussion and debate and willingness to compromise. The need for this has never been greater. The consequences for disregarding

the need for debate and discussion have never been higher. I urge my colleagues and I urge all Americans to work together to find a solution to this, a solution that need not involve and should not involve threatening America's most vulnerable, including retirees, who rely each month on Social Security, withholding those benefits simply because the President of the United States is unwilling to compromise, is unwilling to meet the conditions many Republicans in this body have acknowledged are their conditions precedent for raising the debt limit.

There is a way forward. There is a road that will take us home, and the road home can be found in the Cut, Cap and Balance Act. This is not just the best proposal, this is the only proposal that currently has significant public support from a substantial number of Members of this body. Sometime today or tomorrow, companion legislation will be introduced in the House of Representatives, and we will be moving forward. I urge my colleagues to carefully consider this, and I urge my fellow Americans to carefully consider these and to urge their representatives and their Senators to embrace them and to adopt them.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. I thank Senator LEE for his leadership on this cut, cap, and balance plan. I think it would change the debt trajectory of our country and put us on a path to prosperity rather than a path to decline and deficit and maybe financial crisis.

Indeed, Mr. Erskine Bowles and Mr. Alan Simpson, the co-chairmen of the debt deficit commission appointed by President Obama, told us earlier this year in the Budget Committee that this Nation has never faced a more predictable economic crisis. What he is saying was the spending course we are on is so out of sync with reality, it is inevitable we will pay a price economically for that. So part of the reason we are where is because we have not had a budget in over 2 years. If you don't have a budget, it makes it harder for the American people to ascertain whether you are spending more than you ought to be spending, and the whole process is able to be pursued without public knowledge and full disclosure when you don't have a budget.

Every President is required by the same Budget Act to submit a budget. I think there is no President who has failed to comply with the Budget Act and does not require that you go to jail if you violate it. It would probably be better off if that had been the case. But the President submitted a budget earlier this year in February. It was, I believe, the most irresponsible budget ever presented to Congress at a time when systemic, structural deficits of trillions of dollars, the likes of which we have never, ever had before—at a time when we needed to confront that and discuss it as a people, as a nation,

he submitted a budget that increased taxes significantly, increased spending even more, and increased the deficit, not reduced it.

Eventually it came up for a vote. I brought it up for a vote since my colleagues wanted to vote down the House budget that was a responsible budget. It would actually change our debt course, reduce spending by \$6 trillion. They brought that up and it got 40 or so votes, but it did not pass. I then brought up President Obama's budget, in a Senate with a majority of Democratic Members, and it failed 0 to 97. Mr. President, 97 to 0, because it didn't deserve a single vote, but it had one characteristic about it that was important. It actually had numbers in it. I guess the budget staff—they always produced a budget—before the spin doctors at the White House realized it, they sent out a budget projecting the President's future plans for America. For example, at a time when we are borrowing 40 cents of every dollar, the President proposed next year to increase the Education Department. Ninety percent of our education funds are from the States, and they always take care of that, and we provide certain Federal funds that can be an asset to them sometimes. Sometimes it is a liability, frankly. But at any rate, he asked for a 10.5-percent increase in Education, a 9.5-percent increase to the Energy Department, which spends most of its time blocking the production of energy rather than producing more lower cost, cleaner energy for the country. It proposed a 10.5-percent increase in the State Department budget, and it proposed—hold your hats—a 60-percent increase in transportation. Much of that was for high-speed rail so everybody can walk—80 percent of Americans, apparently, can walk to a train station and travel on the high-speed rail. We don't have the money for that. States are rejecting the money. They run the numbers. They know it is not going to be feasible and that it is just an overreach.

I guess what I am saying is that somebody in this country does not get it. I thought the American people sent a message loud and clear last year when they sent a lot of new Members to Congress, such as Senator PAUL and Senator LEE, who were shocked at it and talked to their constituents and came to Congress to do something about it.

We haven't even brought up a budget. Why didn't Senator REID and the Democratic leadership decide to bring up a budget? Well, if they bring a budget, then they have to show what they believe. They have to propose a solution to the problem. Well, what was their plan? Because they called up the House budget and voted it down—every Democrat voted it down—and they never produced one of their own. When I brought up President Obama's budget, they voted it down. So we have not seen one real solution.

They have been talking about, oh, they will do this and that. Senator

DURBIN said we can change Social Security some—we can do something about Medicare. Let's see your plan. Let's see it. The chairman of the Budget Committee says he has a budget. He has a budget, and he leaks out portions of it, but nobody sees the real budget. There are certain numbers and visions and ideas, and he claims they have a budget. But if a person is unwilling to produce the budget and have a hearing in the Budget Committee, then I think they don't have one. It is not a budget. I don't know what it is, but it is not a budget.

I see my colleague, Senator CORNYN, who has been a member of the Budget Committee. I know he is knowledgeable about these issues, and I am pleased to yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. Mr. President, I have come to the floor to express my appreciation for the ranking member of the Budget Committee, Senator SESSIONS, and to express many of the same concerns I know he has articulated.

One of the most basic responsibilities of any business or family or, frankly, of Congress itself is to pass a budget. But, as the Senator from Alabama pointed out—and it has been pointed out time and time again—Congress has failed for more than 800 days—800 days—to perform one of its most basic and fundamental responsibilities, and that is to take up and pass a budget.

Even though we haven't passed a budget and taken up a budget, that doesn't mean the spending has stopped. Indeed, the spending goes on in a reckless sort of way. We have spent \$7.3 trillion since the last budget was passed, and we have increased the national debt by \$3.2 trillion.

Now the Senate is considering a spending bill, an appropriations bill, before we have even passed a budget. It strikes me that is exactly backward. We should be passing and debating a budget first before we then take up appropriations bills. This is not the way Congress should operate.

Now, taxpayers who might be watching this on C-SPAN or elsewhere or in the gallery may be asking themselves, well, how can Congress spend money without having a budget in place, because we know a budget is a very important form of self-discipline. It requires us to identify what our priorities are. What are the things we have to spend money on? What are things we would like but we can put off until tomorrow or next year? What are the things we would like to have but we really can't afford? The fact is, Congress has been operating in an undisciplined and extravagant sort of way not with our money but with the taxpayers' money and, even worse, with the money these young men and women who are sitting in front of me are going to have to pay because our legacy to them will be a burden of debt which will limit their opportunity and their prosperity.

As Senator SESSIONS, our ranking member, has pointed out, this is not only a bad idea, this is not only bad policy, this is not only a breach with our precedent and policies, there is, in fact, a Budget Act rule that prohibits what is going on; that is, spending money without a budget in place. It violates the Senate rules.

Everybody knows spending money without a budget in place is not fiscally responsible. Of course, I would say to the distinguished Senator from South Dakota, we all support our military and our veterans, and there is no greater responsibility of the Federal Government than to defend our citizens and to make sure the needs of our troops and veterans are met. But Congress should not, in the interest of doing something that is important, circumvent its own rules.

Taxpayers deserve transparency. With transparency comes accountability. And without a budget, taxpayers get neither.

We know what has been going on in the absence of Congress doing its job. Indeed, the President's own proposed budget would have vastly expanded the debt and the deficits, and that is why it lost when we brought it to the floor and said we want to vote on it. It lost 97 to 0. No member of the opposing party, the President's own party, voted for the President's proposed budget because it was irresponsible. It did nothing to solve the problem of reckless spending, deficits, and unsustainable debt.

So what are we left with? Well, we are told that on August 2 the Secretary of the Treasury says we will run out of money. Rather than having a budget debated and voted on in front of the American people where every American citizen could watch it and see what is going on and call our offices and express their concerns either supporting that budget or saying, no, Members of Congress ought to change it by offering an amendment, what we are given now by the President is secret negotiations behind closed doors. I assume it will be rolled out at some point, and we will be told: Take it or leave it. August 2, we are out of money. And Mr. Senator, Madam Senator, Madam Congressperson, you can't do your most fundamental job; that is, have a debate in the light of day in front of the American people.

Now, does this ring a bell? It seems to me this is starting to be a habit—a bad habit. It started with the health care bill. It was rammed through Congress. It was a product of secret negotiations. All sorts of special deals were cut behind closed doors. Only now are we really beginning to see what the consequences of those special deals were and the costs that were vastly underestimated in the health care bill.

I hate to say this, but President Obama has failed to lead on the debt ceiling. First, we know he called for a clean up-or-down vote without any cuts or any entitlement reform. That is

the first thing he called for. Thank goodness he has moved away from that position, but there are problems yet. But when he was a Senator in 2006, he said, "Increasing America's debt weakens us domestically and internationally." At the time, he also said, "It is a sign that we now depend on ongoing financial assistance from foreign countries to finance our Government's reckless fiscal policies." That was back in 2006 when then-Senator Obama made those statements. So today we are presented with a much different officeholder—the President of the United States—who is now demagoging those who hold the same truths he espoused himself in 2006, back when our debt and our deficits were much smaller than they are today.

This isn't a matter of the President not understanding the problem we find ourselves in because he appointed a bipartisan commission, the Simpson-Bowles commission, that reported back in December in a report called "A Moment of Truth" which laid out in sobering detail the unsustainability of our national debt, the reckless spending that had gone on, and the borrowing from the Chinese and other governments. But rather than the President taking up the report of his own fiscal commission, he simply ignored it. He ignored it in the State of the Union Message. He certainly ignored it in his proposed budget, which was dead on arrival over here, without a single Democrat voting for it.

In essence, the President has outsourced his leadership responsibilities to others. We know the President's current proposal, if one can call it that—and, frankly, the devil is in the details, and while the House has passed a budget, while the Simpson-Bowles commission has made a recommendation, as well as the Domenici-Rivlin bipartisan recommendation, we have yet to see the President's plan. Yes, he has held press conferences, he has bashed those rhetorically who have held the very same position he held in 2006, but he has failed to lead and offer a plan to deal with this impending crisis.

In fact, the President's current rhetoric—I don't think we can dignify it by calling it a plan—is significantly to the left of his own bipartisan Simpson-Bowles recommendations. He is certainly to the left of Simpson-Bowles when it comes to spending—calling for much more spending, no cuts but continued spending. He is to the left of Simpson-Bowles when it comes to taxes, when "more" is the only word he seems to know when it comes to taxes—more taxes. In fact, when the President says we are going to cut \$1 trillion, let's say, or \$2 trillion, but we are going to raise taxes \$2 trillion, what does that net? That means no net change in the size of the Federal Government, and that means no real downpayment on our national debt or deficit. It is a sleight of hand. It is phony. It is designed to give the appearance of

doing something serious while doing nothing serious at all.

We know the President has failed to lead in other ways. He has delegated or outsourced his responsibility to the Vice President. It took only a few weeks ago for the President to finally step up and engage personally, and we find that more often than not he proposed phony solutions such as changing the depreciation schedule for corporate jet owners, dealing with the tax treatment of oil and gas companies, and changing an accounting rule called "last in, first out." But the facts are that those changes, even if adopted, would be a drop in the bucket. They would do nothing significant or serious to deal with our huge deficits and our unsustainable debt.

Unfortunately, the President's own personal engagement is frequently nothing more than personal attacks. His recent press conferences have been full of name-calling and straw man attacks that are, frankly, beneath the dignity of the office of President of the United States. Instead of being a Commander in Chief, it is more like he has decided: I am going to be campaigner in chief. I am not going to deal with the problem. I am going to just look at winning the next election. Then we read yesterday that even in private the President is throwing temper tantrums like he did yesterday and stomping out of the meeting at the White House—again, failing to show leadership.

But the most cynical thing the President has done, the most cynical abdication of leadership he has displayed so far is his new threat to hold seniors, our veterans, and our troops hostage unless Congress will agree to job-killing tax increases immediately. This is shameful behavior.

We all know that even if the August 2 deadline passes without a deal, according to the Bipartisan Policy Center, the U.S. Treasury will still have enough revenue—about \$172 billion—to pay for Social Security benefits, to pay for Medicaid and Medicare, to pay Active-Duty military, and other national priorities. Let me repeat: The only reason seniors and our troops will see their checks stop coming is if the Obama administration decides to make other spending a priority, if the Obama administration chooses to hold our troops and seniors hostage just so they can raise taxes.

This is another amazing display of cynicism, or I guess the most charitable way I can say it: short term memory. The President himself said last December the reason we should not raise taxes in a fragile economic recovery is because it would be bad for job creation. It would further discourage job creation at a time when we need jobs badly.

Well, let me say just a word about tax increases and why this side of the aisle believes so strongly that tax increases are not the answer to our debt crisis.

As one President famously said:

The last thing you want to do is to raise taxes in the middle of a recession because that would just suck up—take more demand out of the economy and put businesses in a further hole.

Well, the President who said that was President Barack Obama back in 2009. The President makes our case for us.

Another President said low taxes help "millions of entrepreneurs . . . hire new workers." Oh, yes, that was again President Barack Obama when he signed the extension of tax relief last December.

Then there was another President, somebody our Nation holds in high regard, who happens to have been a Member of the other political party, who said:

The final and best means of strengthening demand among consumers and business is to reduce the burden on private income and the deterrents to private initiative which are imposed by our present tax system. . . .

That was President John F. Kennedy in 1962. President Kennedy also said:

In short, it is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise the revenues in the long run is to cut the rates now. . . .

He said—and he was exactly right:

Only full employment can balance the budget, and tax reduction can pave the way to that employment.

The purpose of cutting taxes now is not to incur a budget deficit, but to achieve the more prosperous, expanding economy which can bring a budget surplus.

He had it exactly right. We need to not only cut spending, but we need to grow revenue. The best way to grow revenue is to get more taxpayers, to get more people back to work. The reason Federal revenue is so low is not because tax rates are too low or people are not taxed enough, it is because too many people are out of work.

When people do not have a job, they do not pay taxes, they do not pay their home mortgages, and they lose their homes. We are for more people getting back to work. We have tried the failed stimulus, the goal of which was to keep unemployment below 8 percent. We know that failed. Yet we racked up another \$800 billion in debt.

So why don't we try the old-fashioned way: take our boot off the necks of the job creators in America to make it easier, not harder, to create jobs, to provide incentives for entrepreneurs to start new businesses, to help existing small businesses expand their business. But they cannot do it, and they will not do it with uncertainty about their taxes, with the regulatory overreaching and other policies coming out of Washington, DC.

Republicans are holding the line against the President's demand for higher taxes for a very simple reason. President Kennedy was right about taxes back in 1962, and President Barack Obama was right about taxes as recently as last December. Unfortunately, he has changed his mind, or he has forgotten the position he took just last December.

Republicans do not want tax increases, and we do not want to see the Federal Government default on its obligations. So we have an obligation to come up with an affirmative plan, a positive plan to solve the problem. I believe we have done so.

The first is a balanced budget amendment to the U.S. Constitution that is cosponsored by every Republican on this side of the aisle. The last time we voted on a balanced budget amendment in the Senate was 1997—before I got here—where 11 Democrats voted to support that constitutional amendment. I hope our Democratic colleagues will join us in doing not an extraordinary thing, not a heroic thing—it is a very ordinary but a very commonsense thing—and that is to make sure the Federal Government learns to live within its means and not spend money it does not have. We hope they will join us.

Part of that plan is also the cut, cap, and balance legislation I have cosponsored and that I hope the House of Representatives will take up and send over here soon. This legislation is a plan that avoids defaulting on our obligations. It prevents more taxes, particularly during a fragile economic recovery. It cuts reckless spending, and it gets our fiscal house in order.

What is painfully apparent is we are running out of time, and I am not just talking about the August 2 deadline. Yesterday, Moody's Investors Services said it was reviewing the Nation's top-notch, AAA credit rating for a potential downgrade.

If credit agencies downgrade our debt, it will cost more for us to borrow from the Chinese and our other creditors. As we know, because of Federal Reserve policies, the Federal Reserve has kept interest rates below historic norms. If those were to grow to historic norms because our debt has been downgraded by the credit agencies—or for any other reason—the interest on our national debt alone will crowd out other priorities for our Nation. It will make it less likely we can afford to do what we need to do to defend our national security or to provide the very safety net that our Democratic colleagues claim to care so much about. We will not have the money to do it because we will not have acted responsibly in dealing with the deficit and the debt today.

I urge my colleagues to heed these warnings and to join us in cutting spending and to get our debt under control. In the end, everyone will come out a winner if we accomplish that goal. This is not a Republican plan. This is not a Democratic plan. This is what is right and good and necessary for the United States of America, and so that generations in the future can enjoy the same opportunity and prosperity we ourselves have enjoyed. Heaven help us—Heaven help us—if we fail to take advantage of this opportunity and to deal responsibly with this impending crisis.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I thank the Senator from Texas. This is very serious business we are engaged in. The strength of his comments, the method of delivery, and the content are indicative of the serious challenges we are facing.

For example, under the budget that was submitted to us, the only budget we have seen so far from the President, the interest on our debt, according to the Congressional Budget Office—that used their 10-Year budget and calculated we are paying about \$214 billion in interest today on our debt—in the 10th year of President Obama's budget, as Senator CORNYN said, the interest would crowd out other things. It would be \$940 billion—1 year's interest.

When we borrow money, we pay interest just like individuals do when they borrow money. We are borrowing so much money that we are doubling the debt again in our country in 10 years. The interest on it will crowd out other things. For example, it would be more than Social Security, more than our Medicare, more than our Defense Department spending in that year.

So I thank the Senator for sharing that.

I see Senator JOHNSON, and I would be pleased to yield at this time.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON of South Dakota. Mr. President, I thank the Senator for his courtesy and reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I will just wrap up and close at 2 o'clock. I understand under our agreement that 2 o'clock will start the time allocated for the Democratic speakers as they may appear, and there would be time at 3 o'clock under my control for Republican speakers.

The PRESIDING OFFICER. That is the understanding, although the Chair is told the agreement has not been formalized as yet. But the Chair understands that is the agreement. The Senator from Alabama is correct.

Mr. JOHNSON of South Dakota. That is all right.

Mr. SESSIONS. Very good.

So I will wrap up and ask unanimous consent that there be 30 minutes under my control at 3 p.m.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SESSIONS. I thank the Chair.

Well, the fundamental problem is that our Democratic leadership has decided it would be foolish to have a budget, even though it is required by law. They have refused to produce a budget now for 806 days—over 2 years. Last year, Senator CONRAD produced a budget in committee, and it was voted on and brought to the floor, but the majority leader refused to even bring it up for debate and vote.

This year I suppose it was that the majority leader decided we would not even have one in committee. So we have not commenced any action to pass a budget. But now we are proceeding to spend money. We are proceeding to pass legislation that would expend taxpayers' money without a budget. That is not good policy by any standards, whether we have a law or not. But we actually have a law that requires us to have a budget first. That is why I found myself having to raise a budget point of order.

We were not elected to shut down the committees, to violate the congressional process of deciding how money should be spent, to cede our constitutional responsibility to some secret meeting somewhere so they can produce some sort of bill and drop it in the Senate on August 1, presumably, and then demand that we pay for it.

Because, look, you have to look behind the numbers. Just because the President says his budget does one thing, his plan does another thing, don't you think we ought to check it out?

One of the most stunning statements I have ever heard from a President and from the Budget Director was heard earlier this year after the President presented his budget. He and the Budget Director publicly—and the Budget Director in committee—said: Our budget will have us live within our means and pay down the debt.

They used those words. So anybody hearing that thinks: Gosh, I am glad the President prepared a budget that will have us live within our means and pay down our debt. We have been spending too much money.

What is the truth? The truth is, the lowest single annual deficit in 10 years, according to the Congressional Budget Office analysts, would be \$740 billion.

The highest President Bush ever had was \$450 billion. That was too high. This year it will be \$1,500 billion, and I would point out that in the outyears \$740 billion was about year 6. The 7, 8, 9, 10 numbers are going up again, and CBO says in the 10th year, the deficit under the President's budget will be \$1.2 trillion. So this is not good. We need to get our house in order.

We are going to insist that we do it in the right way. That is why I have objected to proceeding to spending bills without a budget. It is time for the majority leader to bring us into session. Let's have a budget. Let's see where people stand. Let's make the tough decisions. Let's vote on it. Let's allow ourselves to be held accountable by the people who sent us here.

I yield the floor.

The PRESIDING OFFICER (Mr. SANDERS). The Senator from New Hampshire.

Mrs. SHAHEEN. Mr. President, the media has been focused on our differences. But I think there is one thing that every single member of this body agrees on, we have to address the long-term debt and deficits.

Like many Members of this Chamber, I have repeatedly called for a bipartisan package that includes reforms to everything deficit related. That means cuts to spending, domestic, defense, and mandatory, as well as increased revenues. I have supported attaching deficit reduction measures to the vote on the debt limit. And I believe reducing the deficit is critical to strengthening the long-term health of the economy.

But I also believe that everyone—everyone—has to come to the table to find a compromise solution that will get this done. Democrats know this, that is why time and again we have offered compromise plans, including more than a trillion dollars in spending cuts. It is disappointing that politics are keeping some from negotiating in good faith. That is a disservice to the American people.

I have spoken before about what some people are trying to protect, tax breaks for big oil, for hedge fund operators and for yacht owners. I would like to speak now about what some are willing to risk to protect those tax giveaways. What happens if we do not increase the debt limit and meet the United States' financial obligations.

First of all, raising the debt limit does not mean spending more. Our spending is set by Congress's annual budget process.

Raising the debt limit means paying our government's bills. Our government. It is not the Democrats' government, it is not President Obama's government. It belongs to all of us. We are talking about servicing savings bonds issued under President Reagan. Supporting an Army first sent to Afghanistan under President Bush.

Paying Social Security checks, food inspectors, and air traffic controllers. This is about the full faith and credit of our government.

Failure to raise the debt limit means default. It means the United States would not meet its obligations. What would happen?

Warren Buffett said it would be Congress's "most asinine act ever."

Fed Chairman Ben Bernanke said it would lead to "a huge financial calamity."

Economist and former Reagan adviser Larry Kudlow said default would be "catastrophe."

The biggest concern these experts name is the potential for a global financial crisis. Companies, pension funds, and governments across the world hold U.S. savings bonds. A default could trigger a crisis worse than the one in 2008, which itself triggered the worst recession since the Great Depression.

We are just now climbing out of the hole caused by the last financial crisis. We cannot risk another one.

Let me read from a letter sent to Congress earlier this week by hundreds of America's top businesses and business organizations, including the Chamber of Commerce, the Financial

Services Roundtable, and great New Hampshire companies like Cirtronics and Control Air:

We believe it is vitally important for the U.S. government to make good on its financial obligations. . . .

It is critical that the U.S. government not default in any way on its fiscal obligations. A great nation—like a great company—has to be relied upon to pay its debts when they become due. This is a Main Street not Wall Street issue. Treasury securities influence the cost of financing not just for companies but more importantly for mortgages, auto loans, credit cards and student debt. A default would risk both disarray in those markets and a host of unintended consequences. The debt ceiling trigger does offer a needed catalyst for serious negotiations on budget discipline but avoiding even a technical default is essential. This is a risk our country must not take.

Again, this is not my opinion. This is the opinion of business leaders. We should listen to them.

In a recent op-ed in *USA Today*, the Chamber and the Financial Services Forum spelled out why they believe a default would result in "hundreds of thousands of lost jobs every year."

First, they point out that a default would halt critical government operations, far more abruptly than we have seen in past standoffs over the budget. They say:

The U.S. Treasury is expected to take in about \$170 billion in tax revenue in August, but needs to pay \$300 billion in expenses. The resulting \$130 billion deficit would require the government to pick which programs—Medicare, Medicaid stamps, unemployment insurance—to pay for and which not to fund. And there would be little money left to pay our troops or to run the courts, the prison system, the FBI, or other essential operations.

They go on to note that default would make our government debt and deficit problem worse.

Yesterday, Moody's, the credit rating agency, put the United States governments' credit rating under review. If Moody's were to downgrade our credit rating, investor confidence in U.S. bonds would be shaken, and it would be more expensive for our government to borrow money.

This is something that I understand viscerally because, as Governor of New Hampshire, we worked closely to try to avoid the rating agencies downgrading the State's borrowing so that we would not have to pay more money. JP Morgan estimates that the higher interest rates caused by default could increase our annual deficits by a staggering \$75 billion every year. Just from higher interest rates. If we are serious about reducing the deficit, this is the wrong way to go.

That is why we need to find a compromise solution. We have in the past. The debt limit has gone up under every President in modern times. President Nixon raised it nine times. President Clinton raised it four times. Since President Kennedy, the most frequent and largest increases came under President Reagan. He raised the debt limit 18 times, by a total of 199 percent. I

don't think anyone here thinks President Reagan was a champion of big government.

I believe that many of my colleagues on both sides of the aisle understand the importance of getting this done. I believe many of them believe in the value of compromise. We all have to be at the table. We all have to be ready to compromise to reach a solution.

I ask my colleagues to do what is right and put politics aside, for the good of the economy and of the country.

Mr. HARKIN. Mr. President, I would like to follow up a little bit on what the Senator from New Hampshire just spoke about; that is, the absurdity, the absolute absurdity of what is going on in Washington today.

Our Nation used to have a two-party system in this country, but it is increasingly apparent that one of our two parties has morphed—has morphed—into some kind of a quasi-religion driven by one ideology: preserving and expanding tax breaks for the wealthy and for big corporations.

To that end, many Republicans in Congress are perfectly willing to push the United States of America into defaulting on its debt obligations with dire economic consequences. This is a very dangerous detour in our Nation's political and economic life. But just as dangerous, just as dangerous as the prospect of a default on our debt obligations is the Republican's determination to defund and dismantle as much of the Federal Government as possible. To that end, they are demanding deep, Draconian cuts to Federal funding and investment at a time when unemployment is already sky high and rising, and when our economy remains fragile.

To justify these deep cuts, Republicans with this new ideology have articulated an absurd economic theory—absolutely absurd. They claim slashing Federal funding and investments by trillions of dollars will somehow magically create jobs.

I don't know of any Main Street economist, or anybody with an ounce of common sense, who agrees with this bizarre theory. To the contrary, economists warn us that this is absolutely the wrong time to be slashing Federal investments. Why? For the obvious reason that deep, short-term cuts to Federal spending will dramatically reduce demand in the economy, thus reducing employment even further.

Already this year, cuts to government spending at the State and local levels have destroyed an estimated 500,000 public sector jobs, and that goes along with an undetermined number of private-sector jobs. Economists understand that terminating the jobs of teachers, police officers, and other essential public employees has a negative impact on the economy just as eliminating private-sector jobs do. Nonetheless, as if they live in kind of a parallel, upside down universe, Republicans insist that slashing Federal funding and investment will create

jobs. Let's test that theory in one area of Federal investment. Let's take transportation funding. Everybody understands that our transportation infrastructure is woefully inadequate. It is in a state of increasing overload and disrepair. Most people understand that ramping up investments in modernizing our highways, bridges, and public transit systems would strengthen our economy and create millions of jobs. These are the veins and arteries of our commerce.

What have the Republicans in the House proposed? Last week, the Republican leader put forward a new transportation authorization bill that would slash current investments in transportation by more than one-third—a one-third cut in transportation. Will this create jobs, as the Republicans claim? Of course not. The Senate Environment and Public Works Committee estimates that the House bill would destroy more than 490,000 highway construction jobs and close to 100,000 transit-related jobs—mass transit.

This is pure folly. This is a classic example of what happens when ideological obsessions cause Members of Congress to be blind to practical, common-sense realities.

I have repeatedly come to the floor to advocate for a balanced approach to bringing deficits under control, one that includes some spending cuts and revenue increases. At the same time, economists warn us that we need a deficit reduction plan that defers the lion's share of spending cuts and tax increases for several years, allowing our economy to recover before the negative impacts are felt.

I must also ask: Why are we proposing to slash all this funding for highways, schools, and infrastructure here at home, while we continue to spend untold billions of dollars to build highways, schools, and infrastructure in Afghanistan? A lot of people ask me: Senator HARKIN, you say you are willing to cut spending. Where? Let's start here, with Afghanistan and Iraq. We are spending \$168 billion in Iraq and Afghanistan this year alone. This year—fiscal year 2011—we are spending more than \$13 billion to train the Iraqi and Afghan security forces—\$13 billion. OK. What did we spend in America to retrain our workers so they can get new jobs? Less than \$10 billion. We are spending more money to train Afghan and Iraqi security forces than we are to retrain our own workers all over America, at a time when 24 million Americans are unemployed or underemployed. Yet we are spending \$168 billion a year on Afghanistan and Iraq. I applaud the President for his actions, but quite frankly, they don't go far enough. The President should have a faster timeframe for our troops to get out of Afghanistan. I have said that publicly many times. If we want to save some money, save that \$1 million it costs to keep one soldier in Afghanistan, get them back here. We went to Afghanistan to get the Taliban out, get

al-Qaida out, and get Osama bin Laden. We got Osama bin Laden, Al-Qaida is no longer in Afghanistan, and the Taliban is gone. Why are we still there? Why are we still spending about \$14 billion a month in Afghanistan?

Again, we need a balanced approach. Spending cuts alone won't do the job. I think the Republicans have just proved this. The Republicans have proved that spending cuts alone will not get the job done. Why do I say that? Look at the so-called Ryan budget. It dismantles Medicare, guts Medicaid, and makes severe cuts across the Federal budget. Yet it still adds trillions of dollars to the deficit for years to come—largely because it refuses to touch tax breaks for the well-to-do or to raise other revenues from corporations.

The Republicans have said they don't want to raise taxes on the so-called job creators. They don't want to raise taxes on job creators. To call trust fund millionaires and Wall Street money manipulators "job creators" is laughable. Meanwhile, to call many large corporations in the United States "job creators" is increasingly questionable.

Actually, in one respect, you can indeed argue that America's big brandname corporations—GE, Microsoft, and so on—are "job creators." The problem is that they are not creating many jobs here in the United States. They are creating jobs overseas and eliminating them here. The U.S. Commerce Department data shows that during the 2000s, U.S. companies—multinational companies—cut their workforce here at home by 2.9 million, and they increased their workforce overseas by 2.4 million. They are creating jobs, all right—just not here in America. To add insult to injury, there are provisions in the United States Tax Code that promote this kind of behavior—the kinds of tax breaks that Republicans insist on preserving.

They don't want to tax job creators. Yet we have shown that these big multinationals are creating jobs overseas. I wish to—and I am sure the occupant of the chair would also—close some of those loopholes so there is not a tax benefit to shipping jobs overseas. The Republicans say, no, they don't want to do that.

In the month of May, U.S. trade deficit soared to more than \$50 billion—the highest level in nearly 3 years—in 1 month. In May, our trade deficit—out of that \$50 billion—for one country, China, was a staggering \$25 billion. You might say, what does that mean? Those figures represent a transfer of millions of jobs and billions in wages from the United States to China or other countries abroad. We need to seriously examine our trade and tax policies, which continually send our jobs and wages overseas. We need to stop bowing before the sacrosanct altar of "free trade" as if it doesn't even warrant our examination. Instead, we need to ask how we can make our trade policy work for the middle class—for in-

stance, by defending America's right to oppose currency manipulation and abusive trade practices.

We ought to talk about fair trade, fair trade, fair trade, not free trade, free trade, free trade. You see where free trade gets us if we don't stand up to other countries that manipulate their currencies, such as China, where we are shipping all our jobs and money.

As I have said, our fragile economy is at the point of maximum danger. This Congress is at a historic decision point with regard to raising the debt ceiling and bringing deficits under control. However, as we have seen played out in the press, in the media, standing in the way of a rational, reasonable compromise is congressional Republicans' ideological obsession with preserving tax cuts for millionaires and billionaires at any and all costs. They are threatening to force us to default on the national debt.

I will close with this. I heard our distinguished minority leader, the Senator from Kentucky, say this was now Obama's economy and the problems we have are because of Obama. He has been President for almost 3 years—about 2½ years now. Therefore, he says he owns that. You know, this is kind of an interesting world we are living in. We have a debt ceiling, and why has the debt gone up? Because we borrowed money—a lot of money. The Congressional Budget Office says the debt we have today comes from. Remember, 10 years ago, we had a surplus, a budget surplus, one of the largest in our Nation's history left after President Clinton. Then President Bush comes into office, the Republicans take over the House and Senate, and they ram through a massive tax cut, which takes the surpluses and gives them mostly to the wealthy in our country. Then 9/11 happened and we entered into two wars—totally unpaid for—and we borrow it from China, or wherever, to pay for two wars.

Then we had a Medicare drug prescription benefit—most of which benefits go to the drug companies, by the way—and we didn't pay for that. We borrowed money for that also. So the debt we are grappling with today is because of policies enacted by a Republican President and a Republican Congress. They ran up the debt. Now they don't want to pay for it. This is not President Obama's debt at all. This is what happens when you have almost 8 or 9 years of uninterrupted borrowing and spending by President Bush and the Republican Congress. This is their debt.

Again, I call upon reasonable, responsible Republicans to come forward and give up on this ideological obsession, this new theology that says: no tax reform, no raising of revenues from anyone, even those who can afford it the most.

I remain an optimist. It is not too late for reason to prevail. We have heard loudly and clearly from the extremists and ideologists, who would bring

down our economic house rather than agree to any compromise. Now it is time for decent, patriotic Americans to speak up and say enough. We can and must come together around a balanced plan to bring our deficits under control, and we must uphold the full faith and credit of the United States of America.

With that, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

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

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

Mr. COONS. Mr. President, I rise today, as have so many other Senators, because I am concerned about what I have been hearing about the threat of default that is now just over 3 weeks away—what I have heard both here in Washington and in Delaware.

This looming default crisis is one of the most grave and predictable threats to our economy and our country I have ever seen. It is no longer floating at a distance just over the horizon, or something we can debate academically, the impact of which we may yet avert. It is here now. We are on the edge. Given the difficulties this body can have in moving something through in a matter of days, we are very close to the absolute last day when we can consider options and a path forward. Default is right before us and it must be dealt with.

I rise not to add to the political rhetoric—there has been plenty of that—nor do I rise to try and elicit panic or fear in the broader public.

I rise because the folks of Delaware—the people from whom I have been hearing—just don't know what to believe. They know our deficit spending and our national debt are out of control, and they are deeply concerned. That is good. I share that concern. I share that commitment to making certain we reduce our spending and we deal with our deficit because deficit and debt at the size we have today can harm our economy fundamentally. They are a basic challenge to our national security, to our success, and to our growth going forward. But I also rise because there is no faster way to ensure that our economy will never get back on track, that our country will never reach its full potential than to let our Nation default on its financial obligations.

We need to deal with this default crisis in a responsible and pragmatic way to create a real and lasting solution. We must restore certainty to our markets to help get our economy going again. And what do we hear from business, businessmen large and small all over the country? Certainty. We need predictability and certainty in the markets. Well, nothing is creating uncertainty more than this grinding lack

of resolution to the vote to raise our Nation's debt ceiling.

I wish to take a few moments, if I could, to talk about the reality of this impending crisis, and I would like to look at a few of the myths I hear at home that need to be cleared up.

First, some Members of this body and the other House of Congress, some folks running for President, and some people in the press have suggested that a default will cause only minor economic disruption, if any at all. Economist after economist, think tank after think tank, study after study has shown in the last few weeks that nothing could be further from the truth.

There are predictable consequences of default that will affect every American—Americans in every State, at every income level. More than any, I worry about the working families or those currently out of work who are already struggling through the greatest recession we have known in my lifetime. One report suggests 640,000 people will lose their jobs in the months after default. Economists confirm that the cost of home mortgages, car loans, and interest rates will go up for everything. The cost of food, gas, and everyday items for families all over this country will go up in real and concrete ways.

More importantly, if we default on America's mortgage, the impact in terms of the increased cost of borrowing for our whole country and for all of our families won't just be brief, it will be lasting because it will hang with us on our credit score as a nation for years. To the folks watching, if you think it is difficult to find a job or to help grow a business to help deal with the daily cost of living now, just wait until we default on America's mortgage and the cost of borrowing funds to do anything—to create new jobs or to help pay your bills as a family—goes up.

Default will have real and lasting economic consequences that will haunt this economy and haunt the working families of this Nation for years.

The second myth is that we can just stop spending money without real consequences. Some in this very Chamber have suggested that when we get to August, there will still be plenty of money coming in to service the debt, so there is no real threat of default, and that what we need to do is a relatively simple exercise of just deciding which things we will stop paying.

This second myth goes that the Treasury Department will just start picking winners and losers: They will pay Social Security but forgo Medicare; they will pay our troops but pink-slip our Federal civilians; they will fund the Pentagon but forget the Department of Education—never mind the ethical quandaries, the long-term disservice such action would have on our economy and our country. Frankly, the truth is that it is not even clear they have the legal authority to do so in the Treasury Department, to pick these winners and losers on a week-by-week basis.

Let's just choose one example of the studies done on this myth that we can simply pay the debt service and a few big things and the consequences of the rest would be fine. According to the Bipartisan Policy Center, beginning in August, if we continue to make payments, obviously on interest on the debt but also on Social Security, Medicare, Medicaid, all defense contractors, and unemployment insurance—so the really important things—and we just stop paying the rest, our troops on Active Duty; all of our veterans programs; all of law enforcement, including, for example, the FBI; the whole Federal court system; the FAA, which monitors air traffic; the FDA, which inspects food quality and safety; and a host of dozens of other Federal programs would come to a halt within days.

The consequences to the safety of our families, to the strength of our economy, to the confidence of our country, and to our role at home and abroad would, in my view, be tragic—almost catastrophic. So even if we could avoid technically defaulting for a few days or weeks by continuing to service our debt, the costs and consequences of these other “easy choices” would be dramatic, difficult, and lasting.

According to Steve McMillin, who was the former Deputy Director of OMB under President Bush—he was recently quoted on this topic:

I would say the options Treasury has if the debt limit is not raised are all very ugly.

Let me give a third myth. As I was talking with some small business owners in Delaware over the past week, some suggested they really felt we needed to go ahead and take the tough medicine of defaulting and cut up the President's credit card, stop the President from spending.

While I share their concerns about the very real and very significant threat posed by our deep deficits and share the view that we must cut spending—as all of us who are Democrats on the Budget Committee have said now publicly, we are committed to a balanced approach that significantly cuts Federal spending—the metaphor of cutting up the credit cards is wrong. It is not just wrong, it is desperately wrong and misleading. Our Nation defaulting on its debt is not like cutting up a credit card and stopping the future spending; it is much more like defaulting on a mortgage; it hurts our credit rating and hinders our ability to borrow. As we have been told before, every 1 percent increase in interest rates will cause our national debt to go up \$1.3 trillion over 10 years. According to some economists, increased interest rates could last for a decade or more.

No, the obligations that come due August 2 are the obligations that have already been undertaken. As Senator HARKIN said before me, it is Republicans, both President and Congress, and Democrats, both President and Congress, over the last decade who have moved us into a bigger house as a

country. It is the cost of two wars, the cost of an expanded Medicare Part D, the cost of expanding investment in our country—the cost of this bigger house that is now coming due. For us to stop paying that mortgage would have the same consequences for our country as it would for any family because when you default on your mortgage, it is not like cutting up a credit card, it affects your credit rating, and it affects your ability to borrow and your ability to do anything more for your family for years to come. So, too, would the consequences be for this country, and we cannot afford to let our country become a bad investment.

Lastly, some have suggested that August 2 is not a serious deadline, that somehow Secretary Geithner must have some other rabbit in the hat or some escape hatch.

Back in January, Secretary Geithner sent a letter to all in Congress suggesting that we would, in fact, run out of money on May 16, and the government—the Treasury Department—would then have to start taking extraordinary measures to avoid default. In fact, he detailed in six pages all the extraordinary measures that would be required. And he was right almost literally to the day about when that transition occurred and when those extraordinary measures needed to be deployed.

The time runs out August 2, but if for some reason you don't believe the deadline presented to us by our very own Secretary of the Treasury and the Treasury Department, look at what the three bond rating agencies are already saying about the impending default. Moody's, S&P, and Fitch have all threatened to downgrade America's rating from AAA—the most secure, most stable in the world. S&P suggested last week a downgrade to D, to junk bond status. I suggest America is not a junk bond nation. It puts us at risk as a nation, as a people, and as an economy when we are mentioned in the same sentences as Ireland, as Greece, as Italy—countries currently wrestling with fundamental failures to meet their obligations as a country. We are better than that.

All of us in this Chamber—all of us—are challenged to come together to put our economy and our country back on solid footing, to restore certainty to the markets, and to give confidence to retirees, to families, to parents raising children, and to small businesses by getting serious about putting a plan on this floor next week and passing it because, frankly, if we allow this country to default on its sovereign debts, to fail to meet its moral commitments, both financial and to the people of the United States, the consequences will be desperate and lasting.

I suggested a few weeks ago that we should consider seriously the Bipartisan Policy Center's proposal—the so-called SAVEGO—which would pick up where the pay-as-you-go discipline of the 1990s started and modernize it for

our current situation. If we cannot get a comprehensive \$4 trillion balanced deal together on this floor and passed, let's at least get a downpayment and enforce a budget mechanism that would ensure that a comprehensive deal is accomplished over the next decade. SAVEGO, which I recommend to everyone in this body, would lock in savings over the next decade, force both parties to stay at the table, and urge us to meet the targets we all know we need to meet: to reduce our deficits, to stabilize our debts, to strengthen our country, and to move past this tragic narrow debate over August 2 and our Nation's mortgage.

We need to focus not on the next election cycle, not on the partisan back-and-forth that might win an advantage for one party over another or one person over another in this Chamber for 2012, but we need instead to focus on the next generation, on the future.

The only way forward, in my view, is to honor our moral commitments as a nation to the men and women who rely on Medicare and Medicaid and Social Security, on the safety of our troops, and on the investments we make in the future, and to continue to honor our obligations as a nation. To do anything less is to dishonor the sacrifice of those who have served us in the past and to ignore the very real needs of the working families all over this country who look to us for leadership and sacrifice to put us on a sustainable path forward.

Mr. President, with that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. COONS). Without objection, it is so ordered.

Mr. SANDERS. Mr. President, we are at a pivotal moment in American history, and I think many Americans are confused and perplexed and angry and frustrated as to where we are today and how we got to where we are and what the consequences of decisions made in the past and that are being made right now will mean to their families. Let me just take a minute and try to give my view as to how we got to where we are and what our options are.

As you have just stated, Mr. President, and Senator HARKIN before you, anyone who talks blithely about defaults and saying it is not a big deal for this country clearly does not understand what he or she is talking about.

This is the greatest Nation in the history of the world. This is a nation whose faith and credit has been the gold standard of countries throughout the world. This is a nation, since George Washington, which has paid out every nickel it has borrowed, which is, in fact, why it is the great Nation it is

and why we have the strongest economy in the world today, troubled though it may be.

The idea for some people to simply say: Oh, not a big deal; we are not going to pay our debt, nothing to worry about, those are people who are wishing our economy harm for political reasons, and those are people whose attitudes will have terrible consequences for virtually every working family in this country in terms of higher interest rates, in terms of significant job loss, in terms of making a very unstable global economy even more unstable.

This country, which has paid its debts from day one, must pay its debts. I can't say it any more clearly than that.

Our Republican friends, especially our rightwing friends who now control the House of Representatives, have given us an option and here is their option. What they have said is: We want to do deficit reduction, and this is how we are going to do it. We are going to end Medicare as we know it and force elderly people, many of whom don't have the money, to pay substantially more for their health care. So under their plan, when a person is 70 and they get sick and they don't have a whole lot of income, they don't know what happens to them. They forgot to tell us. But what they did tell us is Medicare is not going to be there for them. They told us that tomorrow, if their plan was passed, they are going to have to pay a heck of a lot more for the prescription drugs than they are paying today. Oh, you don't have the money? Hey, that is not our problem.

They told us we are going to make savage cuts in Medicaid, throw millions of kids off health insurance, when 50 million Americans have no health insurance today. They want millions more without any health insurance.

If your mom or dad is in a nursing home and that nursing home bill is paid significantly by Medicaid and Medicaid isn't paying anymore, they forgot to tell us what happens to your mom or dad in that nursing home. What happens? What happens today if one is unemployed and not able to get an unemployment extension? What happens to the middle-class family, desperately trying to send their kids to college and we make savage cuts in Pell grants and they can't go to college? What does it mean for the Nation if we are not bringing forth young people who have the education they need? They forgot to tell us that. If you are one of the growing numbers of senior citizens in this country who are going hungry, they want to cut nutrition programs.

On and on it goes. Every program that has any significance to working families, the sick, the elderly, children, the poor, they are going to cut, and they are going to cut in a savage way. They are going to do that in the midst of a recession, where real unemployment is already at 15 percent and the middle class is disappearing and poverty is increasing. That is their idea.

When we say to them: Well, hey, the very rich are doing phenomenally well; the top 1 percent now earns more income than the bottom 50 percent; the top 400 wealthiest families in this country have more wealth than the 150 million Americans—don't you think maybe it is appropriate that when the rich are getting richer and their tax rates have gone down, their effective tax rates are the lowest in modern history, when major corporations are making billions of profits and in some cases not paying a nickel in taxes, don't you think maybe it is fair that they contribute to deficit reduction rather than just the elderly and the sick and working families, they say: No. We have a line in the sand, and if it means this country will default on its debt for the first time in history, that is OK. But we are absolutely going to defend the richest people in this country, millionaires and billionaires, and make sure they don't pay a nickel more in taxes. We are going to make sure there is no tax reform so we can continue to lose \$100 billion every single year because wealthy people and corporations stash their money in tax havens in the Cayman Islands or Bermuda, and that is just fine. We will protect those tax breaks while we savage programs for working families.

Those are the choices our rightwinged Republican friends are giving us: defaults with horrendous economic consequences for working families in this country and, in fact, for the entire global economy or massive cuts to programs working families desperately need.

Neither of those options is acceptable to me, and neither are those options acceptable to the vast majority of the people in this country. Every single poll I have seen says that the American people want shared sacrifice. They don't want or believe that deficit reduction can simply come down on the backs of the weak and the vulnerable, the elderly, the children, and the poor; that the wealthy and large corporations also have to participate.

I must, also, in all honesty, tell you I have been disappointed by the President's role in these discussions and some of his ideas. He has brought forth an idea which I categorically reject, that we should make significant cuts in Social Security; that when someone reaches the age of 85, they would lose \$1,000 as opposed to what they would otherwise have gotten. This Senator is not going to balance our budget on the backs of an 85-year-old person who is earning \$14,000 a year—not with my vote.

This Senator does not agree with the President that we raise the eligibility age for Medicare from 65 to 67 because I don't know what happens to millions of people who work their whole lives, finally reach 65 anticipating Medicare, but it is not going to be there for them. So I very strongly disagree with the President on those initiatives.

Let me tell you that elections have consequences, and I think many people

now are beginning to catch on to that. It is no secret our rightwinged Republican colleagues did very well in November 2010. They captured the House of Representatives, and now, 1 year-plus later, for the first time in the history of this country, we are on the verge of a default.

I would close by saying to people all over this country, if you believe we have to start investing in America and creating the millions of jobs this country desperately needs, elections have consequences.

If you believe we have to address the deficit crisis in a way that is responsible, in a way that asks the wealthy and large corporations also to play a role, in a way, as Senator HARKIN mentioned a moment ago, that calls for cuts in defense spending and bringing our troops home as soon as possible from Afghanistan and Iraq, you have to be involved in the political process, in my view.

A group of people in the House whose views represent a small minority of the American people are holding this Congress hostage, and it is time for the American people to stand and say enough is enough. The function of the Congress is to represent all our people and not just the wealthiest and most powerful.

With that, I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. BARRASSO. Mr. President, I ask that the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SANDERS). Without objection, it is so ordered.

Mr. BARRASSO. Mr. President, I come to the floor as someone who is back in my home State every weekend. As I talk to people and say: What is on your mind, they say what is on their mind are jobs, the economy, the Nation's debt, and the Nation's spending. I say: What do you think about things going on in Washington? They say the problem with Washington is it taxes too much, borrows too much, and the government grows bigger every day, and they say: What are we going to do about it? When we talk about the debt, the people of Wyoming have a clear understanding that the number is very large.

They say: What about the budget? As we get into the discussion, it comes down to: What budget? Where is the budget? It has been 800 days since a budget has gone through this body—over 800 days. You are talking more than 2 years. Why is that?

There was a vote on the budget earlier this year. There was the President's so-called budget, lost 97 to 0. Not even one Democrat voted for what the President had proposed. The news magazine *The Economist* called it a dishonest budget. In Wyoming, we balance

our budget every year. We do not have a debt like the country has, the country with its \$14 trillion debt. In Wyoming, the debt is zero because year after year we balance our budget, live within our means, spend only what comes in, and actually have money left over that we can invest in the people of our State. That is because from the beginning, when the constitution of our State was written, included right there in the constitution was a component saying: You shall balance the budget every year. Do not spend more than you have coming in.

To do that, one of the most useful things is that there actually be a budget, something to live within, something to look to as a guidepost, as a roadmap. I am still looking for one in this body. Where is it? Why have we not seen one? That is why I am coming to the floor today with a number of my colleagues to say: What is going on that it has been over 800 days with no budget, no opportunity to have the American people look to a roadmap to see where the country is headed?

We hear all the discussion about, are we headed to a default? What about the debt limit? What about the ceiling—is that going to be raised? The people say: What is the plan? What is the spending plan? What is the savings plan? I do not hear one coming for the majority party. I do not see one from the majority leader. I do not see one from the Budget Committee. I do not see one from the President. They are having discussions at the White House about how to try to get spending under control. Where is the President's plan?

What I hear from the President is that he wants to raise taxes. The people of Wyoming would say the best way for more revenue to come in is not to raise taxes on the people who are working, it is to put some of those 9.2 percent of Americans who are looking for work, put them to work, and then that money will come in as they pay taxes.

I come today to the floor with a number of my colleagues—Senator SESSIONS, the Senator from Alabama has arrived—and we are going to be engaged in a colloquy to discuss some of these issues.

We ought to be focusing on these 9.2 percent of Americans who cannot find work, millions of Americans who cannot find jobs. When I talk to the job creators, they are saying it is the President's position and his policies that have made matters worse—made matters worse with increasing health care costs as a result of the health care law, made matters worse as a result of the regulations that came out of Washington that add costs onto businesses, and making it worse in increased energy costs as the President continues to send energy jobs overseas, as he makes it harder and harder to explore for American energy.

I ask my colleague, Senator SESSIONS, to give us his thoughts, if I could, on the concerns we face as a nation without a budget, without a plan,

without a roadmap, at a time of astronomical deficits, huge numbers, numbers that are too high for people even to understand and comprehend.

(Mrs. MCCASKILL assumed the chair.)

Mr. SESSIONS. Madam President, I appreciate Senator BARRASSO and his leadership on so many issues in this Senate.

It is a sad event that we are now filing an objection to the movement of an appropriations bill because it violates the Budget Act contained in the United States Code. The Budget Act says you shall not move forward with an appropriations bill if you have not first passed the budget.

I ask my friend from Wyoming, as an accomplished orthopedic surgeon and physician and from his personal experience in the legislature in his State, does it strike him that when you are in the most serious debt crisis that perhaps the Nation has ever had from a structural, systemic point of view, that we ought to follow the law, we ought to first decide how much money we can afford to spend next year and then allocate that money to the various spending appropriations committees so they can produce a plan that would live within that budget? Is that the commonsense way we should proceed?

Mr. BARRASSO. Madam President, I would say absolutely yes. If you are a family in Wyoming, I don't care if you are living in Casper or living in Kemmerer, either way you know you need to live within some construct of how much is coming in, how much you can spend—live within a budget. Families have budgets. They live within their budgets. The State of Wyoming has a budget. We have a balanced budget component of our constitution. It not only says we have to have a budget, it says we have to balance it. If you do not have a budget to begin with, I cannot understand how you can balance it.

Is it any surprise that we are \$14 trillion in debt and we are borrowing \$4 billion a day, \$2 million a minute in this country, and we are borrowing a lot of it from China? It would seem we ought to be following the law—have a budget and then live within the budget, and it needs to be a responsible budget consistent with what is coming in.

Mr. SESSIONS. We appreciate our colleagues who worked on this bill, but there are more appropriations that should be done this year. How can they be continued without a budget? You say we spent within the President's numbers or the House numbers, but those have not been approved in the Senate. We have no votes in the Senate. It is not a binding number.

The truth is, what we need to do is what the House did, I believe. I ask Senator BARRASSO, isn't it true that the Republican House, with a new leadership, came in, they faced up to the 10-year budget window we have, they laid out a plan for 10 years, and it cut spending by \$6 trillion? It actually simplified our Tax Code substantially and

reduced certain taxes, focusing on tax reductions that create growth so we could have more income generated. And, whether you agree with it or not, by April 15 they did all this, which is what this code says. Doesn't the Senator think they have done their duty? What would he say about the failure of the Senate to even attempt to present a budget?

Mr. BARRASSO. The House has approved a budget. They presented a budget, debated a budget, discussed a budget, and passed a budget. There has been nothing in the Senate for over 800 days.

On the weekends, people at home tell me: We have to stop spending money we do not have. We expect better. We expect better of those who are elected to go to Washington and represent us. We expect better.

They also believe that the money they are sending to Washington—it is their money, not Washington's money—the money they are sending to Washington, people do not believe they are getting value for their dollar. If you asked "Of every dollar you are sending in, how much value are you getting back," it is an alltime low—50 cents on the dollar. People don't think they are getting value.

People want an efficient government. That is not what they are finding today. They are finding amazing amounts of waste, fraud, and abuse. Fundamentally, they are not finding a budget, a roadmap, a plan, and then life within that. That is why I come to the Senate floor with my colleague from Alabama today to say the law is specific—not just in the State of Wyoming but also in the United States—that we need to have a budget.

Mr. SESSIONS. The law is specific, and the need is there whether we had a law or not. The law doesn't require families to have budgets, but families who are smartly managing their money have budgets. Businesses have budgets. No law requires them to have budgets, but it is because it is the only way to manage your money. It is an unacceptable situation in which we find ourselves.

Let me ask the Senator, I want to try to boil it down to the nub, why we have not done it, why the majority in the Senate has not proceeded with a budget.

Let me just say that a budget is considered so important that, unlike other legislation, it can be passed with a simple majority. It cannot be filibustered. It has priority process to be moved rapidly on the floor. It cannot be blocked. The goal is that you could pass a budget. Even a party, if they wanted to do it on a straight party-line basis, with over 50 votes could pass a budget.

I am trying to focus on whether there is something broken about the Senate. Is there something broken that causes us not to be effective? Is there something broken in the way we operate that would have kept the Budget Committee from bringing a budget forward

and voting on it in committee and passing it out of committee? They did that last year. Is there any reason the Senator can think of, of a substantive nature, that would have blocked that?

Mr. BARRASSO. I would say the only reason I know is someone intentionally does not want to bring a budget to the floor of the Senate. If a budget were on the floor of the Senate, then we could look through it, read it, people at home could look through it, have some input, call, write, talk to us at townhall meetings, and say we ought to try to amend this proposal to spend less money over here, more money over there, and try to decide the best way to work together as a nation to improve opportunities for people in this country.

That is what a family budget does. They don't have to by law, but smart families do that. They make plans, they think ahead, and not just 3 months or 6 months, families look ahead and put money aside for college opportunities. They think about whether they will need a new car, a roof sometime down the line—what will they need? That is what a budget is all about.

I see no reason fundamentally why there is no budget proposed by the majority party here on the floor for all of the country to take a look at, all of the country to say: Yes, change this, more here, less there, prioritize, and let the country work.

Mr. SESSIONS. If the Senator will yield, unless you are unwilling to tell the American people where you stand, unwilling to put real numbers on paper—you prefer to say: American people, don't worry about it; we are meeting in secret over here. Don't worry about it; we have the Vice President, and he called some Senators together, and he is going to fix it. You guys who serve on committees and the Finance Committee where taxes have to be voted on, should be voted on are no longer relevant. The system is broken.

They are saying: We are not going to go along with this, and it is not because it will not work, it is because the budget presented by the President, the only budget we have seen here increased taxes substantially, it increased spending even more than that, and it increased the debt more than if we had done nothing over the 10 years.

I see our colleague, Senator TOOMEY, a new Senator but not new to the budget process because he was a member of the Budget Committee in the House.

What I am frustrated about, and I believe people should be frustrated about, is this policy decision by the leadership in the Senate that it was foolish to produce a budget. That is not a sign that the Senate is broken; it is a sign that the leadership is broken. It is a sign the leadership does not have the courage to actually stand before the American people and produce a plan, because it either would raise taxes too much, not cut spending enough, or

raise the debt too much. I think that is irresponsible, but I have to say, Senator TOOMEY, a new member of our Senate, has produced a budget. He laid it out right at our committee, and he was prepared, as a member of our committee, to produce his budget and advocate for it. You know what happened? We did not meet. I cannot call the committee into session. I am the ranking Republican. Senator TOOMEY cannot call the committee into session and have a vote. They decided not to meet, not to do their duty. They are going to meet in secret somewhere and have their little discussions about what they want to do, and the people who are elected to be accountable to the American people for what we do with their money are standing around wondering what is happening. Forgive me if I am not happy. I do not think it is right. I think it is weakening the Senate. I believe our constitutional responsibility is not being fulfilled if we end up with some big deal bill on August 1, and we are told it has to be passed by August 2, and you can find out what is in it after we pass it. I am not there. Count me out.

We had more people wanting to get on the Budget Committee this year. They were so excited. It was the most wanted committee to be on in the entire Senate, and we have not done anything. The Senator was selected to be on the committee, which is a tribute to his experience, and I guess I would ask, how does the Senator feel about where we are?

Mr. TOOMEY. I thank the Senator for raising this issue because I do think this is a very important issue. Many of us wanted to be on the Budget Committee because we see what a critical moment our country is in. We see the very dire straits we have put ourselves in because of the fiscal irresponsibility of Washington, and some of us believe we do not have a lot of time to get this in order. So I was looking forward to the opportunity to serve on the committee that would design the blueprint for our entire fiscal policy for this year and hopefully beyond.

I think this is a fundamental responsibility, frankly, of any responsible organization, to have a budget. I ran a small business for years, my own little business. We always had a budget. The corner pizza shop has a budget. We are the biggest enterprise in the world, the U.S. Government. We spend \$3.6 trillion, and for the majority party to choose—I have to say cynically—not to even write a budget, to abdicate that fundamental responsibility to lay out for the American people how much money they want to spend, on what they want to spend it, where the money is going to come from, to abdicate that responsibility is shocking.

To make matters worse, they have a statutory obligation to do this, so it is actually also illegal, and here we are without a budget. We are about to run out of this year's funding. When we come back from the August break, we

are going to be passing some huge omnibus. Who knows what is in that. We have a broken-down process. I believe it has contributed to where we are today with this debt limit.

By the way, a brief aside, if I could, about this debt limit issue. We had a discussion today in the Banking Committee—Federal Reserve Board Chairman Bernanke was there to testify—and it was a useful discussion. Unfortunately, after I left the committee, I learned later Senator SCHUMER began to discuss some of my remarks with Chairman Bernanke, and in the process he grossly mischaracterized what I said. I am quite sure Senator SCHUMER would never intentionally mischaracterize the remarks of one of his colleagues. So what I wish to do is clarify what was actually said so that in the future it won't be mischaracterized. I had observed that the Treasury will have more than enough cash coming in in the form of tax receipts to pay the interest on our debt in the event that we didn't raise the debt ceiling on August 2. I immediately went on to say, and I will now quote myself, if you will allow. I said:

Now, I don't know of anybody that suggests that we can or should go indefinitely without raising the debt ceiling, and I have argued that we would certainly be much better off reaching an agreement and raising the debt ceiling prior to August 2.

That was characterized by Senator SCHUMER as follows and I will quote him. He said:

For a smart guy—

He was referring to me, believe it or not.

I mean, to say we can pay the obligations and not pay the rest and that that is just fine. Wow, I'm sort of surprised at it.

Well, obviously I never said it was fine. What I have said is we have a dire crisis on our hands and we need to do something about it, and I don't know we are going to get another opportunity than the opportunity over this question of whether and when and by how much we will raise the debt limit, but I am not going to sit by idly, and I am not going to go along with some deal that raises the debt limit without making the real cuts in spending we need and the real process reform.

As Senator SESSIONS knows, some of us have advocated that there be a simple deal, if you will, preferably one that we would discuss in public, one we would have a debate over, one we would have a vote on. The deal is simply this: We will agree to raise the debt limit by the full amount the President has requested, provided only that the President agree to put us on a path to a balanced budget. That is it. We call it cut, cap, and balance. It has some immediate cuts. It has spending caps that put us on the path to a balanced budget, and it calls for the adoption of a balanced budget amendment to the Constitution.

We had a Democratic President named William Clinton who, together with the Republican Congress in the

1990s, acknowledged the importance of reaching a balanced budget. None of us think we can do it overnight. None of us are calling for that. But back then in the 1990s they decided they would strive for it and, in fact, they achieved it. We reached a balanced budget and ran a modest surplus.

All I am asking today as we confront this issue and as we contemplate saddling ourselves and our kids and grandkids with a debt more than we have now, what I am suggesting is at the same time we take the measures necessary to get us out of this mess, to prevent us from going further down this unsustainable path and to get to the point where we don't continue running deficits, a path to a balanced budget. Cut spending now, statutory spending caps, and a balanced budget amendment. We now have a big majority of Republican Senators who cosponsored this bill that would raise the debt ceiling by \$2.4 trillion, provided we get these changes. I am increasingly optimistic the House might very well pass a bill that would raise the debt limit contingent only on this path to a balanced budget.

While we are down here today, I think this is what we ought to be talking about. We should not go on to an appropriations bill that has no context because there has been no budget. We ought to be focused on getting this problem solved and then get back to the regular order of having a budget that defines the level of spending and where that money is going to come from and allows us to pursue the ordinary appropriation process so we can exercise our constitutional responsibility to control the purse strings of this Federal Government.

I thank Senator SESSIONS for raising this issue. This is a very important issue, and I agree with the Senator wholeheartedly that it is a travesty that we don't have a budget in this body. I certainly hope we don't go further down this path.

Mr. SESSIONS. I thank the Senator from Pennsylvania. He has been such a fabulous addition to the committee, talented and experienced and worked so hard that he has actually laid out a budget himself. The President has 500 people. The Congress here has a lot of staffers. Senator TOOMEY has produced a budget. The House has produced a budget, but we have not seen one here.

I am pleased my colleague, another member of the Budget Committee, Senator RON JOHNSON, is here. He is a business person who traveled his state and talked with his constituents about his concerns about the debt this country faces.

I am pleased to hear Senator JOHNSON's thoughts at this time.

Mr. JOHNSON of Wisconsin. I thank the Senator. First of all, I thank the Senator for his leadership on this issue. I share your concern about the dysfunction of not only this body, our Budget Committee, but Washington in general. I mean, Washington is broken.

We are currently conducting business as usual here in Washington, and it is bankrupting our Nation.

Certainly having spent 34 years as a manufacturer, I recognize you have to have a good process if you are going to have a good product. And because our process here is so broken, that is one of the reasons we are bankrupting this Nation—because we don't have a good process. It is, to me, unbelievable that in the Senate we haven't passed a budget now in—what is it—805 or 806 days? Over 2 years we have not passed a budget yet in this body. As an accountant—that is my background—I had to produce a budget on time for a wide variety of sizes of businesses, and it is simply unbelievable to me when I know how hard individuals and businesses work to produce a budget. And, by the way, they generally present those budgets on time. They don't miss the budget dates. But they actually produce a budget, and there is an awful lot of work that goes into those budgets.

I come here after 34 years in business, and I come here to the Senate understanding, again, not because I want to be a Senator but because I realize we are bankrupting this Nation, that America is in peril. I get here, and I hope to get on the Budget Committee so I can actually start solving this problem. I get on the Budget Committee, and I am ready to roll up my shirt sleeves and start working on the problem. What did we hold? I think we had six hearings on the President's budget, a budget that was so unserious that it lost in this body 0 to 97. Not one Member of the President's own party thought it was serious enough or maybe it didn't spend quite enough for them. Maybe it didn't tax enough for them. But, for whatever reason, not one member of the President's own party decided to vote for that budget. I think that is a stunning repudiation.

It is very disappointing, quite honestly, because right now, as our country faces bankruptcy, we are hungry for leadership and we are not getting any. The fact is if the President were serious about addressing this issue, if he were serious about attacking this problem, he would have been coming to us months ago to negotiate in good faith to prevent the bankrupting of America, but that hasn't happened.

So what is happening now? For the last few weeks we have been holding some secret meetings, far from the view of the American public. I am not sure, is that how we are going to solve the financial future of America? I came here to work. I came here to be engaged in debate. I was hoping we would have a very open process under general order, but that is not what is happening. What I am afraid is we are going to end up with a deal that is going to be dropped in our laps with a couple of days to go, like with the health care law, like Dodd-Frank. All of a sudden we get these thousand-page bills dumped in our laps with no time

to review, and then you start to see the unintended consequences. That is a real shame.

I just came from a press conference where every Member of the freshman class—we had a meeting this morning—and we were talking about, what can we do? I mean, we all came here in a very sincere desire to actually solve the problem. One of the things we talked about is how President Obama, rather than being serious about this, rather than tackling the problem, is willing to scare seniors and members of our military. We thought that was over the line. So we sent a letter to the President today asking: Please, step to the plate. Seriously address the problem. Stop scaring our seniors. Work with us. We want to help you solve the problem.

Mr. SESSIONS. I thank the Senator. I thank him for his great group of freshmen Senators who have added so much common sense to our problem. We were not elected to preside over the financial decline of America. We were not elected to skirt the law. We were not elected to shut down committees, to shut down debate, to cede our constitutional responsibility to secret meetings and closed-door proceedings. We were elected to do our duty, and there is no higher duty than to protect the American people from a clear and present danger. For that reason, I will oppose cloture on today's motion to waive section 303(c) of the Budget Act. I will vote to sustain the budgetary point of order, and I will encourage my colleagues to support my amendment raising that budget point of order to a threshold of 60 votes.

This is only the beginning of our fight. There will be more votes, more objections, more points of order working with my colleagues. I will give all that I have to help put this country on a sound, honest, financial path. Washington must recognize that America's strength does not lie in the size of our government, but in the scope of our freedoms and in the hearts of our people. The debt we have today is already pulling down our economic growth. Experts tell us we have lost 1 percent of economic growth because our debt exceeds 90 percent of our total economy—90 percent of GDP. It is 95 percent of GDP right now. We will reach 100 percent of GDP by the end of this year. That alone reduces growth, according to the experts. Secretary of the Treasury Geithner said he thought that was an excellent study that found that fact.

What does 1 percent growth mean? Well, instead of the first quarter having 1.8 or 2 percent growth, we would have had 3 percent growth. If we had 3 percent growth instead of 2 percent growth, 1 million more jobs would be added per year, based on just the alteration of the difference between 2 percent growth and 3 percent growth.

We have to face these problems. I hope our colleagues are reaching a decision about how to proceed that can be successful. We have to make

progress this year. We are going to have to sustain progress for a decade. If we do so, we will put this country on the right path. If we get that debt down—it is not too hard to do it—we will start seeing our growth come back, more jobs being created, more wealth being created, more taxes being paid, less help to people who are in need because they are now working when they weren't.

So I thank the Chair. I appreciate the opportunity to share these remarks.

Madam President, I yield the floor, and I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. SESSIONS. Madam President, I ask unanimous consent that it be in order for me to offer and receive a vote on an amendment to this bill which relates to a 303(c) point of order that requires adoption of a budget resolution prior to the consideration of any appropriations bills.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of South Dakota. Madam President, the amendment is not germane to the bill. I am trying to keep this bill bipartisan and free of extraneous matters. Therefore, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. SESSIONS. Madam President, I yield the floor.

Mr. INOUE. Madam President, I rise today in support of the motion to waive section 303 of the Budget Act and to allow the Senate to move forward with its consideration of the MilconVA appropriations bill. I would like to say for the record that I agree with the Senator from Alabama that it would be preferable for the Senate to have passed a budget resolution prior to its consideration of individual appropriations bills.

In fact, on March 10 of this year, I stated my strong desire to move all of the fiscal year 2012 bills through regular order, which of course begins with the passage of a budget resolution and adoption of our 302(a) allocation. Unfortunately, such is not the case this year. As we are all painfully aware, the current impasse over the budget is a direct result of the unwillingness of some in Congress to negotiate a comprehensive solution to our long-term deficit problem.

We are all well aware of these realities. It is my strong belief, however, that we must not allow the needs of our military or our veterans to be held hostage by the current budget stalemate. And while it is true that we do not have an overall allocation for discretionary appropriations, for the MilconVA bill we were able to agree with our House colleagues on an acceptable allocation. Therefore, there is

no reason to delay consideration of this bill.

It is important that all of our colleagues understand that what we are recommending is not unprecedented. In fact, the Senate has acted on appropriations legislation absent a budget resolution four times in the past decade, including twice under Republican control. It is my strong desire, as I believe it is the desire of every member of the Appropriations Committee, that we move our bills under regular order. However, with less than 90 days left in the fiscal year and no budget resolution in sight, efforts need to be made to ensure the livelihood of our veterans and their families are not disrupted.

This is not a controversial bill. It passed out of the full committee unanimously, by a vote of 30-0. Yesterday, 89 Senators voted in favor of the motion to proceed to the bill. Finally, my colleagues should know that many of the provisions of this bill were voted on in the Armed Services Committee which was also passed unanimously, by a vote of 22-0. That is a great deal of support for moving forward with this measure. And, I am aware of no serious opposition to the substance of the bill.

For all these reasons, I urge my colleagues to join me in support of waiving the budget point of order and allowing the Senate to move forward with its consideration of the fiscal year 2012 Military Construction and Veterans Affairs appropriations bill.

CLOTURE MOTION

Mr. JOHNSON of South Dakota. Madam President, there is a cloture motion at the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant bill clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to waive the points of order under section 303 of the Congressional Budget Act of 1974 for H.R. 2055, any amendments thereto and motions thereon.

Harry Reid, Tim Johnson, Mark Kirk, Richard J. Durbin, Kay R. Hagan, Michael F. Bennet, Mark R. Warner, John F. Kerry, Richard Blumenthal, Barbara Boxer, Carl Levin, Debbie Stabenow, Jeff Bingaman, Mark Udall, Patty Murray, Patrick J. Leahy, Sheldon Whitehouse.

Mr. JOHNSON of South Dakota. Madam President, I ask unanimous consent that the mandatory quorum under rule XXII be waived.

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

Mr. JOHNSON of South Dakota. I ask unanimous consent that all time be yielded back.

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

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order and pursuant to rule

XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant bill clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to waive the points of order under section 303 of the Congressional Budget Act of 1974 for H.R. 2055, any amendments thereto and motions thereon.

Harry Reid, Tim Johnson, Mark Kirk, Richard J. Durbin, Kay R. Hagan, Michael F. Bennet, Mark R. Warner, John F. Kerry, Richard Blumenthal, Barbara Boxer, Carl Levin, Debbie Stabenow, Jeff Bingaman, Mark Udall, Patty Murray, Patrick J. Leahy, Sheldon Whitehouse.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call is waived.

The question is, Is it the sense of the Senate that debate on the motion to waive the points of order under section 303 of the Congressional Budget Act of 1974 for H.R. 2055, and any amendments or motions thereto, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KYL. The following Senators are necessarily absent: the Senator from North Carolina (Mr. BURR), the Senator from Utah (Mr. HATCH), and the Senator from Kansas (Mr. ROBERTS).

Further, if present and voting, the Senator from Utah (Mr. HATCH) would have voted "yea."

The yeas and nays resulted—yeas 71, nays 26, as follows:

[Rollcall Vote No. 110 Leg.]

YEAS—71

Akaka	Grassley	Mikulski
Alexander	Hagan	Murkowski
Baucus	Harkin	Murray
Begich	Heller	Nelson (NE)
Bennet	Hoeven	Nelson (FL)
Bingaman	Hutchison	Pryor
Blumenthal	Inouye	Reed
Blunt	Johanns	Reid
Boxer	Johnson (SD)	Rockefeller
Brown (MA)	Kerry	Sanders
Brown (OH)	Kirk	Schumer
Cantwell	Klobuchar	Shaheen
Cardin	Kohl	Snowe
Carper	Landrieu	Stabenow
Casey	Lautenberg	Tester
Cochran	Leahy	Thune
Collins	Levin	Udall (CO)
Conrad	Lieberman	Udall (NM)
Coons	Lugar	Warner
Cornyn	Manchin	Webb
Durbin	McCaskill	Whitehouse
Feinstein	McConnell	Wicker
Franken	Menendez	Wyden
Gillibrand	Merkley	

NAYS—26

Ayotte	Enzi	Paul
Barrasso	Graham	Portman
Boozman	Inhofe	Risch
Chambliss	Isakson	Rubio
Coats	Johnson (WI)	Sessions
Coburn	Kyl	Shelby
Corker	Lee	Toomey
Crapo	McCain	Vitter
DeMint	Moran	

NOT VOTING—3

Burr	Hatch	Roberts
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The PRESIDING OFFICER. On this vote, the yeas are 71, the nays are 26. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

The majority leader is recognized.

Mr. REID. Madam President, I am giving fair warning to everyone. We have gotten nonchalant about coming to vote. We have an extra 5 minutes. We are not going to extend that in the future. It is not fair to everyone else who gets here on time. So everyone is on notice. We are going to cut the votes off in 20 minutes. People come straggling in 8, 10 minutes late. That is not going to work anymore. It is going to affect Democrats and Republicans.

Madam President, this will be the last vote of the week. We will more than likely be in session tomorrow. There will be no votes tomorrow. If there are people who want to offer amendments, the two managers of this bill, Senator JOHNSON and Senator KIRK are here. They are here tonight. This vote coming up will be the last vote of the week.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. VITTER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. KYL. The following Senators are necessarily absent: the Senator from North Carolina (Mr. BURR), the Senator from Utah (Mr. HATCH), the Senator from Kansas (Mr. MORAN), and the Senator from Kansas (Mr. ROBERTS).

Further, if present and voting, the Senator from Utah (Mr. HATCH) would have voted "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 40, as follows:

[Rollcall Vote No. 111 Leg.]

YEAS—56

Akaka	Gillibrand	Murray
Baucus	Hagan	Nelson (NE)
Begich	Harkin	Nelson (FL)
Bennet	Inouye	Pryor
Bingaman	Johnson (SD)	Reed
Blumenthal	Kerry	Reid
Boxer	Kirk	Rockefeller
Brown (MA)	Klobuchar	Sanders
Brown (OH)	Kohl	Schumer
Cantwell	Landrieu	Shaheen
Cardin	Lautenberg	Stabenow
Carper	Leahy	Tester
Casey	Levin	Udall (CO)
Cochran	Lieberman	Udall (NM)
Conrad	Manchin	Warner
Coons	McCaskill	Webb
Durbin	Menendez	Whitehouse
Feinstein	Merkley	Wyden
Franken	Mikulski	

NAYS—40

Alexander	Coats	DeMint
Ayotte	Coburn	Enzi
Barrasso	Collins	Graham
Blunt	Corker	Grassley
Boozman	Cornyn	Heller
Chambliss	Crapo	Hoeven

Hutchison	McCain	Shelby
Inhofe	McConnell	Snowe
Isakson	Murkowski	Thune
Johanns	Paul	Toomey
Johnson (WI)	Portman	Vitter
Kyl	Risch	Wicker
Lee	Rubio	
Lugar	Sessions	

NOT VOTING—4

Burr	Moran
Hatch	Roberts

The motion was agreed to.

Mr. JOHNSON of South Dakota. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUE. Madam President, I am pleased that we are beginning consideration of the fiscal year 2012 Military Construction and Veterans Affairs appropriations bill.

This bill passed out of the Committee on Appropriations by a unanimous vote of 30 to 0. It is the hope of the committee that such strong, bipartisan support will continue as the full Senate debates this measure and that we will be able to consider germane amendments in a reasonable period of time, pass the bill, and move on to a conference with the House.

As we continue to debate the larger fiscal challenges our Nation faces, I note that the level of funding in the Senate mark of this MILCON-VA bill is consistent with the level of funding in the House-passed measure.

I thank Chairman JOHNSON and Vice Chairman KIRK for their brilliant work in producing a bill that provides essential support to our veterans, our Active-Duty military, and their families. The resources provided in this bill will fund vital construction projects and will ensure that our wounded veterans and warriors receive the excellent care they deserve.

It is good we are moving the first of our fiscal year 2012 appropriations bills under regular order. As I have said on numerous occasions, the best way to ensure that every taxpayer dollar is spent wisely is to move our 12 bills through the committee, the full Senate, to a conference with the House, and through final passage in both Chambers.

Our ability to work together on this important bill serves as a reminder that bipartisan compromise can be achieved by the Congress, even in the most difficult of budget environments. It is my hope that the spirit of bipartisanship embodied in this bill will serve as a model for the remaining fiscal year 2012 appropriations process.

I congratulate Chairman JOHNSON and Vice Chairman KIRK for their efforts. I look forward to returning to the floor at the earliest possible date with the next appropriations measure.

I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, I thank the distinguished Senator from Hawaii for his kind word about the management of this bill. I join him in his congratulations to the two managers. We appreciate their hard work.

The committee had extensive hearings and review of all the appropriations bills we are going to be taking up—a public hearing process, open for comments, with opportunities for people to express their views. They have done that in a diligent, careful, and responsible manner. I think it is a credit to the Senate that we have considered this bill today. We look forward to continuing to work our way through all the appropriations bills that come under the jurisdiction of the committee. I especially thank my friend from Hawaii for his leadership.

Mr. JOHNSON of South Dakota. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KIRK. Madam President, I ask unanimous consent to speak as in morning business.

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

REMEMBERING BETTY LOU REED

Mr. KIRK. Madam President, while we are waiting for authors of their amendments to come to the floor to speak on a point of personal business, I wanted to rise to eulogize one of my mentors in politics.

State Representative Betty Lou Reed died this week. She was somebody many of us in northern Illinois looked up to. Betty Lou Reed served from her home community of Deerfield, IL. She knew Senator Everett Dirksen well and helped in his campaigns for reelection. She was someone who practiced the art of politics from the fiscally conservative side but the ideological center. She was someone who was a role model for many of us at the township, the State, and especially at the Federal level.

I first met Betty Lou after she had retired from our State legislature in Springfield, IL, when she served as the district director for Congressman John Porter. I remember a long visit with her, as she was showing me the congressional district where I grew up, from a political point of view.

As we passed by the Zion nuclear reactor, she said: Whatever your feelings from college, buddy boy, here we are pro nuclear power. And she began to introduce me to the politics, especially of Lake County, IL.

Betty Lou Reed was someone who liked to drink her bourbon and branch water, as she called it, regularly in the evening, telling old war stories about how things were done in Springfield,

IL. She was always kind and considerate, and I never heard a swear word from her, ever—despite the rough language that is used both in Springfield and in Chicago.

Her husband was a staunch supporter of hers and always available for the continuous set of parades and public meetings she went to. She guided us, especially in the consideration of the first Base Realignment and Closure Committee in which Ft. Sheridan—in Illinois, next to her home district—was the poster child for disposal, given its high value and golf course next to Lake Michigan. We went through a number of proposals, such as bringing in a prison or homeless shelters, et cetera, but finally came to a mutually agreed-upon solution of a set of public buildings, parks, and additions to Lake Forest, Highwood, and Highland Park.

Probably her greatest legacy was in supporting and teaching a young Congressman from our area, Congressman John Porter, the ropes and guiding him through difficult elections and tough partisan times. I served as Congressman Porter's chief of staff while she, as she put it, garnered the real votes back home and took care of business.

Betty Lou lost her husband a while ago, and she passed away this week. Many of us in northern Illinois remember her not just as a trusted public official and congressional staff member but as someone who taught us the ropes—even those of us from Chicagoland—and how to exercise the art of politics, maybe more gently and with better language than our predecessors.

I very much will miss Betty Lou Reed. I know Congressman Porter shares this sentiment, as do many of the staff and the political families of northern Illinois, and I wanted to take this moment today in the Senate to mark her passing and say how very much we will miss her.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. FRANKEN). Without objection, it is so ordered.

BUDGET NEGOTIATIONS

Mr. MENENDEZ. Mr. President, I know we are on the MILCON appropriations bill, but I did not want to lose the opportunity to talk about a pressing issue before the country today; that is, how we will work to resolve the Nation's obligations to its creditors and what the failure of doing that means to the Nation and to each and every American. I rise to ask a simple question of my Republican colleagues: When is an entitlement not an entitlement? Apparently, given the rhetoric

and actions of some of our friends on the other side of the aisle, the answer would be that an entitlement is not an entitlement when it benefits an entitled class of wealthy Americans. In the Republicans' ideological haze that is swirling around Washington these days, it is only an entitlement when it goes to the middle-class families, to students, to seniors, to the disabled, to the downtrodden, and the dispossessed.

Those entitlements, according to the Republicans, should be on the chopping block. But entitlements to the wealthy can never be on the table, despite the fact that our current Tax Code allows the wealthiest 400 taxpayers in America to pay a smaller percentage of their income in taxes than the average New Jersey family—less than the average New Jersey family.

What Republicans will ultimately do, their goal in this debt negotiation, is outlined in the House-passed budget that ends Medicare as we know it, the baseline of retirement security for our seniors, what was the retirement security of my mother in the twilight of her life as she struggled against Alzheimer's, after having worked a lifetime to help build a family and be part of contributing to a community. She would not have lived in the dignity she deserved in the twilight of her life but for Medicare as we know it—and it makes a middle-class life in America more expensive and less accessible.

It seems to me the policies of our Republican friends would make sure the rich get even more rich at the expense of the middle class. They think the rich are entitled to all the tax loopholes they get but seniors and the disabled, they do not need the health benefits they are getting. We call this leadership? Do they call it leadership, to stand on ideology and send this Nation into default?

Default basically means being a deadbeat. I think average Americans understand what being a deadbeat is all about. We teach our children to meet their responsibilities. We say do not incur a debt, but if you incur that debt, meet your responsibility—pay it. But now we have leaders in this Nation who say let's have this Nation be a deadbeat, and we would leave a senior citizen who lives—I know some of our friends here who may not have an appreciation of this—who lives month to month only on Social Security, standing hopelessly on the front porch waiting for a check that may not come. You call that leadership?

We call it leadership to risk increasing interest rates on mortgages when families are struggling to pay at the current rates on student loans, on car payments, on credit cards that middle-class families can ill-afford now? They call it leadership to risk leaving a wounded veteran without a benefit check or active military men and women, their families, without a paycheck?

They call it leadership to risk a spike in prices that increases the cost of gro-

ceries and gas and potentially costs a middle-class family in New Jersey an additional \$1,500? They call it leadership to risk an end to unemployment benefits to States, leaving those already struggling in this economy at risk of losing what little they have?

They call it leadership to risk Medicaid payments to States for disabled seniors in nursing homes who have no other options but amazingly allow a millionaire who owns a stable of racehorses a depreciation allowance on the Tax Code on those racehorses? That is an entitlement we should not touch? That is leadership? Bottom line, it is estimated that about \$125 billion worth of bills, on average, may have to be put off if we don't deal with meeting the Nation's obligations.

It is not leadership if the dollar plummets and America loses. It is not leadership if no one follows but the far rightwing of the Republican Party. If we are going to balance the budget by limiting entitlements and subsidies and earmarks, perhaps we should begin with those entitlements in the Tax Code that benefit those who are the wealthiest in the country. Perhaps we should look at ending entitlements for rich oil companies that receive \$2 billion a year. They receive in just two tax breaks that the code gives them \$21 billion over the next 10 years. Yet, oh, no, we can't touch that, but we can tell some senior that, in fact, they have to be on the chopping block; that Medicare has to end as we know it.

How about \$6 billion for ethanol producers or how about the racehorse depreciation allowance or the billions year after year that defense contractors think they are entitled to? How about investing in new bridges and tunnels and a new state-of-the-art transportation system in New Jersey instead of Kandahar?

Our friends on the other side who believe we should balance the budget by spending cuts alone are more than willing to bargain away student loans, bargain away prescription drug coverage, even bargain away nursing home care for the elderly parents to protect entitlements for big oil companies, billionaire corporate executives who travel the world in private jets, and millionaires who believe they are entitled to all of the tax loopholes they are getting now after the biggest tax cut in history—entitled to tax cuts but not obligated to create American jobs, contrary to the false rhetoric we hear from the other side about a correlation between entitlements for the wealthy and job creation.

The hard rightwing of the Republican Party has come to the table willing to give up nothing—unwilling to accept an offer by the President and Democrats of trillions of dollars in spending cuts, potential savings in entitlement programs, and tax reform options, all of which they have been demanding, unless we agree to protect the entitlements that exist for the wealthy. Not even a single penny on the revenue side

of the option. Don't touch those entitlements for the big five oil companies. Don't touch the entitlements for the corporate jets. Don't touch the entitlements for the racehorses. Don't touch any of those entitlements giving the tax breaks and having a code where an incredible universe of corporations in America don't even pay at the end of the day by using all of the provisions of the code, anything toward the common good.

They come to the table with nothing. They look America in the eye and tell us we cannot cut subsidies to big oil companies. We cannot put entitlements to the wealthy on the table because in their ideological haze, they conveniently, through this political sleight of hand, label any attempt to end those tax breaks, those entitlements, as a tax increase on what they like to call the job creators. Their excuse for such an irresponsible bargaining position: trickle-down economics. I have heard this so many times over the time I have been in Congress. But the problem is nothing has ever trickled down. Yet those same entitlements for the entitled, the \$5 trillion entitlement the Bush tax cuts would cost going forward over the next decade that we are told at the outset would create jobs, would turn out to be the greatest failed jobs program in American history.

I look at how those tax breaks are skewed to the wealthiest. I understand the opportunity to help middle-class families, and I promote that because they are the ones who spend in this economy and create demands. But the way those tax cuts are skewed to the wealthiest, \$5 trillion, I ask my friends: Where are all the jobs that were supposedly going to be created as a result of that? Where are all the jobs these Republican entitlements to the wealthy are supposed to produce? Where are they? When middle-class Americans are struggling to make ends meet, pay the bills, keep their jobs, their health care, their homes, entitlements to the entitled are the most reckless kind of spending.

This is the irresponsible Republican entitlement spending that should be on the table, the very entitlement spending that contributed to our current debt, and yet our friends on the other side continue to protect these entitlements.

They will not vote to raise the debt limit unless we cut entitlements for the working middle-class families of this country, but they protect entitlements for the wealthiest Americans. They are holding a gun to our heads at a critical time in our economic history, but we need only to look back at how often Republicans, themselves, have raised the debt limit.

As we can see from this chart, to pay for tax cuts for the wealthy, George W. Bush had seven increases of the debt ceiling, increasing it by 90 percent for the largest increase in history, a total of over \$5 trillion that includes the entitlements for the wealthy that they

will not put on the table in the name of shared sacrifice even if it means America defaults on its debt and becomes a deadbeat and sends a ripple-effect throughout the world and its economies that come back crashing on our shores in the United States. So it is amazing me.

Ronald Reagan raised the debt ceiling 18 times. Mr. President, 18 times in 8 years, a total percentage increase of 199 percent, amounting to \$1.8 trillion, which in today's dollars would be \$4 trillion. Mr. President, 18 times, Ronald Reagan. George Bush, 7 times, for \$5.3 trillion.

That amount, by the way, under the Bush years, ends up being, what. What is it equal to? The Bush tax cuts, \$5 trillion.

They will not raise the debt limit to protect the good faith of the American financial system, to protect middle-class families who have already lost so much under Republican economic policies that led us to the brink of economic disaster. The whole confluence of what happened in September of 2008 where we had these Bush tax cuts totally unpaid for, denying the Federal Treasury those moneys, at a time in which we had two wars raging abroad in Iraq and Afghanistan, a new entitlement program unpaid for, and a marketplace that instead of being a free market—which I support—became a free-for-all market in which investor decisions ended up becoming a collective risk to the entire country, and that is what we have been facing.

Instead of meeting this responsibility, they favor cuts in entitlements to the seniors, to the disabled, to families struggling to make ends meet, to students seeking to get the college education that could help fuel America's prosperity. That is what we saw in the House Republican budget that passed but are willing to decimate our Nation's economy to protect entitlements for the rich. They have dug in their heels and walled off irresponsible, unnecessary tax breaks for big oil companies. They have walled off entitlements to multibillion-dollar corporations and millionaires who need no entitlements because they believe—blinded by their ideological haze—the rich are entitled to their outrageous giveaways even if it means ballooning the deficit and sending the Nation into default on its debt. Entitlements for these special interests, cuts for everyone else.

Republicans prefer to talk about cutting entitlements rather than what it really means—rather than cutting Social Security, rather than cutting Medicare, rather than cutting Medicaid—because cutting entitlements seems so esoteric. It is not very personal. But we all know our families, our mothers and fathers who may be getting their health care on Medicare or one of them who may be sitting in a nursing home on Medicaid or a poor child who is getting their health care being taken care of on Medicaid, we know our friends and neighbors with

disabilities, and we understand what those challenges are.

Let's be clear. The only entitled people Republicans are talking about in this debate are those who already enjoy enormous benefits under the Tax Code, both individually and corporations that feel entitled to these pretty outrageous tax breaks.

Oil companies, as I heard from the executives who appeared before the Senate Finance Committee, clearly feel entitled to \$21 billion in subsidies. Millionaires and billionaires think they are entitled to the Bush tax cuts. Corporate titans think they are entitled to tax breaks for their private corporate jets, and Republicans think these are the only entitlements worth protecting.

It is time to stop trying to balance the budget on the backs of seniors and middle-class working families. It is time to stop protecting government handouts to the entitled class at the expense of the middle class and telling America in good economic times that it stimulates the economy and in bad times that it is a job creation policy.

The truth is, it is neither. It is simply an entitlement program for an entitled small class of Americans who are not struggling to make ends meet or pay the mortgage or afford health care or find another minimum wage job to put food on the table. This stark contrast of wealth in the Nation is in the numbers.

The 400 wealthiest taxpayers—those who get the most out of Republican entitlements—had an average income in 2008 of \$270 million, almost \$300 million. That amounts to an hourly wage of about \$31,000 an hour. Their average tax rate was about 18 percent. In contrast, the median New Jersey household earned about \$64,777 the entire year as opposed to just 2 hours. That equated to 2 hours for the richest 400 people, and yet they paid an average of 21.2 percent. They paid a higher percentage of less of their wages than those 400 top earners in the country.

A first lieutenant at Fort Dix, NJ, earned about \$52,000. He paid an average tax rate of 18.9 percent. So I ask, looking at these numbers, what should be on the table and what should not? The fact is, we are offering solutions. We are simply asking for fairness and for our friends on the other side to bring something to the table other than a political ideology and an unrealistic ultimatum, all in order to protect an entitled class that needs no protections. I don't usually agree with the conservative columnist David Brooks, but as I have said on this floor before, I agree with him when he says, "The members of this movement talk blandly of default and are willing to stain their Nation's honor . . .

They are willing to stain their Nation's honor.

I agree when he wrote that "if the debt talks fail independent voters will see Democrats as willing to compromise but Republicans were not."

Although this is not even about that. At the end of the day, this is about the Nation. This is about our economy. This is about trying to get people back to work. This is about trying to ensure families can realize their hopes and dreams and aspirations. This is about the United States of America, a beacon of light to the rest of the world, the gold standard in terms of credit and meeting its obligations, continuing to be that gold standard and that beacon of light or becoming a deadbeat in the world.

I would go even further and say the American public will see right through these efforts to protect entitlements for a privileged class while those Americans who struggle every day to build the foundation of America, the cuts go on their backs. They come to the table with nothing other than an ideological fixation that prevents them from negotiating in good faith, prevents them from putting the interests of the country ahead of their narrow political interests.

I have read some of the comments about this issue as it relates to: Well, you know, do we end up giving President Obama the ability to get re-elected? This is not about President Obama. This is about the United States of America. This is about our country. This is about being responsible at one of its most critical times. This is about getting the country back on track. It is about giving the private sector faith and confidence that we are not going to default on our debt, that we are going to meet our obligations. It is about telling investors in the world the United States is still a good place to invest. And when those investments are made, jobs are created, people go to work, once again they have the dignity of work taking place; they are able to spend in the economy, the economy grows, that creates other jobs, other opportunities, and we move toward fulfillment once again of the great American opportunity.

That is what this debate is all about. It is a debate about each and every one of us. The sooner our friends realize it is not about a political equation, it is not about who wins and loses in a political context, it is about the Nation, the better. If we can fix our attention to the needs of the Nation, then I have to believe we can meet this challenge in a balanced way. Clearly, if Ronald Reagan raised the debt ceiling 18 times and if George Bush raised it 7 times, then this time, the first time under President Obama it needs to be raised, which is merely to pay the obligations we already have, I have to believe responsible people will come forward and say yes and do it in a way that isn't on the backs of middle-class working families.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 553

Mr. COBURN. I call up amendment No. 553.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma [Mr. COBURN], for Mr. McCAIN, proposes an amendment numbered 553.

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

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

The amendment is as follows:

(Purpose: To eliminate the additional amount of \$10,000,000, not included in the President's budget request for fiscal year 2012, appropriated for the Department of Defense for planning and design for the Energy Conservation Investment Program)

On Page 64, line 24, strike "\$3,380,917,000" and insert "\$3,370,917,000".

Mr. COBURN. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JOHNSON of South Dakota. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. UDALL of New Mexico.) Without objection, it is so ordered.

AMENDMENT NO. 556

Mr. JOHNSON of South Dakota. Mr. President, I ask unanimous consent that the pending amendment be set aside, and I call up my amendment No. 556, which is at the desk.

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

The clerk will report.

The bill clerk read as follows:

The Senator from South Dakota [Mr. JOHNSON], for himself and Mr. KIRK, proposes an amendment numbered 556.

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

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

The amendment is as follows:

On page 114 between lines 18 and 19, insert the following:

SEC. 301. Not later than 90 days after enactment of this Act, the Executive Director of Arlington National Cemetery shall provide a report to the Committees on Appropriations of the Senate and the House of Representatives detailing the strategic plan and timetable to modernize the Cemetery's Information Technology system, including electronic burial records.

Mr. KIRK. Mr. President, this is a joint amendment. I support it. It concerns a report on the operations of Arlington National Cemetery. It is very necessary. My understanding is that

this then sets up the vote that the leaders have scheduled for Monday afternoon. And that is what we are doing right now to continue the consideration of this bill.

MORNING BUSINESS

Mr. JOHNSON of South Dakota. Mr. President, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

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

INTERNET GAMBLING

Mr. REID. Mr. President, per the request of Senator KYL's office, I ask unanimous consent that a letter from myself and Senator KYL to the Attorney General be printed in the RECORD.

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

U.S. SENATE,

Washington, DC, July 14, 2011.

Hon. ERIC HOLDER,
Department of Justice,
Washington, DC.

DEAR ATTORNEY GENERAL HOLDER: As you know, several weeks ago, the U.S. Attorney in the Southern District of New York indicted various individuals associated with online poker sites for violations of various laws. Additional indictments were unveiled in Baltimore at the end of May.

These indictments came after many years in which the entities operated Internet poker websites to Americans in an open and notorious way with apparently no repercussions from law enforcement. Leading up to the indictments, this lack of activity by law enforcement led to a significant and growing perception that operating Internet poker and other Internet gambling did not violate U.S. laws, or at least that the Department of Justice thought that the case was uncertain enough that it chose not to pursue enforcement actions. In turn, this perception allowed this activity to spread substantially, so that at least 1,700 foreign sites continue to offer Internet gambling to U.S. players. We think it is important that the Department of Justice pursue aggressively and consistently those offering illegal Internet gambling in the United States.

In addition, we have two further concerns: the spread of efforts to legalize intra-state Internet gambling and the spread of efforts to offer such intra-state Internet gambling through state-sponsored lotteries.

We believe that the Department of Justice's longstanding position has been that all forms of Internet gambling are illegal—including intra-state Internet gambling, because activity over the Internet inherently crosses state lines, implicating federal anti-gambling laws such as the Wire Act. Yet efforts are underway in about a dozen states to legalize some form of intra-state Internet gambling. In many cases, Internet gambling advocates in those states cite the silence of the Department of Justice in the face of these efforts as acquiescence. In fact, we have heard that at a major conference in May, several officials from various state lotteries boasted that they have obtained the Department of Justice's effective consent by writing letters of their plans that stated that if no objection was received they would proceed with their Internet gambling plans—

and no objection has been received despite many months or years.

This is troubling. We respectfully request that you reiterate the Department's longstanding position that federal law prohibits gambling over the Internet, including intrastate gambling (e.g., lotteries). Conversely, if for some reason the Department is reconsidering its longstanding position, then we respectfully request that you consult with Congress before finalizing a new position that would open the floodgates to Internet gambling.

Finally, we would like to work with you to strengthen the penalties for those who violate the law and to see what modifications would be helpful to the Department to enhance its ability to fight Internet gambling.

Sincerely,

HARRY REID,
U.S. Senator.
JON KYL
U.S. Senator.

TRIBUTE TO GERALD M. CHASE

Mr. LEVIN. Mr. President, it is with great pride that I pay tribute to a dedicated public servant from my home state of Michigan. Gerry Chase has devoted his professional life to helping others and improving the quality of public health in northern lower Michigan for nearly four decades, and I am pleased to recognize his life's work as he retires from public service this month. Through his many initiatives as the Public Health Officer for Northwest Michigan, Gerry has impacted many by working tirelessly to better the lives of the residents of Antrim, Charlevoix, Emmet, and Otsego Counties.

Gerry accepted the position of public health officer in 1974 at the urging of his mentor Roy R. Manty. Shortly after earning his bachelor of arts and a master's in public health from the University of Michigan, Gerry embarked on what he initially thought would be a short-term assignment, but would become his life's work. Thirty-seven years later, Gerry can look back with pride on a fulfilling and impressive record of accomplishment.

Charged with the responsibility of promoting wellness, preventing disease, and providing quality healthcare, Gerry has been at the forefront of some of the more complex and daunting public health issues, leading an agency that has grown from 17 in the mid-1970s to more than 200 employees today. Among Gerry's countless accomplishments as public health officer is an initiative to provide dental care to over 20,000 low-income residents, an effort to increase the number of poor women eligible for cost-free breast and cervical cancer screenings, and the establishment of a multicounty workplace smoking ban.

Through these accomplishments and many more like them, residents of these counties are living healthier and better. In 2007, Gerry was awarded the Roy R. Manty Distinguished Service Award, Michigan's top public health award. This honor, which bears the name of his mentor, is given to a person that embodies the "values, dedication and spirit Manty brought to public

health," which is a fitting tribute for a man that has dedicated his life to the public good.

Gerry is also a loving and devoted husband to his wife of 45 years, Kay, and an outstanding role model for his children, Gerald, Harold, and John, and for his grandchild, Taylor. In fact, I am reminded every day of his efforts in this regard through the work of his son, Harold, a member of my staff for the last 15 years. Gerry has been an active member of his community as well, helping to develop the Northwest Academy, a charter school in Charlevoix County, leading a troop of Boy Scouts, and serving as a Big Brother.

Gerry has set a high standard and has left a lasting footprint which will endure for many years to come. I know my colleagues will join me in congratulating Gerry on his many impressive accomplishments over the last thirty-seven years. I wish him the best as he begins a new chapter in life.

ADDITIONAL STATEMENTS

TRIBUTE TO FRANK SPRINGOB

• Mr. KOHL. Mr. President, today I wish to recognize Greenfield Chief of Police Frank Springob for 46 years of service to the community and State of Wisconsin. I am honored to have the opportunity to congratulate my friend and great member of law enforcement, Chief Springob, on his retirement.

From an early age, Frank Springob was destined to become a police officer. Growing up on Milwaukee's south side, Frank spent a lot of time visiting his local police station and officers who became Frank's first mentors. Frank began his career as a police clerk trainee and with an unparalleled commitment to community service, spent the next 29 years working his way up through the ranks of the Greenfield Police Department, until he was appointed Greenfield's chief of police in 1994.

Throughout his career, Frank remained endlessly committed to helping improve the lives of the residents he swore to protect and serve. During his time on the police force, Frank has seen the population of the city more than double. His encyclopedic knowledge of law enforcement and the history of the city helped ensure that the people of Greenfield received a special brand of policing—one focused, above all else, on helping people.

During his time as chief, Frank has overseen the development and construction of the Law Enforcement Center, while maintaining one of the best, most cost effective departments in the State of Wisconsin. Still, Frank's greatest legacy as chief of police will be the team of officers he has helped shape and the incredible work they will continue to do serving the residents of Greenfield.

Chief Frank Springob is an outstanding example of a true public serv-

ant and his dedication to protecting others has set a standard that we can all admire. The city of Greenfield and the State of Wisconsin have benefitted greatly from his service and I am proud to offer these words in recognition of his extraordinary career.●

RECOGNIZING THE SMOKY TOAST CAFE

• Ms. SNOWE. Mr. President, while the news these days all too often highlights the negatives in our economy, such as the plight of a high unemployment rate and weak growth, we should also be reminded that some people are making the best of a bad economy and taking a risk by starting new businesses. One couple in downeast Maine has made the incredible transition from operating a boatbuilding shop to starting a new restaurant all in the course of less than a decade. Instead of complaining about the calamitous economic times, they did something to continue their passion of entrepreneurship. That is why today I wish to honor the Smoky Toast Cafe located in Jonesboro, which opened last year to much acclaim.

Tracy Watts and William Faulkingham started their boat-finishing business, Jonesboro Custom Finish Shop, nearly a decade ago. During the booming economy of the early 2000s, business was good and their docks were never dry, with customers constantly bringing in boats for finishing and renovations. The company finished a variety of watercraft, ranging from lobster boats and commercial vessels to canoes and sport fishing boats. With orders coming in on a regular basis, William and Tracy never lacked for work. Regrettably, that all changed when the economic downturn struck late last decade, as thousands of small businesses in Maine and the rest of the country saw demand slack off and the need for their services diminish.

But instead of waiting around for the economic winds to shift, the energetic founders of this boatbuilding business changed course altogether and found a new calling—off the water—in the restaurant industry. Tracy and William built the Smoky Toast Cafe on the same land where Jonesboro Custom Boats had previously operated. Using the skills they had honed over time William's handiness and Tracy's cooking—they started over from scratch. Now more than a year into this new endeavor, the business is off to a strong start. After all, no matter how hard times may be, quality food always sells.

But William and Tracy also know that starting a new business in this climate will take even more hard work. They have built a loyal following among the downeast community of fishermen and harvesters, and open their doors at 5 a.m. to welcome these dedicated individuals with hearty breakfasts and fresh baked muffins and

bread. The Smoky Toast Cafe is also open for lunch, offering standard favorites as well as Maine seafood dishes. The restaurant is also utilizing social media, such as Facebook and Twitter, to promote itself and bring in new customers, by posting daily specials and company news items.

Small businesses like the Smoky Toast Cafe are the main generators of jobs and economic growth in this country and will be the drivers of our recovery. The commitment to entrepreneurship displayed by Tracy and William is a remarkable example to aspiring business owners who are considering whether or not to take the risk in starting their own company. I commend William and Tracy for their tremendous efforts and wish them many successful years of business.●

MESSAGE FROM THE HOUSE

At 1:08 p.m., a message from the House of Representatives, delivered by Mr. Novotny, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2018. An act to amend the Federal Water Pollution Control Act to preserve the authority of each State to make determinations to the State's water quality standards, and for other purposes.

MEASURES READ THE FIRST TIME

The following bill was read the first time:

H.R. 2018. An act to amend the Federal Water Pollution Control Act to preserve the authority of each State to make determinations relating to the State's water quality standards, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC-2475. A communication from the Secretary of the Commission, Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a rule entitled "Commodity Pool Operators: Relief From Compliance With Certain Disclosure, Reporting and Recordkeeping Requirements for Registered CPOs of Commodity Pools Listed for Trading on a National Securities Exchange; CPO Registration Exemption for Certain Independent Directors or Trustees of These Commodity Pools" ((17 CFR Part 4) (RIN3038-AC46)) received in the Office of the President of the Senate on July 13, 2011; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2476. A communication from the Acting Director, National Institute of Food and Agriculture, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Competitive and Noncompetitive Non-Formula Federal Assistance Programs—Administrative Provisions for the Sun Grant Program" (RIN0524-AA64) received in the Office of the President of the Senate on July 8, 2011; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2477. A communication from the Under Secretary of Defense (Personnel and Readiness), transmitting the report of (12) officers

authorized to wear the insignia of the grade of major general or brigadier general, as indicated, in accordance with title 10, United States Code, section 777; to the Committee on Armed Services.

EC-2478. A communication from the Under Secretary of Defense (Policy), transmitting, pursuant to law, a report relative to information on "certain Iraqis affiliated with the United States"; to the Committee on Armed Services.

EC-2479. A communication from the Director of Defense Procurement and Acquisition Policy, Department of Defense, transmitting, pursuant to law, the report of a rule entitled "Prohibition on Interrogation of Detainees by Contractor Personnel" ((RIN0750-AG88) (DFARS Case 2010-D027)) received in the Office of the President of the Senate on July 8, 2011; to the Committee on Armed Services.

EC-2480. A communication from the Director of Defense Procurement and Acquisition Policy, Department of Defense, transmitting, pursuant to law, the report of a rule entitled "Simplified Acquisition Threshold for Humanitarian or Peacekeeping Operations" ((RIN0750-AH29) (DFARS Case 2010-D032)) received in the Office of the President of the Senate on July 7, 2011; to the Committee on Armed Services.

EC-2481. A communication from the Chairman of the Board of Governors, Federal Reserve System, transmitting, pursuant to law, the Board's semiannual Monetary Policy Report to Congress; to the Committee on Banking, Housing, and Urban Affairs.

EC-2482. A communication from the Chief Counsel, Federal Emergency Management Agency, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Final Flood Elevation Determinations" ((44 CFR Part 67) (Docket No. FEMA-2011-0002)) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2483. A communication from the Chief Counsel, Federal Emergency Management Agency, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Changes in Flood Elevation Determinations" ((44 CFR Part 65) (Docket No. FEMA-2011-0002)) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2484. A communication from the Chief Counsel, Federal Emergency Management Agency, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Suspension of Community Eligibility" ((44 CFR Part 64) (Docket No. FEMA-8187)) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2485. A communication from the Chief Counsel, Federal Emergency Management Agency, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Final Flood Elevation Determinations" ((44 CFR Part 67) (Docket No. FEMA-2011-0002)) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2486. A communication from the Assistant Secretary for Export Administration, Bureau of Industry and Security, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Addition of the New State of the Republic of South Sudan to the Export Administration Regulations" (RIN0694-AF27) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2487. A communication from the Deputy Assistant Secretary for Export Administration, Bureau of Industry and Security, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Technical Amendment to the Authorization Validated End-User Regulations of the Export Administration Regulations" (RIN0694-AF23) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2488. A communication from the Associate General Counsel for Legislation and Regulation Divisions, Office of Housing, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled "SAFE Mortgage Licensing Act: Minimum Licensing Standards and Oversight Responsibilities" (RIN2502-A170) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2489. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled "Regulation M (Consumer Leasing)" (Docket No. R-1423) received in the Office of the President of the Senate on July 8, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2490. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled "Regulation Z (Truth in Lending)" (Docket No. R-1422) received in the Office of the President of the Senate on July 8, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2491. A communication from the Assistant to the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report of a rule entitled "Regulation Z (Truth in Lending)" (Docket No. R-1424) received in the Office of the President of the Senate on July 8, 2011; to the Committee on Banking, Housing, and Urban Affairs.

EC-2492. A communication from the Chief, Wireline Competition Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Rules and Regulations Implementing the Truth in Caller ID Act of 2009" ((RIN3060-AJ66) (FCC 11-100)) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Commerce, Science, and Transportation.

EC-2493. A communication from the Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Queen Conch Fishery of Puerto Rico and the U.S. Virgin Islands; Queen Conch Management Measures" (RIN0648-AY03) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Commerce, Science, and Transportation.

EC-2494. A communication from the Administrator of the National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, a report relative to "The National Initiative for Increasing Seat Belt Use: Buckle Up America Campaign"; to the Committee on Commerce, Science, and Transportation.

EC-2495. A communication from the Assistant Deputy Administrator for Operations, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Listing Endangered and Threatened Species: Threatened Status for the Oregon Coast Coho Salmon Evolutionary Significant Unit" (RIN0648-XA407) received in the Office of the President

of the Senate on July 12, 2011; to the Committee on Environment and Public Works.

EC-2496. A communication from the Director of Congressional Affairs, Office of Nuclear Regulatory Research, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled "Criteria for Use of Computers in Safety Systems of Nuclear Power Plants" (Regulatory Guide 1.152, Revision 3) received in the Office of the President of the Senate on July 12, 2011; to the Committee on Environment and Public Works.

EC-2497. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, a report relative to the Cedar River, Cedar Rapids, Iowa flood risk reduction project; to the Committee on Environment and Public Works.

EC-2498. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, an annual report on National HIV Testing Goals; to the Committee on Health, Education, Labor, and Pensions.

EC-2499. A communication from the Chairman of the National Credit Union Administration, transmitting, pursuant to law, the Semi-Annual Report of the Inspector General for the period from October 1, 2010 through March 31, 2011; to the Committee on Homeland Security and Governmental Affairs.

EC-2500. A communication from the Director, Office of Personnel Management, transmitting, pursuant to law, the Office's annual report on Federal agencies' use of the physicians' comparability allowance (PCA) program; to the Committee on Homeland Security and Governmental Affairs.

EC-2501. A communication from the Executive Director of the U.S. Election Assistance Commission, transmitting, pursuant to law, the 2009-2010 Impact of the National Voter Registration Act of 1993 on the Administration of Elections for Federal Office (NVRA) report; to the Committee on Rules and Administration.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-57. A resolution adopted by the Legislature of Rockland County, New York, urging the Federal Communications Commission to adopt and implement proposed rules that would require mobile service providers to provide usage alerts and information that will assist consumers in avoiding unexpected charges on their bills; to the Committee on Commerce, Science, and Transportation.

POM-58. A resolution adopted by the Legislature of Rockland County, New York, requesting that the United States House of Representatives pass bill H.R. 1268—The Nuclear Power Licensing Reform Act of 2011; to the Committee on Environment and Public Works.

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of nominations were submitted:

By Mr. LEAHY for the Committee on the Judiciary.

Stephen A. Higginson, of Louisiana, to be United States Circuit Judge for the Fifth Circuit.

Jane Margaret Triche-Milazzo, of Louisiana, to be United States District Judge for the Eastern District of Louisiana.

Alison J. Nathan, of New York, to be United States District Judge for the Southern District of New York.

Susan Owens Hickey, of Arkansas, to be United States District Judge for the Western District of Arkansas.

Katherine B. Forrest, of New York, to be United States District Judge for the Southern District of New York.

David V. Brewer, of Oregon, to be a Member of the Board of Directors of the State Justice Institute for a term expiring September 17, 2013.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. PRYOR:

S. 1367. A bill to amend the Internal Revenue Code of 1986 to permit information sharing with respect to prison inmate information, and for other purposes; to the Committee on Finance.

By Mr. ROBERTS (for himself and Mr. NELSON of Nebraska):

S. 1368. A bill to amend the Patient Protection and Affordable Care Act to repeal distributions for medicine qualified only if for prescribed drug or insulin; to the Committee on Finance.

By Mr. CRAPO (for himself, Mr. WYDEN, Mr. RISCH, and Mr. BEGICH):

S. 1369. A bill to amend the Federal Water Pollution Control Act to exempt the conduct of silvicultural activities from national pollutant discharge elimination system permitting requirements; to the Committee on Environment and Public Works.

By Mrs. BOXER (for herself, Ms. MURKOWSKI, and Mrs. MURRAY):

S. 1370. A bill to reauthorize 21st century community learning centers, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. REED (for himself and Mr. WHITEHOUSE):

S. 1371. A bill to amend the Magnuson-Stevens Fishery Conservation and Management Act to add Rhode Island to the Mid-Atlantic Fishery Management Council; to the Committee on Commerce, Science, and Transportation.

By Mr. REED (for himself, Mr. KIRK, Mr. BINGAMAN, Mr. CARDIN, Mr. DURBIN, Mrs. GILLIBRAND, Mr. KERRY, Mr. LAUTENBERG, Ms. MIKULSKI, Mrs. MURRAY, Mr. SANDERS, and Mr. WHITEHOUSE):

S. 1372. A bill to amend the Elementary and Secondary Education Act of 1965 regarding environmental education, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. ROCKEFELLER:

S. 1373. A bill to amend the Internal Revenue Code of 1986 to reduce international tax avoidance and restore a level playing field for American businesses; to the Committee on Finance.

By Mr. MENENDEZ:

S. 1374. A bill to direct the Federal Trade Commission to prescribe rules prohibiting deceptive advertising of abortion services; to the Committee on Commerce, Science, and Transportation.

By Mr. LEVIN (for himself and Mr. BROWN of Ohio):

S. 1375. A bill to amend the Internal Revenue Code of 1986 to provide that corporate

tax benefits based upon stock option compensation expenses be consistent with accounting expenses shown in corporate financial statements for such compensation; to the Committee on Finance.

ADDITIONAL COSPONSORS

S. 71

At the request of Mr. INOUE, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 71, a bill to amend the Public Health Service Act to provide for health data regarding Native Hawaiians and other Pacific Islanders.

S. 319

At the request of Ms. SNOWE, the name of the Senator from Rhode Island (Mr. WHITEHOUSE) was added as a cosponsor of S. 319, a bill to amend the Federal Food, Drug, and Cosmetic Act with respect to the importation of prescription drugs, and for other purposes.

S. 382

At the request of Mr. UDALL of Colorado, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 382, a bill to amend the National Forest Ski Area Permit Act of 1986 to clarify the authority of the Secretary of Agriculture regarding additional recreational uses of National Forest System land that is subject to ski area permits, and for other permits.

S. 384

At the request of Mrs. FEINSTEIN, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 384, a bill to amend title 39, United States Code, to extend the authority of the United States Postal Service to issue a semipostal to raise funds for breast cancer research.

S. 418

At the request of Mr. HARKIN, the name of the Senator from Texas (Mr. CORNYN) was added as a cosponsor of S. 418, a bill to award a Congressional Gold Medal to the World War II members of the Civil Air Patrol.

S. 424

At the request of Mr. SCHUMER, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 424, a bill to amend title XVIII of the Social Security Act to preserve access to ambulance services under the Medicare program.

S. 431

At the request of Mr. PRYOR, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 431, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 225th anniversary of the establishment of the Nation's first Federal law enforcement agency, the United States Marshals Service.

S. 483

At the request of Ms. SNOWE, the name of the Senator from Alaska (Mr. BEGICH) was added as a cosponsor of S. 483, a bill to amend title XVIII of the Social Security Act to provide for the

treatment of clinical psychologists as physicians for purposes of furnishing clinical psychologist services under the Medicare program.

S. 534

At the request of Mr. KERRY, the name of the Senator from Arkansas (Mr. PRYOR) was withdrawn as a cosponsor of S. 534, a bill to amend the Internal Revenue Code of 1986 to provide a reduced rate of excise tax on beer produced domestically by certain small producers.

S. 560

At the request of Mr. DURBIN, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 560, a bill to amend title XVIII of the Social Security Act to deliver a meaningful benefit and lower prescription drug prices under the Medicare program.

S. 672

At the request of Mr. ROCKEFELLER, the name of the Senator from Maryland (Mr. CARDIN) was added as a cosponsor of S. 672, a bill to amend the Internal Revenue Code of 1986 to extend and modify the railroad track maintenance credit.

S. 755

At the request of Mr. WYDEN, the name of the Senator from Delaware (Mr. CARPER) was added as a cosponsor of S. 755, a bill to amend the Internal Revenue Code of 1986 to allow an offset against income tax refunds to pay for restitution and other State judicial debts that are past-due.

S. 876

At the request of Mr. LAUTENBERG, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 876, a bill to amend title 23 and 49, United States Code, to modify provisions relating to the length and weight limitations for vehicles operating on Federal-aid highways, and for other purposes.

S. 958

At the request of Mr. CASEY, the name of the Senator from Vermont (Mr. SANDERS) was added as a cosponsor of S. 958, a bill to amend the Public Health Service Act to reauthorize the program of payments to children's hospitals that operate graduate medical education programs.

S. 984

At the request of Mr. HARKIN, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 984, a bill to allow Americans to earn paid sick time so that they can address their own health needs and the health needs of their families.

S. 1052

At the request of Mr. SCHUMER, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 1052, a bill to amend the Public Health Service Act to create a National Childhood Brain Tumor Prevention Network to provide grants and coordinate research with respect to the

causes of and risk factors associated with childhood brain tumors, and for other purposes.

S. 1096

At the request of Ms. SNOWE, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1096, a bill to amend title XVIII of the Social Security Act to improve access to, and utilization of, bone mass measurement benefits under the Medicare part B program by extending the minimum payment amount for bone mass measurement under such program through 2013.

S. 1232

At the request of Mr. AYOTTE, the name of the Senator from Kentucky (Mr. MCCONNELL) was added as a cosponsor of S. 1232, a bill to modify the definition of fiduciary under the Employee Retirement Income Security Act of 1974 to exclude appraisers of employee stock ownership plans.

S. 1265

At the request of Mr. BINGAMAN, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a cosponsor of S. 1265, a bill to amend the Land and Water Conservation Fund Act of 1965 to provide consistent and reliable authority for, and for the funding of, the land and water conservation fund to maximize the effectiveness of the fund for future generations, and for other purposes.

S. 1275

At the request of Mr. DURBIN, the name of the Senator from New York (Mrs. GILLIBRAND) was added as a cosponsor of S. 1275, a bill to require the Secretary of Health and Human Services to remove social security account numbers from Medicare identification card and communications provided to Medicare beneficiaries in order to protect Medicare beneficiaries from identity theft.

S. 1280

At the request of Mr. ISAKSON, the names of the Senator from Maryland (Mr. CARDIN) and the Senator from Florida (Mr. RUBIO) were added as cosponsors of S. 1280, a bill to amend the Peace Corps Act to require sexual assault risk-reduction and response training, and the development of sexual assault protocol and guidelines, the establishment of victims advocates, the establishment of a Sexual Assault Advisory Council, and for other purposes.

S. 1301

At the request of Mr. LEAHY, the name of the Senator from Florida (Mr. RUBIO) was added as a cosponsor of S. 1301, a bill to authorize appropriations for fiscal years 2012 to 2015 for the Trafficking Victims Protection Act of 2000, to enhance measures to combat trafficking in person, and for other purposes.

S. 1310

At the request of Mr. DURBIN, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a co-

sponsor of S. 1310, a bill to improve the safety of dietary supplements by amending the Federal Food, Drug, and Cosmetic Act to require manufacturers of dietary supplements to register dietary supplement products with the Food and Drug Administration and to amend labeling requirements with respect to dietary supplements.

S. 1324

At the request of Mrs. BOXER, the names of the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Vermont (Mr. SANDERS) were added as cosponsors of S. 1324, a bill to amend the Lacey Act Amendments of 1981 to prohibit the importation, exportation, transportation, and sale, receipt, acquisition, or purchase in interstate or foreign commerce, of any live animal of any prohibited wildlife species, and for other purposes.

S. 1328

At the request of Mr. REED, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1328, a bill to amend the Elementary and Secondary Education Act of 1965 regarding school libraries, and for other purposes.

S. 1335

At the request of Mr. INHOFE, the names of the Senator from West Virginia (Mr. MANCHIN) and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. 1335, a bill to amend title 49, United States Code, to provide rights for pilots, and for other purposes.

S. 1340

At the request of Mr. LEE, the names of the Senator from Tennessee (Mr. ALEXANDER), the Senator from Indiana (Mr. COATS), the Senator from Wyoming (Mr. ENZI), the Senator from North Dakota (Mr. HOEVEN), the Senator from Texas (Mrs. HUTCHISON) and the Senator from Kentucky (Mr. MCCONNELL) were added as cosponsors of S. 1340, a bill to cut, cap, and balance the Federal budget.

S. 1349

At the request of Mr. JOHANNES, the names of the Senator from North Dakota (Mr. HOEVEN), the Senator from South Dakota (Mr. THUNE), the Senator from Kansas (Mr. ROBERTS), the Senator from Kansas (Mr. MORAN) and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of S. 1349, a bill to amend the National Flood Insurance Act of 1968 to clarify the effective date of policies covering properties affected by floods in progress.

S. 1354

At the request of Mrs. HAGAN, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1354, a bill to authorize grants to promote media literacy and youth empowerment programs, to authorize research on the role and impact of depictions of girls and women in the media, to provide for the establishment of a National Task Force on Girls and Women in the Media, and for other purposes.

S. 1366

At the request of Ms. CANTWELL, the name of the Senator from Oregon (Mr. MERKLEY) was added as a cosponsor of S. 1366, a bill to amend the Internal Revenue Code of 1986 to broaden the special rules for certain governmental plans under section 105(j) to include plans established by political subdivisions.

S.J. RES. 17

At the request of Mr. MCCONNELL, the names of the Senator from Maryland (Ms. MIKULSKI), the Senator from Michigan (Ms. STABENOW), the Senator from Georgia (Mr. ISAKSON) and the Senator from Georgia (Mr. CHAMBLISS) were added as cosponsors of S.J. Res. 17, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

S. RES. 216

At the request of Mrs. BOXER, the names of the Senator from California (Mrs. FEINSTEIN) and the Senator from New York (Mrs. GILLIBRAND) were added as cosponsors of S. Res. 216, a resolution encouraging women's political participation in Saudi Arabia.

S. RES. 230

At the request of Mr. WHITEHOUSE, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. Res. 230, a resolution expressing the sense of the Senate that any agreement to reduce the budget deficit should not include cuts to Social Security benefits or Medicare benefits.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROBERTS (for himself and Mr. NELSON of Nebraska):

S. 1368. A bill to amend the Patient Protection and Affordable Care Act to repeal distributions for medicine qualified only if for prescribed drug or insulin; to the Committee on Finance.

Mr. ROBERTS. Mr. President, I rise today to introduce a bipartisan bill, the Restoring Access to Medication Act of 2011. This bill would repeal the portion of the Patient Protection and Affordable Care Act which requires individuals to have a prescription to spend the money they have saved in their Flexible Spending Accounts.

Flexible Spending Accounts, FSAs, Health Savings Accounts, HSAs, and other medical savings arrangements provide plan participants with an affordable, convenient and accessible means to manage their health care expenses.

More than 35 million Americans participate in FSAs and more than 10 million Americans participate in a HSA. These accounts allow plan participants to set aside their own dollars on a pre-tax basis to pay for health care expenses, giving individuals control over health care decisions and how to pay for that care.

A key benefit of these plans prior to enactment of the Patient Protection

and Affordable Care Act, PPACA, was the ability for participants to use the dollars they set aside in these plans to pay for the cost of over-the-counter medications.

However, under PPACA, plan participants may no longer use funds from these accounts to purchase over-the-counter medications, unless they have a prescription for the medication.

This prohibition takes away choice from individuals about how to manage their health care expenses and adds yet another burden to physicians, as some plan participants will seek a prescription for over-the-counter medications. And, worst of all, it injects increased costs into our health care system.

Rather than promoting cost-effectiveness and accessibility, this provision instead directs participants to potentially more costly, less convenient, and more time-consuming alternatives. Further, it injects unnecessary confusion and complexity into a system that was previously straightforward and easy for consumers to utilize.

This bill repeals Sec. 9003 of the PPACA and restores the ability of plan participants to use the funds in their FSA, HRA, HSA or Archers MSA to purchase OTC medications, allowing them to better manage the cost of their health care expenses.

A family physician from Leawood, Kansas told me, "I am pleased that legislation is being introduced to reverse this policy. Many of my patients face undue burdens purchasing needed medications that are essential to their health maintenance and overall wellbeing. Reversal of this policy will allow my patients to continue to purchase the numerous beneficial over-the-counter products that are so important in our daily lives and will eliminate a substantial administrative burden on my practice."

In Kansas, and throughout the U.S., a broad coalition of groups support this legislation, including the U.S. Chamber, NFIB, pharmacist groups, drug store organizations and consumer groups.

I would invite my colleagues to join me in this effort by cosponsoring this legislation.

By Mr. CRAPO (for himself, Mr. WYDEN, Mr. RISCH, and Mr. BEGICH):

S. 1369. A bill to amend the Federal Water Pollution Control Act to exempt the conduct of silvicultural activities from national pollutant discharge elimination system permitting requirements; to the Committee on Environment and Public Works.

Mr. CRAPO. Mr. President, over the last several months, this body has been focused on issues pertaining to our economy, such as the ailing jobs market and our debt and deficits. That is as it should be. However, while these important issues have commanded most of our attention here in the United States Senate, that is not to say that other matters and conflicts

have suddenly taken a back seat to them. Even as we vigorously debate our economic future, home-state and regional issues continue to command our attention. It is one of those regional issues that brings me to the floor today.

Two months ago, a three judge panel of the U.S. Court of Appeals for the 9th Circuit handed down a final decision that could have far reaching negative impacts on public and private forests, and the communities that rely on them, throughout the United States. In the case of Northwest Environmental Defense Center v. Brown, the Court ruled that logging road runoff when managed with a system of ditches and culverts and deposited into rivers and streams qualifies under the Clean Water Act as point source pollution. This means that storm water when mixed with dirt and rocks will now be subject to some of the most stringent environmental protection laws in the United States. America's Federal forests are already heavily litigated, but with one fell swoop, this decision threw out over 35 years of precedent, opening the door for even more litigation on Federal forest lands, and subjecting private and state forest lands to the same specter.

There was a time when forest jobs supported millions of Americans and their communities. But a lot has changed since then. Endless litigation, cheap imports, disease and a general shift in Federal forest management policy have drastically changed the landscape for forest jobs and the families and communities that rely on them. Working on the forests used to make up a considerable amount of the tax base in many rural communities, particularly in my State of Idaho. However, that has shrunk dramatically in recent decades.

Forest communities that were once prosperous now find themselves in a state of perpetual economic jeopardy, with young people searching for employment elsewhere and tax bases that can barely cover the cost of basic public services. This has become so dire that in 2000, Congress had to pass legislation to provide funding to rural communities with Federal public lands to make up for lost revenues from timber harvests on those lands.

Given all of this, I am disappointed that another impediment is being added to the economic survival of our forest communities.

This decision will impact both public and private forests. In the case of Federal forests, we have millions upon millions of acres that are in need of active management and restoration. Our Federal forests have suffered from under management, disease, wild fires and other factors, and to address these problems, the U.S. Forest Service needs to be able to get to work on much needed fuels reduction, thinning and other forest health projects. But litigation has made that very difficult, and this decision is only going to make it worse.

Then, there are private forests. The people who own, manage and work on these private forests need roads to have access to them. But, this judicially-mandated permit requirement will inevitably lead to increased costs for businesses that are already operating on the margins. Furthermore, this decision will impose the Federal Government into the management of private lands as these permits, even if issued by a State agency, will be subject to Environmental Protection Agency oversight under the Federal Clean Water Act, as well as citizen suits that are intended to further reduce timber harvests.

We need to do something about this unfortunate and unwise decision out of the Ninth Circuit Court of Appeals. As such, I am introducing legislation along with my friends Senator WYDEN, Senator RISCH and Senator BEGICH to overturn it. This legislation is entitled the Silviculture Regulatory Consistency Act of 2011. Our forests and the communities that they have long supported are already in considerable jeopardy, and we need to do everything in our power to help these rural communities. Passing this legislation is only one step in that process, but it is a very necessary one.

I hope that the Senate can pass this bipartisan legislation as soon as possible.

Mr. WYDEN. Mr. President, today I am joining with my colleagues from Idaho, Senator CRAPO and Senator RISCH, and my colleague from Alaska, Senator BEGICH, to correct a regulatory problem that left uncorrected will bury private, State and tribal forest lands in a wave of litigation. If we have learned anything from the court battles that have contributed to the widespread gridlock and mismanagement of our Federal forests, it is that this is not the best path to ensure our forests' future and should be considered only as a last resort. Now those battles threaten to spill over onto private forest lands.

Since the advent of the Clean Water Act, Democratic and Republican administrations have held that most silviculture activities were nonpoint sources for purposes of the act and would be best regulated at the State level, under the States' individual forest practices laws. Under this rule, known as the "silviculture rule," silvicultural activities, such as nursery operations, site preparation, reforestation and subsequent treatment, thinning, prescribed burning, pest and fire control, harvesting operations, surface drainage, or road construction and maintenance, from which there is natural runoff, were regulated through the Clean Water Act by States best management practices.

This rule for forest roads has now been explicitly invalidated by the Ninth Circuit Court of Appeals, which—in a series of two decisions—implicitly undermined the long-held "silvicultural rule," stemming from

litigation over the use of forest roads in Oregon State-owned forests.

According to the Ninth Circuit, stormwater runoff collected and directed by a system of ditches and culverts creates a discrete point source and therefore, must be regulated as industrial stormwater runoff. This judicial interpretation of the Clean Water Act means that every source of runoff on forest roads will now require an industrial stormwater runoff permit. Not only will new roads need to be permitted, but the hundreds of thousands of miles of existing roads in Oregon and around the country, on both public and private lands, will now need to be reviewed and issued permits.

If this one court's decision to overturn 35 years of widely-accepted, Environmental Protection Agency, EPA, policy is allowed to stand, private, State, and tribal forest owners will also likely be subjected to litigation as part of the permitting process or through lawsuits under the citizen suit provisions of the Clean Water Act. The outcome could well deny States the use of their forests which they depend on to pay for schools and services, while significantly depressing the investment required to sustain private forestry.

If this decision is allowed to stand, every use of forest roads will require permitting and will therefore be subject to challenge by citizen lawsuits. This will not only overburden landowners and managers in the Ninth Circuit states by adding significant compliance and permitting costs, it will create an opportunity for administrative appeal and litigation every time a permit is approved.

Initially, the court's ruling will apply solely to my region of the country, but we can expect lawyers to quickly beat a path to other Federal courts and the EPA itself, seeking to extend the ruling to all other forested regions of the country, and giving an immediate and perhaps permanent competitive advantage to our foreign competitors who have far lesser environmental standards and enforcement.

The fact of the matter is that forests and forest roads—even private ones—have multiple economic and environmental uses and users—from wildlife habitat to recreation to timber production—over decades long growing and harvesting cycles. The “silviculture rule” existed because forestry is different from other industries, even other agricultural production. This is why, in this instance, I believe the courts have gone too far in reinterpreting the law and why legislation is needed to make the long-accepted “silvicultural rule” the legal basis for Clean Water Act regulation of forestry practices.

The Clean Water Act is one of the cornerstones of environmental protection. In the past two Congresses, I co-sponsored the Clean Water Restoration Act because I believed that the U.S. Supreme Court went too far in reinterpreting decades of Clean Water Act law by excluding wetlands and intermittent streams that had long been protected under that law. Here too, I be-

lieve that the courts have gone too far in reinterpreting what has been a long-standing understanding of how silvicultural activities should be regulated. The Ninth Circuit concluded that only Congress can authorize EPA's original reading of the law. Senators CRAPO, RISCH, BEGICH and I are introducing legislation today in response to that conclusion.

That is not to say that the persons who orchestrated this litigation were not well-intentioned in their desire to address the water quality issues that can arise from silviculture, as they can in virtually every other agricultural activity. Rather, I believe they had the best of intentions. In fact, I share their intentions. I have labored for decades and will continue to work to address the poor condition of forest roads on Federal lands. I will also be the first to argue that the Federal Government has much to do in that regard. Efforts can also be made on State and private lands. In many instances, what is needed is simply more technical assistance and financial incentives to help landowners and managers that are seeking to do the right thing. I certainly care about keeping the pristine quality of our streams and the impacts that sediment can have on salmon and aquatic creatures. It is part of the reason why I have championed wilderness and wild and scenic river legislation to protect Oregon's special places, including its beautiful waterways.

But I can't agree with their decision to first fight this out in court. Their litigation tries to impose an outcome on my region without ever attempting to address the concerns and needs of the thousands of people in my State who earn their living as responsible stewards of private forest land. Oregon is still struggling to come back from the economic crisis and many of our forested counties continue to suffer from double digit unemployment. Where will the 120,000 people in Oregon who make their living on private forest land go when private lands experience the same gridlock as their Federal land counterparts? How will small woodlot owners in Oregon—mostly mom and pop investments—survive when subjected to Federal regulation and lawsuits for the first time in our State's history? How many millions of acres of private, shareholder-owned forest land will be converted to nonagricultural purposes when companies are no longer able to carry out needed forest management? To my knowledge, the litigants did not make a meaningful effort to address any of those challenges before initiating the lawsuit that now threatens to throw my State into a dangerous economic trajectory.

I should point out that this issue transcends partisan concerns, as evidenced by the prominent Democrats who have found common ground with Republicans on this issue. Oregon's Governor, John Kitzhaber, one of the most prominent environmental champions in the Nation, has consistently fought against the Northwest Environmental Defense Center ruling and continues to do so. Senator BEGICH, who is known for his thoughtful and balanced

approach to natural resource issues, joins me as an original cosponsor. On the House side, I am joined by Democratic Congressman KURT SCHRADER, who knows better than most the unintended consequences of well-intentioned, but poorly aimed efforts at regulation.

To my friends in the environmental community who raise legitimate concerns about a range of issues surrounding this policy I encourage you to sit down with us in a dialogue, at both the Federal and State levels. Bring your ideas for how we can monitor and protect water without sacrificing what remains of Oregon's forest industry. You will be heard and I stand ready to work with you. But it is not enough to simply dictate outcomes. We have to first look for solutions that avoid the epidemic of litigation and appeals that threaten the sustainability and survival of our timber industry. You are, of course, right to expect that we arrive at those solutions within a reasonable period of time.

By Mrs. BOXER (for herself, Ms. MURKOWSKI, and Mrs. MURRAY):

S. 1370. A bill to reauthorize 21st century community learning centers, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mrs. BOXER. Mr. President, I rise today to urge my colleagues to cosponsor the Afterschool for America's Children Act, which I am introducing today with Senators MURKOWSKI and MURRAY.

Across the country, afterschool programs help keep children safe and help them learn through hands-on academic enrichment activities that are disappearing from the regular school day.

Numerous studies have shown that quality afterschool programs give students the academic, social and professional skills they need to succeed. Students who regularly attend have better grades and behavior in school, and lower incidences of drug use, violence and unintended pregnancy.

Over the past 10 years, the 21st Century Community Learning Centers, CCLC, program has helped support afterschool programs for millions of children from low-income backgrounds, including over 1.6 million children last year.

Unfortunately, the demand for affordable, quality afterschool experiences far exceeds the number of programs available. The 2009 report, *America After 3PM*, found that while afterschool programs are serving more kids than ever, the number of unsupervised children in the United States has increased. More than 18 million children have parents who would like to enroll their child in an afterschool program but can't find one available.

For over 10 years, federally funded afterschool programs have played an important role in the lives of so many children and families. The Afterschool for America's Children Act, AACA, would strengthen the 21st CCLC program, leaving in place what works and

using what we have learned about what makes afterschool successful to improve the program.

The AACA would modernize the 21st CCLC program to improve States' ability to effectively support quality afterschool programs, run more effective grant competitions and improve struggling programs. In addition, this legislation helps improve local programs by fostering better communication between local schools and programs, encouraging parental engagement in student learning, and improving the tracking of student progress.

Afterschool programs have such a diverse group of supporters, from law enforcement to the business community, because these vital programs help keep the children of working parents safe while enriching their learning experience and preparing them for the real world.

I urge my colleagues to join me and Senators MURKOWSKI and MURRAY in supporting the Afterschool for America's Children Act to ensure that 21st CCLC dollars are invested most efficiently in successful afterschool programs that keep children safe and help them learn.

By Mr. REED (for himself and Mr. WHITEHOUSE):

S. 1371. A bill to amend the Magnuson-Stevens Fishery Conservation and Management Act to add Rhode Island to the Mid-Atlantic Fishery Management Council; to the Committee on Commerce, Science, and Transportation.

Mr. REED. Mr. President, today, along with my colleague Senator WHITEHOUSE, I am introducing the Rhode Island Fishermen's Fairness Act of 2011.

For nearly a decade, I have worked to correct a serious flaw in our fisheries management system, which denies the fishermen of my state a voice in the management of many of the stocks that they catch and rely upon for their livelihoods.

The Magnuson-Stevens Fishery Conservation and Management Act established eight regional fishery management councils to give fishermen and other stakeholders the leading role in developing the fishery management plans for federally regulated species. As such, the councils have enormous significance on the lives and livelihoods of fishermen. To ensure equitable representation, the statute sets out the states from which appointees are to be drawn for each council.

Under the Magnuson-Stevens Act, the State of Rhode Island was granted voting membership on the New England Fishery Management Council, NEFMC, as NEFMC-managed stocks represent a significant percentage of landings and revenue for the State. However, while Rhode Island has an even larger stake in the Mid-Atlantic fishery it does not have voting representation on the Mid-Atlantic Fishery Management Council, MAFMC,

which currently consists of representatives from New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia, and North Carolina.

Rhode Island's stake in the Mid-Atlantic fishery is hardly incidental. According to National Oceanic and Atmospheric Administration, NOAA, data, Rhode Island accounts for approximately a quarter of the catch from this fishery, and its landings are greater than the combined total of landings for the States of New York, Delaware, Pennsylvania, Maryland, Virginia, and North Carolina. In fact, only one State, New Jersey, lands more MAFMC regulated species than Rhode Island.

This legislation offers a simple solution. Following current practice, the Rhode Island Fishermen's Fairness Act would create two seats on the MAFMC for Rhode Island: one seat appointed by the Secretary of Commerce based on recommendations from the Governor of Rhode Island, and a second seat filled by Rhode Island's principal state official with marine fishery management responsibility. To accommodate these new members, the MAFMC would increase in size from 21 voting members to 23.

Pursuant to a provision included in the Magnuson-Stevens Reauthorization Act of 2006 at my request, the MAFMC reported to Congress on this issue in 2007 and confirmed that there is a precedent for this proposal. As the report notes, North Carolina's representatives in Congress succeeded in adding that State to the MAFMC through an amendment to the Sustainable Fisheries Act in 1996. Like Rhode Island, a significant proportion of North Carolina's landed fish species were managed by the MAFMC, yet the State had no vote on the council.

With mounting economic, ecological, and regulatory challenges, it is more important than ever that Rhode Island's fishermen have a voice in the management of the fisheries they depend on. I look forward to working with Senator WHITEHOUSE and my other colleagues to restore a measure of equity to the fisheries management process by passing the Rhode Island Fishermen's Fairness Act.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1371

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rhode Island Fishermen's Fairness Act".

SEC. 2. FINDINGS.

The findings are as follows:

(1) Rhode Island fishermen participate in fisheries managed by the New England Fishery Management Council (NEFMC) and the Mid-Atlantic Fishery Management Council (MAFMC).

(2) Rhode Island currently has voting membership on the NEFMC under the Magnuson-

Stevens Fishery Conservation and Management Act but does not have voting membership on the MAFMC.

(3) Rhode Island lands more MAFMC-managed stocks than any other MAFMC member except the State of New Jersey.

(4) A higher percentage of Rhode Island's commercial landings (by weight or value) traditionally have come from species that are managed by the MAFMC as compared to species managed by NEFMC.

(5) MAFMC has found that Rhode Island's circumstance parallels that of Florida and North Carolina, which each have voting membership on two different fishery management councils.

SEC. 3. ADDITION OF RHODE ISLAND TO THE MID-ATLANTIC FISHERY MANAGEMENT COUNCIL.

Section 302(a)(1)(B) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1852(a)(1)(B)) is amended—

(1) by inserting "Rhode Island," after "States of";

(2) by inserting "Rhode Island," after "except North Carolina,";

(3) by striking "21" and inserting "23"; and

(4) by striking "13" and inserting "14".

By Mr. REED (for himself, Mr. KIRK, Mr. BINGAMAN, Mr. CARDIN, Mr. DURBIN, Mrs. GILLIBRAND, Mr. KERRY, Mr. LAUTENBERG, Ms. MIKULSKI, Mrs. MURRAY, Mr. SANDERS, and Mr. WHITEHOUSE):

S. 1372. A bill to amend the Elementary and Secondary Education Act of 1965 regarding environmental education, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. REED. Mr. President, today I am introducing bipartisan legislation to provide new support for environmental education in our Nation's classrooms. I thank Senators KIRK, BINGAMAN, CARDIN, DURBIN, GILLIBRAND, KERRY, LAUTENBERG, MIKULSKI, MURRAY, SANDERS, and WHITEHOUSE for agreeing to be original cosponsors of the No Child Left Inside Act of 2011. Given the major environmental challenges we face today, our bill seeks to prioritize teaching our young people about their natural world. For more than three decades, environmental education has been a growing part of effective instruction in America's schools. Responding to the need to improve student achievement and prepare students for the 21st century economy, many schools throughout the Nation now offer some form of environmental education.

Yet, environmental education is facing a significant challenge. Many schools are being forced to scale back or eliminate environmental programs. As a result, fewer and fewer students are able to take part in related classroom instruction and field investigations, however effective or popular. State and local administrators, teachers, and environmental educators point to two factors behind this recent and disturbing shift: the unintended consequences of the No Child Left Behind Act and dwindling sources of funding for these critical programs.

The legislation that we are introducing today would address these two

concerns. First, it would provide a new professional development initiative to ensure that teachers possess the content knowledge and pedagogical skills to effectively teach environmental education in the classroom, including the use of innovative interdisciplinary and field-based learning strategies. Second, the bill would create incentives for states to develop a peer-reviewed comprehensive statewide environmental literacy plan to make sure prekindergarten, elementary, and secondary school students have a solid understanding of our planet and its natural resources. Lastly, the No Child Left Inside Act provides support for school districts to initiate, expand, or improve their environmental education curriculum, and for replication and dissemination of effective practices. This legislation has broad support among national and state environmental groups and educational groups.

The American public recognizes that the environment is already one of the dominant issues of the 21st century. In 2003, a National Science Foundation panel noted that “in the coming decades, the public will more frequently be called upon to understand complex environmental issues, assess risk, evaluate proposed environmental plans and understand how individual decisions affect the environment at local and global scales. Creating a scientifically informed citizenry requires a concerted, systemic approach to environmental education . . .”. In the private sector, business leaders also increasingly believe that an environmentally literate workforce is critical to their long-term success. They recognize that better, more efficient environmental practices improve the bottom line and help position their companies for the future.

Environmental education is an important part of the solution to many of the problems facing our country today. It helps prepare the next generation with the skills and knowledge necessary to be competitive in the global economy. Studies have shown that it enhances student achievement in science and other core subjects and increases student engagement and critical thinking skills. It promotes healthy lifestyles by encouraging kids to get outside.

In Rhode Island, organizations such as the Rhode Island Environmental Education Association, Roger Williams Park Zoo, Save the Bay, the Nature Conservancy, and the Audubon Society as well as countless schools and teachers, reach out to children to offer educational and outdoor experiences that these children may never otherwise have, helping to inspire them to learn. Partnering with the Rhode Island Department of Education, these organizations have developed a statewide environmental literacy plan.

Similar efforts are taking place across the Nation. According to the National Association for Environmental Education, 40 states have taken

steps towards developing similar plans to integrate environmental literacy into their statewide educational initiatives. Despite these extraordinary efforts, environmental education remains out of reach for too many kids.

That is why I look forward to working with my colleagues to enact the No Child Left Inside Act of 2011.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1372

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “No Child Left Inside Act of 2011”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. References.

Sec. 3. Authorization of appropriations.

TITLE I—ENVIRONMENTAL LITERACY PLANS

Sec. 101. Development, approval, and implementation of State environmental literacy plans.

TITLE II—ESTABLISHMENT OF ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS

Sec. 201. Environmental education professional development grant programs.

TITLE III—ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY

Sec. 301. Environmental education grant program to help build national capacity.

SEC. 2. REFERENCES.

Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There are authorized to be appropriated to carry out section 5622(g) and part E of title II of the Elementary and Secondary Education Act of 1965, such sums as may be necessary for fiscal year 2012 and each of the 4 succeeding fiscal years.

(b) DISTRIBUTION.—With respect to any amount appropriated under subsection (a) for a fiscal year—

(1) not more than 70 percent of such amount shall be used to carry out section 5622(g) of the Elementary and Secondary Education Act of 1965 for such fiscal year; and

(2) not less than 30 percent of such amount shall be used to carry out part E of title II of such Act for such fiscal year.

TITLE I—ENVIRONMENTAL LITERACY PLANS

SEC. 101. DEVELOPMENT, APPROVAL, AND IMPLEMENTATION OF STATE ENVIRONMENTAL LITERACY PLANS.

Part D of title V (20 U.S.C. 7201 et seq.) is amended by adding at the end the following:

“Subpart 22—Environmental Literacy Plans

“SEC. 5621. ENVIRONMENTAL LITERACY PLAN REQUIREMENTS.

“In order for any State educational agency, or a local educational agency served by a

State educational agency, to receive grant funds, either directly or through participation in a partnership with a recipient of grant funds, under this subpart or part E of title II, the State educational agency shall meet the requirements regarding an environmental literacy plan under section 5622.

“SEC. 5622. STATE ENVIRONMENTAL LITERACY PLANS.

“(a) SUBMISSION OF PLAN.—

“(1) IN GENERAL.—Not later than 1 year after the date of enactment of the No Child Left Inside Act of 2011, a State educational agency subject to the requirements of section 5621 shall, in consultation with State environmental agencies and State natural resource agencies, and with input from the public—

“(A) submit an environmental literacy plan for prekindergarten through grade 12 to the Secretary for peer review and approval that will ensure that elementary and secondary school students in the State are environmentally literate; and

“(B) begin the implementation of such plan in the State.

“(2) EXISTING PLANS.—A State may satisfy the requirement of paragraph (1)(A) by submitting to the Secretary for peer review an existing State plan that has been developed in cooperation with a State environmental or natural resource management agency, if such plan complies with this section.

“(b) PLAN OBJECTIVES.—A State environmental literacy plan shall meet the following objectives:

“(1) Prepare students to understand, analyze, and address the major environmental challenges facing the students’ State and the United States.

“(2) Provide field experiences as part of the regular school curriculum and create programs that contribute to healthy lifestyles through outdoor recreation and sound nutrition.

“(3) Create opportunities for enhanced and on-going professional development for teachers that improves the teachers’—

“(A) environmental subject matter knowledge; and

“(B) pedagogical skills in teaching about environmental issues, including the use of—

“(i) interdisciplinary, field-based, and research-based learning; and

“(ii) innovative technology in the classroom.

“(c) CONTENTS OF PLAN.—A State environmental literacy plan shall include each of the following:

“(1) A description of how the State educational agency will measure the environmental literacy of students, including—

“(A) relevant State academic content standards and content areas regarding environmental education, and courses or subjects where environmental education instruction will be integrated throughout the prekindergarten to grade 12 curriculum; and

“(B) a description of the relationship of the plan to the secondary school graduation requirements of the State.

“(2) A description of programs for professional development for teachers to improve the teachers’—

“(A) environmental subject matter knowledge; and

“(B) pedagogical skills in teaching about environmental issues, including the use of—

“(i) interdisciplinary, field-based, and research-based learning; and

“(ii) innovative technology in the classroom.

“(3) A description of how the State educational agency will implement the plan, including securing funding and other necessary support.

“(d) PLAN UPDATE.—The State environmental literacy plan shall be revised or updated by the State educational agency and submitted to the Secretary not less often than every 5 years or as appropriate to reflect plan modifications.

“(e) PEER REVIEW AND SECRETARIAL APPROVAL.—The Secretary shall—

“(1) establish a peer review process to assist in the review of State environmental literacy plans;

“(2) appoint individuals to the peer review process who—

“(A) are representative of parents, teachers, State educational agencies, State environmental agencies, State natural resource agencies, local educational agencies, and nongovernmental organizations; and

“(B) are familiar with national environmental issues and the health and educational needs of students;

“(3) include, in the peer review process, appropriate representatives from the Department of Commerce, Department of Interior, Department of Energy, the Environmental Protection Agency, and other appropriate Federal agencies, to provide environmental expertise and background for evaluation of the State environmental literacy plan;

“(4) approve a State environmental literacy plan not later than 120 days after the plan's submission unless the Secretary determines that the State environmental literacy plan does not meet the requirements of this section;

“(5) immediately notify the State if the Secretary determines that the State environmental literacy plan does not meet the requirements of this section, and state the reasons for such determination;

“(6) not decline to approve a State environmental literacy plan before—

“(A) offering the State an opportunity to revise the State environmental literacy plan;

“(B) providing technical assistance in order to assist the State to meet the requirements of this section; and

“(C) providing notice and an opportunity for a hearing; and

“(7) have the authority to decline to approve a State environmental literacy plan for not meeting the requirements of this part, but shall not have the authority to require a State, as a condition of approval of the State environmental literacy plan, to—

“(A) include in, or delete from, such State environmental literacy plan 1 or more specific elements of the State academic content standards under section 1111(b)(1); or

“(B) use specific academic assessment instruments or items.

“(f) STATE REVISIONS.—The State educational agency shall have the opportunity to revise a State environmental literacy plan if such revision is necessary to satisfy the requirements of this section.

“(g) GRANTS FOR IMPLEMENTATION.—

“(1) PROGRAM AUTHORIZED.—From amounts appropriated for this subsection, the Secretary shall award grants, through allotments in accordance with the regulations described in paragraph (2), to States to enable the States to award subgrants, on a competitive basis, to local educational agencies and eligible partnerships (as such term is defined in section 2502) to support the implementation of the State environmental literacy plan.

“(2) REGULATIONS.—The Secretary shall promulgate regulations implementing the grant program under paragraph (1), which regulations shall include the development of an allotment formula that best achieves the purposes of this subpart.

“(3) ADMINISTRATIVE EXPENSES.—A State receiving a grant under this subsection may

use not more than 2.5 percent of the grant funds for administrative expenses.

“(h) REPORTING.—

“(1) IN GENERAL.—Not later than 2 years after approval of a State environmental literacy plan, and every 2 years thereafter, the State educational agency shall submit to the Secretary a report on the implementation of the State plan.

“(2) REPORT REQUIREMENTS.—The report required by this subsection shall be—

“(A) in the form specified by the Secretary;

“(B) based on the State's ongoing evaluation activities; and

“(C) made readily available to the public.”.

TITLE II—ESTABLISHMENT OF ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS

SEC. 201. ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS.

Title II (20 U.S.C. 6601 et seq.) is amended by adding at the end the following:

“PART E—ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS

“SEC. 2501. PURPOSE.

“The purpose of this part is to ensure the academic achievement of students in environmental literacy through the professional development of teachers and educators.

“SEC. 2502. GRANTS FOR ENHANCING EDUCATION THROUGH ENVIRONMENTAL EDUCATION.

“(a) DEFINITION OF ELIGIBLE PARTNERSHIP.—In this section, the term ‘eligible partnership’ means a partnership that—

“(1) shall include a local educational agency; and

“(2) may include—

“(A) the teacher training department of an institution of higher education;

“(B) the environmental department of an institution of higher education;

“(C) another local educational agency, a public charter school, a public elementary school or secondary school, or a consortium of such schools;

“(D) a Federal, State, regional, or local environmental or natural resource management agency that has demonstrated effectiveness in improving the quality of environmental education teachers; or

“(E) a nonprofit organization that has demonstrated effectiveness in improving the quality of environmental education teachers.

“(b) GRANTS AUTHORIZED.—

“(1) PROGRAM AUTHORIZED.—From amounts appropriated for this subsection, the Secretary shall award grants, through allotments in accordance with the regulations described in paragraph (2), to States whose State environmental literacy plan has been approved under section 5622, to enable the States to award subgrants under subsection (c).

“(2) REGULATIONS.—The Secretary shall promulgate regulations implementing the grant program under paragraph (1), which regulations shall include the development of an allotment formula that best achieves the purposes of this subpart.

“(3) ADMINISTRATIVE EXPENSES.—A State receiving a grant under this subsection may use not more than 2.5 percent of the grant funds for administrative expenses.

“(c) SUBGRANTS AUTHORIZED.—

“(1) SUBGRANTS TO ELIGIBLE PARTNERSHIPS.—From amounts made available to a State educational agency under subsection (b)(1), the State educational agency shall award subgrants, on a competitive basis, to eligible partnerships serving the State, to enable the eligible partnerships to carry out the authorized activities described in subsection (e) consistent with the approved State environmental literacy plan.

“(2) DURATION.—The State educational agency shall award each subgrant under this part for a period of not more than 3 years beginning on the date of approval of the State's environmental literacy plan under section 5622.

“(3) SUPPLEMENT, NOT SUPPLANT.—Funds provided to an eligible partnership under this part shall be used to supplement, and not supplant, funds that would otherwise be used for activities authorized under this part.

“(d) APPLICATION REQUIREMENTS.—

“(1) IN GENERAL.—Each eligible partnership desiring a subgrant under this part shall submit an application to the State educational agency, at such time, in such manner, and accompanied by such information as the State educational agency may require.

“(2) CONTENTS.—Each application submitted under paragraph (1) shall include—

“(A) the results of a comprehensive assessment of the teacher quality and professional development needs, with respect to the teaching and learning of environmental content;

“(B) an explanation of how the activities to be carried out by the eligible partnership are expected to improve student academic achievement and strengthen the quality of environmental instruction;

“(C) a description of how the activities to be carried out by the eligible partnership—

“(i) will be aligned with challenging State academic content standards and student academic achievement standards in environmental education, to the extent such standards exist, and with the State's environmental literacy plan under section 5622; and

“(ii) will advance the teaching of interdisciplinary courses that integrate the study of natural, social, and economic systems and that include strong field components in which students have the opportunity to directly experience nature;

“(D) a description of how the activities to be carried out by the eligible partnership will ensure that teachers are trained in the use of field-based or service learning to enable the teachers—

“(i) to use the local environment and community as a resource; and

“(ii) to enhance student understanding of the environment and academic achievement;

“(E) a description of—

“(i) how the eligible partnership will carry out the authorized activities described in subsection (e); and

“(ii) the eligible partnership's evaluation and accountability plan described in subsection (f); and

“(F) a description of how the eligible partnership will continue the activities funded under this part after the grant period has expired.

“(e) AUTHORIZED ACTIVITIES.—An eligible partnership shall use the subgrant funds provided under this part for 1 or more of the following activities related to elementary schools or secondary schools:

“(1) Creating opportunities for enhanced and ongoing professional development of teachers that improves the environmental subject matter knowledge of such teachers.

“(2) Creating opportunities for enhanced and ongoing professional development of teachers that improves teachers' pedagogical skills in teaching about the environment and environmental issues, including in the use of—

“(A) interdisciplinary, research-based, and field-based learning; and

“(B) innovative technology in the classroom.

“(3) Establishing and operating environmental education summer workshops or institutes, including follow-up training, for elementary and secondary school teachers to

improve their pedagogical skills and subject matter knowledge for the teaching of environmental education.

“(4) Developing or redesigning more rigorous environmental education curricula that—

“(A) are aligned with challenging State academic content standards in environmental education, to the extent such standards exist, and with the State environmental literacy plan under section 5622; and

“(B) advance the teaching of interdisciplinary courses that integrate the study of natural, social, and economic systems and that include strong field components.

“(5) Designing programs to prepare teachers at a school to provide mentoring and professional development to other teachers at such school to improve teacher environmental education subject matter and pedagogical skills.

“(6) Establishing and operating programs to bring teachers into contact with working professionals in environmental fields to expand such teachers’ subject matter knowledge of, and research in, environmental issues.

“(7) Creating initiatives that seek to incorporate environmental education within teacher training programs or accreditation standards consistent with the State environmental literacy plan under section 5622.

“(8) Promoting outdoor environmental education activities as part of the regular school curriculum and schedule in order to further the knowledge and professional development of teachers and help students directly experience nature.

“(f) EVALUATION AND ACCOUNTABILITY PLAN.—

“(1) IN GENERAL.—Each eligible partnership receiving a subgrant under this part shall develop an evaluation and accountability plan for activities assisted under this part that includes rigorous objectives that measure the impact of the activities.

“(2) CONTENTS.—The plan developed under paragraph (1) shall include measurable objectives to increase the number of teachers who participate in environmental education content-based professional development activities.

“(g) REPORT.—Each eligible partnership receiving a subgrant under this part shall report annually, for each year of the subgrant, to the State educational agency regarding the eligible partnership’s progress in meeting the objectives described in the accountability plan of the eligible partnership under subsection (f).”

TITLE III—ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY

SEC. 301. ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY.

Part D of title V (20 U.S.C. 7201 et seq.) (as amended by section 101) is further amended by adding at the end the following:

“Subpart 23—Environmental Education Grant Program

“SEC. 5631. PURPOSES.

“The purposes of this subpart are—

“(1) to prepare children to understand and address major environmental challenges facing the United States; and

“(2) to strengthen environmental education as an integral part of the elementary school and secondary school curriculum.

“SEC. 5632. GRANT PROGRAM AUTHORIZED.

“(a) DEFINITION OF ELIGIBLE PARTNERSHIP.—In this section, the term ‘eligible partnership’ means a partnership that—

“(1) shall include a local educational agency; and

“(2) may include—

“(A) the teacher training department of an institution of higher education;

“(B) the environmental department of an institution of higher education;

“(C) another local educational agency, a public charter school, a public elementary school or secondary school, or a consortium of such schools;

“(D) a Federal, State, regional, or local environmental or natural resource management agency, or park and recreation department, that has demonstrated effectiveness, expertise, and experience in the development of the institutional, financial, intellectual, or policy resources needed to help the field of environmental education become more effective and widely practiced; and

“(E) a nonprofit organization that has demonstrated effectiveness, expertise, and experience in the development of the institutional, financial, intellectual, or policy resources needed to help the field of environmental education become more effective and widely practiced.

“(b) GRANTS AUTHORIZED.—

“(1) IN GENERAL.—The Secretary is authorized to award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the costs of activities under this subpart.

“(2) DURATION.—Each grant under this subpart shall be for a period of not less than 1 year and not more than 3 years.

“SEC. 5633. APPLICATIONS.

“Each eligible partnership desiring a grant under this subpart shall submit to the Secretary an application that contains—

“(1) a plan to initiate, expand, or improve environmental education programs in order to make progress toward meeting—

“(A) challenging State academic content standards and student academic achievement standards in environmental education, to the extent such standards exist; and

“(B) academic standards that are aligned with the State’s environmental literacy plan under section 5622; and

“(2) an evaluation and accountability plan for activities assisted under this subpart that includes rigorous objectives that measure the impact of activities funded under this subpart.

“SEC. 5634. USE OF FUNDS.

“Grant funds made available under this subpart shall be used for 1 or more of the following:

“(1) Developing and implementing State curriculum frameworks for environmental education that meet—

“(A) challenging State academic content standards and student academic achievement standards for environmental education, to the extent such standards exist; and

“(B) academic standards that are aligned with the State’s environmental literacy plan under section 5622.

“(2) Replicating or disseminating information about proven and tested model environmental education programs that—

“(A) use the environment as an integrating theme or content throughout the curriculum; or

“(B) provide integrated, interdisciplinary instruction about natural, social, and economic systems along with field experience that provides students with opportunities to directly experience nature in ways designed to improve students’ overall academic performance, personal health (including addressing child obesity issues), and understanding of nature.

“(3) Developing and implementing new approaches to advancing environmental education, and to advancing the adoption and use of environmental education content standards, at the State and local levels.

“SEC. 5635. REPORTS.

“(a) ELIGIBLE PARTNERSHIP REPORT.—In order to continue receiving grant funds

under this subpart after the first year of a multiyear grant under this subpart, the eligible partnership shall submit to the Secretary an annual report that—

“(1) describes the activities assisted under this subpart that were conducted during the preceding year;

“(2) demonstrates that progress has been made in helping schools to meet the State academic standards for environmental education described in section 5634(1); and

“(3) describes the results of the eligible partnership’s evaluation and accountability plan.

“(b) REPORT TO CONGRESS.—Not later than 2 years after the date of enactment of the No Child Left Inside Act of 2011 and annually thereafter, the Secretary shall submit a report to Congress that—

“(1) describes the programs assisted under this subpart;

“(2) documents the success of such programs in improving national and State environmental education capacity; and

“(3) makes such recommendations as the Secretary determines appropriate for the continuation and improvement of the programs assisted under this subpart.

“SEC. 5636. ADMINISTRATIVE PROVISIONS.

“(a) FEDERAL SHARE.—The Federal share of a grant under this subpart shall not exceed—

“(1) 90 percent of the total costs of the activities assisted under the grant for the first year for which the program receives assistance under this subpart; and

“(2) 75 percent of such costs for each of the second and third years.

“(b) ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of the grant funds made available to an eligible partnership under this subpart for any fiscal year may be used for administrative expenses.

“(c) AVAILABILITY OF FUNDS.—Amounts made available to the Secretary to carry out this subpart shall remain available until expended.

“SEC. 5637. SUPPLEMENT, NOT SUPPLANT.

“Funds made available under this subpart shall be used to supplement, and not supplant, any other Federal, State, or local funds available for environmental education activities.”

By Mr. ROCKEFELLER:

S. 1373. A bill to amend the Internal Revenue Code of 1986 to reduce international tax avoidance and restore a level playing field for American businesses; to the Committee on Finance.

Mr. ROCKEFELLER. Mr. President, today I am introducing the International Tax Competitiveness Act, legislation that will protect American businesses and workers by ensuring that they can compete on a level playing field with competitors who are using tax evasion to boost profits and ship jobs and dollars overseas.

This bill targets companies that cheat the Federal Government out of billions of dollars a year in revenue by taking advantage of tax loopholes. This legislation is designed to put an end to the practice where American companies avoid domestic taxes by moving their headquarters to a post office box overseas, while their executives and much of their workforce remain here in the United States. If you benefit from the protection of American laws and the talent of the American workforce, you should also pay taxes here in the United States.

In March, the television program 60 Minutes aired a story on tax avoidance

that centered on Zug, a town in Switzerland. While Zug has only 26,000 residents, it is home to nearly 30,000 corporations, many of which operate out of mailboxes. This is because the tax rates in Zug are low and companies can create phony headquarters there that allow them to avoid higher taxes in their home country.

The International Tax Competitive-ness Act also discourages tax abuse related to transfer pricing. Sometimes, a company will produce a product here in the United States, taking advantage of generous research and development subsidies, and then sell it to a foreign subsidiary for pennies on the dollar. The royalty payments and profits then flow to that foreign company in a low tax jurisdiction, cheating the American government out of this revenue. This legislation would recognize many of these transactions for what they are . . . blatant abuse of the tax code, and treat profits as American-earned for tax purposes.

At a time when members of Congress are working hard to balance the budget and reduce our debt, everyone must contribute to the effort and our laws must be obeyed. It is not fair to cut funding for valuable healthcare and education programs in an effort to cut spending, while allowing corporations to avoid paying billions of dollars in taxes.

I want to thank my counterpart from the House of Representatives, Representative LLOYD DOGGETT, for his leadership in that body on this legislation. I ask my colleagues to join me in supporting this important legislation and thank the chair for allowing me to speak on this issue.

By Mr. LEVIN (for himself and Mr. BROWN of Ohio):

S. 1375. A bill to amend the Internal Revenue Code of 1986 to provide that corporate tax benefits based upon stock option compensation expenses be consistent with accounting expenses shown in corporate financial statements for such compensation; to the Committee on Finance.

Mr. LEVIN. Mr. President, today I am introducing a bill with my colleague, Senator SHERROD BROWN, to eliminate the federal tax break that gives special tax treatment to corporations that pay their executives with stock options. The bill is called the Ending Excessive Corporate Deductions for Stock Options Act, and it has been endorsed by the AFL-CIO, Citizens for Tax Justice, Consumer Federation of America, OMB Watch, and Tax Justice Network-USA. According to the Joint Committee on Taxation, eliminating this corporate tax break would bring in almost \$25 billion over 10 years.

The existing special treatment of corporate stock options forces ordinary taxpayers to subsidize the salaries of corporate executives. The subsidy is a consequence of the current mismatch between U.S. accounting rules and tax rules for stock options, which have de-

veloped along divergent paths and are now out of kilter. Today, U.S. accounting rules require corporations to report stock option expenses on their books when those stock options are granted, while federal tax rules provide that they use another method to claim a different—and typically much higher—deduction on their tax returns when the stock options are exercised. The result is that corporations can claim larger tax deductions for stock options on their tax returns than the actual expense they show on their books, creating a tax windfall for those corporations.

Stock options are the only type of compensation where the tax code lets a corporation deduct more than the expense shown on their books. For all other types of compensation—cash, stock, bonuses, and more—the tax return deduction equals the book expense. In fact, if corporations took tax deductions for compensation in excess of what their books showed, it could constitute tax fraud. The sole exception to that rule is stock options. It is an exception we can no longer afford.

When corporate compensation committees learn that stock options can generate tax deductions that are many times larger than their book expense, it creates a huge temptation for corporations to pay their executives with stock options instead of cash. Why? Because compensating executives with stock options instead of cash can produce a huge tax windfall for the corporation. By taking advantage of federal tax laws that have not been updated for four decades, corporations can claim tax deductions at rates that are often 2 to 10 times higher than the stock option expense shown on their books.

Stock options are paid to virtually every chief executive officer, CEO, in America and are a major contributor to sky-high executive pay. Stock options give the recipients the right to buy company stock at a set price for a specified period of time, typically 10 years.

Since the 1980s, CEO pay has increased at a torrid pace. In 2010, according to Forbes magazine, executives at the 500 largest U.S. companies received pay totaling \$4.5 billion, averaging \$9 million per CEO. Thirty percent of that pay was comprised of exercised stock options which were cashed in for an average gain of about \$2.7 million, bringing total pay to its highest level since before the recession. The highest paid executive in 2010 was the CEO of United Health Group, who received \$102 million in total pay. Of that pay, almost all of it—\$98 million—came from exercising stock options.

During the recession from 2007 to 2009, while many stock prices dropped in value, 90 percent of corporations awarded stock options to their executives. Because of the depressed stock prices at the time, most of those stock options were recorded on the corporations' books as a relatively small ex-

pense. Fast forward to 2010, and even in this struggling economy, as stock prices have begun to increase, those same stock options are seeing major jumps in their value, far above their book expense.

For example, in a recent study conducted by the Wall Street Journal, the CEO of Oracle Corporation was granted stock options in July 2009, with an estimated value of \$62 million. Two years later, those options are estimated to be worth over \$97 million, a gain of \$35 million in just two years. Other corporate executives have experienced similar increases in their stock option holdings. For example, according to the Wall Street Journal analysis, the CEOs of Abercrombie and Fitch Inc., Nabors Industries, Ltd., and Starbucks Corporation all saw jumps in the value of stock options awarded during the financial crisis of more than \$60 million each. The former CEO of Occidental Petroleum, Ray R. Irani, received a compensation package valued at \$76.1 million, including stock option awards valued at \$40.3 million.

These huge increases in the dollar value of the stock option awards mean skyrocketing tax deductions for corporations doing so well that their stock prices have climbed. The deductions will reduce the taxes being paid by these successful companies, depriving the U.S. treasury of needed revenues.

The average worker, by the way, has not experienced any increase in pay. From 2009 to 2010 alone, CEOs at the 500 biggest U.S. corporations saw a 12 percent increase in compensation, but median income has been stagnant. According to the Bureau of Labor Statistics, only 8 percent of workers in private industry received stock options as part of their compensation package. For CEOs, however, more than 90 percent of those in the S&P 500 received stock options in the 12 months starting October 1, 2008.

The financial tycoon J.P. Morgan once said that executive pay should not exceed 20 times average worker pay. But since 1990, CEO pay has increased to a level that is now nearly 300 times greater than the average worker's salary. The single biggest factor fueling that massive pay gap is stock options which are, in turn, generating huge tax deductions for the corporations that doled them out.

This bill would end the loophole that allows a corporation to deduct on its taxes more than the stock option expense shown on its books. Over a 5 year period, from 2005 to 2009, the latest year for which data is available, IRS tax return data shows that corporate stock option tax deductions have exceeded corporate book expenses by billions of dollars every year, with the size of the excess tax deductions varying from \$12 billion to \$61 billion per year. These excessive deductions mean billions of dollars in reduced taxes for

corporations wealthy enough to provide substantial stock option compensation to their executives, all at the expense of ordinary taxpayers.

We cannot afford to continue this multi-billion dollar loss to the U.S. Treasury, and tax fairness means ordinary taxpayers should not continue to be asked to subsidize corporate executive salaries. That is why the bill I am introducing today would change the tax code so that corporations can deduct only the stock option expense actually shown on their books.

To get a better understanding of why this bill is needed, it helps to have a clear understanding of how stock option accounting and tax rules fell out of sync over time.

Calculating the cost of stock options may sound straightforward, but for years, companies and their accountants engaged the Financial Accounting Standards Board, or FASB, in an all-out, knock-down battle over how companies should record stock option compensation expenses on their books.

U.S. publicly traded corporations are required by law to follow Generally Accepted Accounting Principles, or GAAP, which are issued by FASB which is, in turn, overseen by the SEC. For many years, GAAP allowed U.S. companies to issue stock options to employees and, unlike any other type of compensation, report a zero compensation expense on their books, so long as on the grant date, the stock option's exercise price equaled the market price at which the stock could be sold.

Assigning a zero value to stock options that routinely produced huge amounts of executive pay provoked deep disagreements within the accounting community. In 1993, FASB proposed assigning a "fair value" to stock options on the date they were granted to an employee, using mathematical valuation tools. FASB proposed further that companies include that amount as a compensation expense on their financial statements. A battle over stock option expensing followed, involving the accounting profession, corporate executives, FASB, the SEC, and Congress.

In the end, after years of fighting and negotiation, FASB issued a new accounting standard, Financial Accounting Standard, or FAS, 123R, which was endorsed by the SEC and became mandatory for all publicly traded corporations in 2005. In essence, FAS 123R requires all companies to record a compensation expense equal to the fair value on grant date of all stock options provided to an employee in exchange for the employee's services.

Opponents of the new accounting rule had predicted that, if implemented, it would severely damage U.S. capital markets. They warned that stock option expensing would eliminate corporate profits, discourage investment, depress stock prices, and stifle innovation. But none of that happened.

2006 was the first year in which all U.S. publicly traded companies were required to expense stock options. Instead of tumbling, both the New York Stock Exchange and NASDAQ turned in strong performances, as did initial public offerings by new companies. The dire predictions were wrong. Stock option expensing has been fully implemented without any detrimental impact to the markets.

During the years the battle raged over stock option accounting, relatively little attention was paid to the taxation of stock options. Section 83 of the tax code, first enacted in 1969 and still in place after four decades, is the key statutory provision. It essentially provides that, when an employee exercises compensatory stock options, the employee must report as income the difference between what the employee paid to exercise the options and the market value of the stock received. The corporation can then take a mirror deduction for whatever amount of income the employee realized.

For example, suppose a company gave options to an executive to buy 1 million shares of the company stock at \$10 per share. Suppose, 5 years later, the executive exercised the options when the stock was selling at \$30 per share. The executive's income would be \$20 per share for a total of \$20 million. The executive would declare \$20 million as ordinary income, and in the same year, the company could take a tax deduction for \$20 million.

The two main problems with this approach are, first, that the deduction amount is out of sync—and usually significantly greater than—the expense shown on the corporate books years earlier and, second, the \$20 million in ordinary income obtained by the executive did not come from the corporation itself. In fact, rather than pay the executive the \$20 million, the corporation actually received money from the executive who paid to exercise the option and purchase the related stock.

In most cases, the \$20 million was actually paid by unrelated parties on the stock market who bought the stock from the executive. Yet the tax code currently allows the corporation to declare the \$20 million paid by third parties as its own business expense and take it as a tax deduction. The reasoning behind this approach has been that the exercise date value was the only way to get certainty regarding the value of the stock options for tax deduction purposes. That reasoning lost its persuasive character, however, once consensus was reached on how to calculate the value of stock option compensation on the date the stock options are granted.

So U.S. stock option accounting and tax rules are now at odds with each other. Accounting rules require companies to expense stock options on their books on the grant date. Tax rules require companies to deduct stock option expenses on the exercise date. Companies report the grant date expense to

investors on their financial statements, and the exercise date expense on their tax returns. The financial statements report on the stock options granted during the year, while the tax returns report on the stock options exercised during the year. In short, company financial statements and tax returns use different valuation methods and value, resulting in widely divergent stock option expenses for the same year.

To examine the nature and consequences of that stock option book-tax difference, the Permanent Subcommittee on Investigations, which I chair, initiated an investigation and held a hearing in June 2007. Here is what we found.

To test just how far the book and tax figures for stock options diverge, the Subcommittee contacted a number of companies to compare the stock option expenses they reported for accounting and tax purposes. The Subcommittee asked each company to identify stock options that had been exercised by one or more of its executives from 2002 to 2006. The Subcommittee then asked each company to identify the compensation expense they reported on their financial statements versus the compensation expense on their tax returns. The Subcommittee very much appreciated the cooperation and assistance provided by the nine companies we worked with. At the hearing, we disclosed the resulting stock option data for those companies, including three companies that testified.

The data provided by the companies showed that, under then existing rules, eight of the nine companies showed a zero expense on their books for the stock options that had been awarded to their executives, but claimed millions of dollars in tax deductions for the same compensation. The ninth company, Occidental Petroleum, had begun voluntarily expensing its stock options in 2005, but also reported significantly greater tax deductions than the stock option expenses shown on its books. When the Subcommittee asked the companies what their book expense would have been if FAS 123R had been in effect, all nine calculated book expenses that remained dramatically lower than their tax deductions. Altogether, the nine companies calculated that they would have claimed about \$1 billion more in stock option tax deductions than they would have shown as book expenses, even using the tougher new accounting rule. Let me repeat that—just 9 companies produced a stock option book-tax difference and excess tax deductions of about \$1 billion.

KB Home, for example, is a company that builds residential homes. Its stock price had more than quadrupled over the 10 years leading up to 2006. Over the same time period, it had repeatedly granted stock options to its then CEO. Company records show that, over 5 years, KB Home gave him 5.5 million stock options of which, by 2006, he had exercised more than 3 million.

With respect to those 3 million stock options, KB Home recorded a zero expense on its books. Had the new accounting rule been in effect, KB Home calculated that it would have reported on its books a compensation expense of about \$11.5 million. KB Home also disclosed that the same 3 million stock options enabled it to claim compensation expenses on its tax returns totaling about \$143.7 million. In other words, KB Home claimed a \$143 million tax deduction for expenses that on its books, under current accounting rules, would have totaled \$11.5 million. That is a tax deduction 12 times bigger than the book expense.

Occidental Petroleum disclosed a similar book-tax discrepancy. That company's stock price had also skyrocketed, dramatically increasing the value of the 16 million stock options granted to its CEO since 1993. Of the 12 million stock options the CEO actually exercised over a 5-year period, Occidental Petroleum claimed a \$353 million tax deduction for a book expense that, under current accounting rules, would have totaled just \$29 million. That is a book-tax difference of more than 1200 percent.

Similar book-tax discrepancies applied to the other companies we examined. Cisco System's CEO exercised nearly 19 million stock options over 5 years, and provided the company with a \$169 million tax deduction for a book expense which, under current accounting rules, would have totaled about \$21 million. UnitedHealth's former CEO exercised over 9 million stock options in 5 years, providing the company with a \$318 million tax deduction for a book expense which would have totaled about \$46 million. Safeway's CEO exercised over 2 million stock options, providing the company with a \$39 million tax deduction for a book expense which would have totaled about \$6.5 million.

Altogether, these nine companies took stock option tax deductions totaling about \$1.2 billion, a figure nearly five times larger than the \$217 million that their combined stock option book expenses would have been. The resulting \$1 billion in excess tax deductions represents a tax windfall for these companies simply because they issued lots of stock options to their CEOs.

Tax rules that produce huge tax deductions that are many times larger than the related stock option book expenses give companies an incentive to issue massive stock option grants, because they know it is highly likely the stock options will produce a relatively small hit to the profits shown on their books, and are likely to produce a much larger tax deduction that can dramatically lower their taxes.

The data we gathered for just nine companies found excess stock option tax deductions of \$1 billion. To gauge whether the same tax gap applied to stock options across the country as a whole, the Subcommittee asked the IRS to perform an analysis of what, back then, was newly available stock option data.

The data is taken from tax Schedule M-3, which corporations were required to file for the first time in 2004, with their tax returns. The M-3 Schedule asks companies to identify differences in how they report corporate income to investors versus what they report to Uncle Sam, so that the IRS can track and analyze significant book-tax differences.

The M-3 data showed that, for corporate tax returns filed from July 1, 2004 to June 30, 2005, the first full year in which it was available, companies' stock option tax deductions totaled about \$43 billion more than their stock options expenses on their books. Similar data over the next 5 years, with the latest available data from tax returns filed from July 1, 2008 to June 30, 2009, showed that corporate stock option tax deductions as a whole exceeded their book expenses every year by billions of dollars, with the size of the excess tax deductions varying from \$12 billion to \$61 billion per year. These excessive deductions meant billions of dollars in reduced taxes for the relevant corporations each year.

In addition, the IRS data showed that the bulk of the stock option deductions were taken by a relatively small number of corporations nationwide. For example, in 2005, 56 percent of the excess tax deductions were taken by only 100 corporations, while 76 percent were taken by 250 corporations. In fact, over the 5 years of data, just 250 corporations took two thirds to three quarters of all of the stock option deductions claimed in those years. That is just 250 corporations out of the more than 5 million corporations that filed tax returns each year. In other words, the IRS data proves that the corporate stock option tax loophole actually benefits a very small number of corporations.

Claiming massive stock option tax deductions enabled those corporations, as a whole, to legally reduce payment of their taxes by billions of dollars each year. Moreover, under current tax rules, if a stock option deduction is not useful in the year it is first available, the corporation is allowed to add the deduction to its net operating losses and use the deduction to reduce its taxes for up to the next 20 years, an unbelievable windfall. It is a corporate loophole that just keeps going.

There were other surprises in the stock option data as well. One set of issues disclosed by the data involves what happens to unexercised stock options. Under the current mismatched set of accounting and tax rules, stock options which are granted, vested, but never exercised by the option holder turn out to produce a corporate book expense but no tax deduction.

Cisco Systems told the Subcommittee, for example, that in addition to the 19 million exercised stock options previously mentioned, their CEO held about 8 million options that, due to a stock price drop, would likely expire without being exercised. Cisco

calculated that, had FAS 123R been in effect at the time those options were granted, the company would have had to show a \$139 million book expense, but would never have been able to claim a tax deduction for this expense since the options would never have been exercised. Apple made a similar point. It told the Subcommittee that, in 2003, it allowed its CEO to trade 17.5 million in underwater stock options for 5 million shares of restricted stock. That trade meant the stock options would never be exercised and, under current rules, would produce a book expense without ever producing a tax deduction.

In both of these cases, under current accounting rules, it is possible that the stock options given to a corporate executive would have produced a reported book expense greater than the company's tax deduction. While the M-3 data indicates that, overall, accounting expenses lag far behind claimed tax deductions, the possible financial impact on an individual company with a large number of unexercised stock options is additional evidence that existing stock option accounting and tax rules are out of kilter and should be brought into alignment. Under our bill, if a company incurred a stock option expense, it would always be able to claim a tax deduction for that expense.

Another set of issues brought to light by the stock option data focuses on the fact that the current stock option tax deduction is typically claimed years later than the initial book expense. Normally, a corporation dispenses compensation to an employee and takes a tax deduction in the same year for the expense. The company controls the timing and amount of the compensation expense and the corresponding tax deduction. With respect to stock options, however, corporations may have to wait years to see if, when, and how much of a deduction can be taken. That's because the corporate tax deduction is wholly dependent upon when an individual corporate executive decides to exercise his or her stock options.

Our bill would require that, when the company gives away something of value, it reflects that expense on its books and claims that same expense in the same year on its tax return. The company, and the government, would not have to wait to see if and when the stock options given to executives were exercised. As with any other form of compensation, the company would use the FASB accounting rules to determine the value of what it is giving away, and take the equivalent tax deduction in the year the compensation was provided.

UnitedHealth, for example, told the Subcommittee that it gave its former CEO 8 million stock options in 1999, of which, by 2006, only about 730,000 had been exercised. It did not know if or when its former CEO would exercise the remaining 7 million options, and so could not calculate when or how much

of a tax deduction it would be able to claim for this compensation expense.

If the rules for stock option tax deductions were changed as provided for in our bill, companies would typically take the deduction years earlier than they do now, without waiting to see if and when particular options are exercised. In addition, by requiring stock option expenses to be deducted in the same year they appear on the company books, stock options would become consistent with how other forms of compensation are treated in the tax code.

Right now, U.S. stock option accounting and tax rules are mismatched, misaligned, and out of kilter. They allow companies collectively to deduct billions of dollars in stock option expenses in excess of the expenses that actually appear on the company books. They disallow tax deductions for stock options that are given as compensation but never exercised. They often force companies to wait years to claim a tax deduction for a compensation expense that could and should be claimed in the same year it appears on the company books.

The bill being introduced today would cure those problems. It would bring stock option accounting and tax rules into alignment, so that the two sets of rules would apply in a consistent manner. It would accomplish that goal simply by requiring the corporate stock option tax deduction to reflect the stock option expenses as shown on the corporate books each year.

Specifically, the bill would end use of the current stock option deduction under Section 83 of the tax code, which allows corporations to deduct stock option expenses when exercised in an amount equal to the income declared by the individual exercising the option, replacing it with a new Section 162(q), which would require companies to deduct the stock option expenses as shown on their books each year.

The bill would apply only to corporate stock option deductions; it would make no changes to the rules that apply to individuals who receive stock options as part of their compensation. Those individuals would still report their compensation in the year they exercise their stock options. They would still report as income the difference between what they paid to exercise the options and the fair market value of the stock they received upon exercise. The gain would continue to be treated as ordinary income rather than a capital gain, since the option holder did not invest any capital in the stock prior to exercising the stock option and the only reason the person obtained the stock was because of the services they performed for the corporation.

The amount of income declared by an individual after exercising a stock option will likely be greater than the stock option expense booked and deducted by the corporation which em-

ployed that individual. That's in part because the individual's gain often comes years after the original stock option grant, during which time the underlying stock will usually have gained in value. In addition, the individual will typically exercise the option and immediately sell the stock and therefore receive income, not just from the corporation that supplied the stock options years earlier, but also from the third parties purchasing the resulting shares.

Consider the same example discussed earlier of an executive who exercised options to buy 1 million shares of stock at \$10 per share, obtained the shares from the corporation, and then immediately sold them on the open market for \$30 per share, making a total profit of \$20 million. The individual's corporation didn't supply that \$20 million. Just the opposite. Rather than paying cash to its executive, the corporation received a \$10 million payment from the executive in exchange for the 1 million shares. The \$20 million profit from selling the shares was paid, not by the corporation, but by third parties in the marketplace who purchased the stock. That's why it makes no sense for the company to declare as an expense the amount of profit that an employee—often a former employee—obtained from unrelated parties in the marketplace.

The executive who exercised the stock options must still treat any resulting profit as ordinary income for the reasons given earlier: the executive received the shares at a below market cost, solely because of work that the executive performed for the corporation in return for the stock option compensation.

The bill we are introducing today would put an end to the current approach of allowing a corporation to take a mirror deduction equal to the ordinary income declared by its executive. It would break that old artificial illogical symmetry and replace it with a new logical symmetry—one in which the corporation's stock option tax deduction would match its book expense.

I call the current approach a case of artificial symmetry, because it uses a construct in the tax code that, when first implemented 40 years ago, enabled corporations to calculate their stock option expense on the exercise date, when there was no consensus on how to calculate stock option expenses on the grant date. The artificiality of the approach is demonstrated by the fact that it allows corporations to claim a deductible expense for money that comes not from company coffers, but from third parties in the stock market. Now that an accounting consensus determines how to calculate stock option expenses on the grant date, however, there is no longer any need to rely on an artificial construct that calculates corporate stock option expenses on the exercise date using third party funds.

It is also important to note that the bill would not affect in any way cur-

rent tax provisions that provide favored tax treatment to so-called Incentive Stock Options under Section 422 of the tax code. Under that section, in certain circumstances, corporations can surrender their stock option deductions in favor of allowing their employees with stock option gains to be taxed at a capital gains rate instead of ordinary income tax rates. Many start-up companies use these types of stock options, because they don't yet have taxable profits and don't need a stock option tax deduction. So they forfeit their stock option corporate deduction in favor of giving their employees more favorable treatment of their stock option income. Incentive Stock Options would not be affected by our legislation and would remain available to any corporation providing stock options to its employees.

The bill would make one other important change to the tax code as it relates to corporate stock option tax deductions. In 1993, Congress enacted a \$1 million cap on the compensation that a corporation can deduct from its taxes, so that other taxpayers wouldn't be forced to subsidize corporate executive pay. That cap was not applied to stock options, however, instead allowing companies to deduct any amount of stock option compensation from their tax obligations, without limit.

By not applying the \$1 million cap to stock option compensation, the tax code created a significant tax incentive for corporations to pay their executives with stock options. Indeed, it is common for executives to have salaries of \$1 million, while simultaneously receiving millions of dollars more in stock options. History has subsequently shown that the \$1 million cap—established to stop ordinary taxpayers from being forced to subsidize enormous paychecks for corporate executives—is effectively meaningless without including stock options.

Further, while corporate directors may be comfortable diluting their shareholders' interests while doling out massive amounts of stock options, that still does not mean that ordinary taxpayers should be forced to subsidize the large amounts of stock option compensation involved. The bill would eliminate this unwarranted, favored treatment of executive stock options by making deductions for this type of compensation subject to the same \$1 million cap that applies to other forms of compensation covered by Section 162(m). It is also worth noting that, if the cap were applied to stock options, it would not prevent stock option pay from exceeding \$1 million—it would simply ensure that those stock option awards were not made at the expense of ordinary taxpayers.

The bill also contains several technical provisions. First, it would make a conforming change to the research tax credit so that stock option expenses claimed under that credit would match the stock option deductions taken under the new tax code section 162(q).

Second, the bill would authorize the Secretary of the Treasury to adopt regulations governing how to calculate the deduction for stock options in unusual circumstances, such as when a parent corporation issues options on its shares to the employee of a subsidiary or another corporation in a consolidated group, or when one corporation issues options on its shares to employees of a joint venture.

Finally, the bill contains a transition rule for applying the new Section 162(q) stock option tax deduction to existing and future stock option grants. Essentially, this transition rule would ensure that stock options issued prior to the enactment date of the legislation would remain tax deductible and ensure all corporations can start deducting stock option expenses on a yearly schedule.

The transition rule has three parts. First, it would allow the old Section 83 deduction rules to apply to any option which was vested prior to the effective date of the new stock option accounting rule, FAS 123R, and exercised after the date of enactment of the bill. The effective date of FAS 123R is June 15, 2005 for most corporations, and December 31, 2005 for most small businesses. Prior to the effective date of FAS 123R, most corporations would have shown a zero expense on their books for the stock options issued to their executives and, thus, would be unable to claim a tax deduction under the new Section 162(q). For that reason, the bill would allow these corporations to continue to use Section 83 to claim stock option deductions on their tax returns.

For stock options that vested after the effective date of FAS 123R and were exercised after the date of enactment, the bill takes another tack. Under FAS 123R, these corporations would have had to show the appropriate stock option expense on their books, but would have been unable to take a tax deduction until the executive actually exercised the option. For those options, the bill would allow corporations to take an immediate tax deduction—in the first year that the bill is in effect—for all of the expenses shown on their books with respect to these options. This “catch-up deduction” in the first year after enactment would enable corporations, in the following years, to begin with a clean slate so that their tax returns the next year would reflect their actual stock option book expenses for that same year.

After that catch-up year, all stock option expenses incurred by a company each year would be reflected in their annual tax deductions under the new Section 162(q).

This transition rule is a generous one, but even with it, the Joint Committee on Taxation has estimated that closing the corporate stock option tax deduction loophole would produce \$24.6 billion in corporate tax revenues over 10 years.

Over the last 5 years, the stock option book-tax gap has ranged from \$12

billion to \$61 billion per year, generating deductions far in excess of corporate expenses. Corporations have avoided paying their fair share to Uncle Sam by simply giving their executives the right to tap huge sums of money from the stock market. It is a tax policy that forces ordinary taxpayers to subsidize outsized executive compensation and that favors corporations doling out stock options over paying their executives in cash.

Right now, stock options are the only compensation expense where the tax code allows companies to deduct more than their book expense. In these times of financial distress, we cannot afford this multi-billion dollar loss to the Treasury, not only because of the need to reduce the deficit, but also because the stock option tax deduction contributes to the anger and social disruption caused by the ever deepening chasm between the pay of executives and the pay of average workers.

The Obama administration has pledged itself to closing unfair corporate tax loopholes and to returning sanity to executive pay. It should start with supporting an end to excessive stock option corporate deductions. I urge my colleagues to include this legislation in any deficit reduction package this year, or to pass it separately.

AMENDMENTS SUBMITTED AND PROPOSED

SA 553. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH, and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, supra.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 558. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 553. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On page 64, line 24, strike “\$3,380,917,000” and insert “\$3,370,917,000”.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH,

and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end, insert the following:

SEC. ____ NO BUDGET—NO APPROPRIATIONS.

(a) SUPERMAJORITY.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (c)(1), by inserting after “Sections” the following: “303(c).”; and

(2) in subsection (d)(2), by inserting after “sections” the following: “303(c).”.

(b) APPLICATION TO RECONCILIATION.—Section 303(c)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 634(c)(2)) is amended by inserting at the end the following: “Paragraph (1) shall not apply to any legislation reported pursuant to reconciliation directions contained in a concurrent resolution on the budget.”.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

SEC. 127. None of the amounts appropriated or otherwise made available by this title may be obligated or expended to carry out the Combat Air Forces Restructuring Plan of the Air Force until the Secretary of the Air Force certifies to Congress that the Air Force has completed all environmental reviews required in connection with the movement or relocation of any aircraft under the Restructuring Plan.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On Page 114 between lines 18 and 19, insert the following:

SEC. 301. Not later than 90 days after enactment of this Act, the Executive Director of Arlington National Cemetery shall provide a report to the Committees on Appropriations of the Senate and the House of Representatives detailing the strategic plan and timetable to modernize the Cemetery's Information Technology system, including electronic burial records.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

On page 84, between lines 5 and 6, insert the following:

SEC. 127. None of the funds appropriated or otherwise made available by this title may

be obligated or expended for road improvements at Naval Station Mayport, Florida.

SA 558. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

On page 84, between lines 5 and 6, insert the following:

SEC. 127. None of the funds appropriated or otherwise made available by this title may be obligated or expended for architectural and engineering services and construction design of any military construction project necessary to establish a homeport for a nuclear-powered aircraft carrier at Naval Station Mayport, Florida.

NOTICES OF HEARINGS

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. HARKIN. Mr. President, I wish to announce that the Committee on Health, Education, Labor, and Pensions will meet in executive session on Wednesday, July 20, 2011, at 10 a.m. in SD-430 to mark up the following: S. 958, the Children's Hospital GME Support Reauthorization Act of 2011; S. 1094, the Combating Autism Reauthorization Act; S. ____, the Workforce Investment Act Reauthorization Act of 2011; and, any nominations cleared for action.

For further information regarding this meeting, please contact the committee on (202) 224-5375.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce that the Committee on Energy and Natural Resources will hold a business meeting on Thursday, July 21, 2011, at 10 a.m., in room SD-366 of the Dirksen Senate Office Building.

The purpose of the business meeting is to consider S. 916, the Oil and Gas Facilitation Act of 2011, and S. 917, the Outer Continental Shelf Reform Act of 2011.

For further information, please contact Sam Fowler at (202) 224-7571 or Alison Seyferth at (202) 224-4905.

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. HARKIN. Mr. President, I wish to announce that the Committee on Health, Education, Labor, and Pensions will meet in open session on Thursday, July 21, 2011, at 2 p.m. to conduct an oversight roundtable hearing entitled "Improving For-Profit Higher Education: A Roundtable Discussion of Policy Solutions."

For further information regarding this meeting, please contact Beth Stein on (202) 224-6403.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on July 14, 2011, at 9:30 a.m. in room G50 of the Dirksen Senate Office Building.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m. to conduct a committee hearing entitled "The Semiannual Monetary Policy Report to Congress."

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m., in room 366 of the Dirksen Senate Office Building.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on July 14, 2011, at 10:30 a.m., to hold a hearing entitled, "Two New Sudans: A Roadmap Forward."

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet, during the session of the Senate, to conduct a hearing entitled "Lessons from the Field: Learning From What Works for Employment for Persons with Disabilities" on July 14, 2011, at 10 a.m. in room 430 of the Dirksen Senate Office Building.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet during the session of the Senate on July 14, 2011, at 2:15 p.m. in room 628 of the Dirksen Senate Office Building.

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

COMMITTEE ON THE JUDICIARY

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Sen-

ate, on July 14, 2011, at 10 a.m., in SD-226 of the Dirksen Senate Office Building, to conduct an executive business meeting.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. CARDIN. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be authorized to meet during the session on July 14, 2011, in room 418 of the Russell Senate Office Building beginning at 10 a.m.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. CARDIN. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on July 14, 2011, at 2:30 p.m.

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

SUBCOMMITTEE ON SCIENCE AND SPACE

Mr. CARDIN. Mr. President, I ask unanimous consent that the Subcommittee on Science and Space of the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on July 14, 2011, at 10 a.m. in room 253 of the Russell Senate Office Building. The Committee will hold a hearing entitled, "The National Nanotechnology Investment: Manufacturing, Commercialization, and Job Creation."

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

PRIVILEGES OF THE FLOOR

Mr. REID. Mr. President, I ask unanimous consent that CPT Michael K. Lynch, a U.S. Army Aviation officer, who is currently serving as my defense legislative fellow this year, be granted floor privileges for the duration of H.R. 2055.

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

Mr. JOHNSON of South Dakota. Mr. President, I ask unanimous consent that Michael Barrie Rhemann, an intern with the Senate Appropriations Committee, be accorded floor privileges during consideration of H.R. 2055.

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

Mr. HARKIN. Mr. President, I ask unanimous consent that Jordana Signer, Adi Sehic, and Tyler Smith of my staff be granted floor privileges for the duration of today's proceedings.

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

Mr. MENENDEZ. Mr. President, on behalf of Senator LEAHY, I ask unanimous consent that a law clerk on his staff, Brendan Forbes, be granted floor privileges for the week of July 18, 2011.

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

MEASURE READ THE FIRST TIME—H.R. 2018

Mr. SCHUMER. Mr. President, I understand there is a bill at the desk. I ask for its first reading.

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

The legislative clerk read as follows:

A bill (H.R. 2018) to amend the Federal Water Pollution Control Act to preserve the authority of each State to make determinations relating to the State's water quality standards, and for other purposes.

Mr. SCHUMER. I now ask for a second reading and, in order to place the bill on the calendar under the provisions of rule XIV, I object to my own request.

The PRESIDING OFFICER. Objection having been heard, the bill will receive its second reading on the next legislative day.

UNANIMOUS CONSENT AGREEMENT—EXECUTIVE CALENDAR

Mr. SCHUMER. Mr. President, I ask unanimous consent that on Monday, July 18, 2011, at 5 p.m., the Senate proceed to executive session to consider Calendar No. 82; that there be 30 minutes for debate equally divided in the usual form; that upon the use or yielding back of time the Senate proceed to vote without intervening action or de-

bate on Calendar No. 82, the motion to reconsider be considered made and laid upon the table, with no intervening action or debate, that any related statements be printed in the RECORD, that the President be immediately notified of the Senate's action, and the Senate then resume legislative session.

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

ORDERS FOR MONDAY, JULY 18, 2011

Mr. SCHUMER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 2 p.m., Monday, July 18, 2011; that following the prayer and pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, and the time for the two leaders be reserved for their use later in the day; that following any leader remarks, the Senate be in a period of morning business until 3:30 p.m. with Senators permitted to speak therein for up to 10 minutes each; and that following morning business, the Senate resume consideration of H.R.

2055, the Military Construction, Veterans Affairs and Related Agencies appropriations bill; further, that at 5 p.m., the Senate proceed to executive session under the previous order.

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

PROGRAM

Mr. SCHUMER. Mr. President, there will be a rollcall vote at 5:30 p.m. on Monday. That vote will be on the confirmation of J. Paul Oetken to be United States District Judge for the Southern District of New York.

ADJOURNMENT UNTIL MONDAY, JULY 18, 2011, AT 2 P.M.

Mr. SCHUMER. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent it adjourn under the previous order.

There being no objection, the Senate, at 7:06 p.m., adjourned until Monday, July 18, 2011, at 2 p.m.