United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, FIRST SESSION

Vol. 141 WASHINGTON, THURSDAY, MAY 18, 1995 *No. 83*

Senate

(Legislative day of Monday, May 15, 1995)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

You will keep him in perfect peace whose mind is stayed on You, because he trusts in You.—Isaiah 26:3.

Jehovah Shalom, we thank You for this marvelously direct and uncluttered promise. We long for this superlative quality of peace, and for good reason. You have called us to lead this great Nation. To enable us to be creative Copernican thinkers about the problems and opportunities before us this day, You seek to give us profound inner peace.

But Lord, we find it difficult to stay our minds on You. We try to focus on You and often our attention wanders; we seek to listen to You and the sound waves to our hearts are cluttered with the static of distracting voices; we want to trust You, but years of self-reliance make it difficult to wait patiently for Your answers. Most of the time our motto is, ''I have just got to get control of my life!'' Ah, there's the issue, Lord. We were never meant to usurp Your control. Now in the quiet of this time of prayer we discover the secret: You alone can keep our minds stayed on You. All we can do is ask for the miracle of a day lived in constant awareness of Your abiding presence. May this be a day crammed full of spectacular moments when You keep our minds steady, our hearts calm, and our wills alert to Your will. Lord of peace, keep our minds on You. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. SPECTER. I thank the distinguished President pro tempore.

On behalf of Senator DOLE, I have been asked to announce that there will be a period of morning business until the hour of 12 noon at which time the Senate will begin consideration of Senate Concurrent Resolution 13, the budget resolution. And I have been asked by Senator DOLE to announce that Senators should be aware that rollcall votes may be expected throughout the day; that it is Senator DOLE's expectation that 8 to 10 hours of the total of 50 hours statutory time limit will be used today on the budget resolution; and, to announce further that leaders' time is being reserved.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. The Chair advises the Senate that, under the previous order, leadership time has been reserved.

MORNING BUSINESS

The PRESIDING OFFICER. We are now in morning business for a time not to extend beyond the hour of 12 noon.

During morning business, Senators are permitted to speak therein for not to exceed 5 minutes.

RUBY RIDGE, ID, AND WACO, TX

Mr. SPECTER. Mr. President, I have asked for a period of time to be reserved this morning to speak about the incidents at Ruby Ridge, ID, and Waco, TX. And there are a number of other Senators who have stated to me their intention to come to speak.

My remarks at the moment will be relatively brief, and I want to thank my distinguished colleague from Colorado for yielding to me because he was on the floor before I arrived. It is a little unusual to find Senators here in advance of the opening of the Senate session. But Senator CAMPBELL has time reserved as well.

I hope to return later during the period for morning business to speak at greater length and also other Senators will come to speak on the subjects of Ruby Ridge, ID, and Waco, TX, as well. But I have a commitment to appear before the Finance Committee at 9:30 to testify on the flat tax.

(Mr. DEWINE assumed the chair.)

RUBY RIDGE, ID

Mr. SPECTER. Mr. President, I think it is important that there be a positive showing by the Senate of our concerns about what happened at Ruby Ridge, ID, on August 21, 1992, and the days thereafter, and what happened at Waco, TX, on April 19, 1993, and the days which preceded to assure the American people that appropriate congressional oversight will occur and that there will be accountability at the highest levels of the U.S. Government.

The House of Representatives has scheduled a hearing on the events at Waco, TX, and an announcement has been made by the distinguished chairman of the Senate Judiciary Committee that the Judiciary Committee will hold hearings on Waco, TX, and Ruby Ridge, ID, as well.

As I said last week on the Senate floor, it is my hope that we will do these hearings sooner rather than later because of my strong view that the American people need reassurance that there will be proper oversight. I say that I do not know what the answers are to the questions which have been raised, but I do see many important and profound questions. And I do think it is absolutely necessary that a full effort be made with congressional oversight to find answers.

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

Mr. President, with respect to the incidents at Ruby Ridge, ID, back on August 21, 1992, I have talked to FBI Director Freeh; FBI Deputy Director Potts; Bureau of Alcohol, Tobacco, and Firearms Director John Magaw; Jerry Spence, Esq., the attorney who represented Mr. Randy Weaver in the criminal proceedings in the Federal court; Randy Dade, the county attorney of Boundary County; and have attempted contact, traded calls with Special Agent Glenn, who is the agent in charge in Salt Lake City.

My preliminary findings—and these are obviously preliminary—show me that there are very important questions which require congressional oversight on the appropriate use of force in taking someone into custody and on the initiation of investigations by Federal agencies like the Bureau of Alcohol, Tobacco, and Firearms.

In discussing the incidents at Ruby Ridge, ID., and in taking them up in a preliminary way with the Director of the Bureau of Alcohol, Tobacco, and Firearms, John Magaw, there is a serious question as to how that matter all began.

Last Saturday, when I was in Des Moines, IA, I had occasion to talk at some length with Mr. Randy Weaver, who was tried and acquitted on murder charges. I had a chance to talk to his daughters Sarah and Rachel, ages 19 and 13. His 3-year-old daughter Elisha was present as well but was not in a position to shed any light on what occurred.

Picking up just one strand in the few moments that I am able to speak on the issue now, Mr. Weaver recounted how he had been contacted by a man who had asked him about acquiring sawed-off shotguns. Mr. Weaver advised that he thought that the individual was an undercover agent for the Bureau of Alcohol, Tobacco, and Firearms. And that was later confirmed by Director Magaw, who told me that it was a confidential informant who had gone to contact Mr. Weaver on the subject of purchasing sawed-off shotguns.

When that matter was tried, according to the information given to me by Mr. Magaw, Mr. Weaver was acquitted, on what Mr. Magaw said were borderline entrapment circumstances. When I questioned Mr. Magaw about what he meant by borderline entrapment—I know when I talk about this with the Presiding Officer, the distinguished Senator from Ohio, Mr. DEWINE, knowing what entrapment is, it is really not borderline; it is either entrapment or not. And if it is a matter of acquittal, there is no entrapment.

For those who do not know the details of entrapment—and it is a complex situation—that is when the idea comes from law enforcement and it is planted in the mind of the individual who ultimately does the conduct, undertakes the action which is the cause of an indictment.

I think we need to focus on the specifics as to what happened there to give congressional oversight from some of us who have had more experience along that line so that we do not become engaged in the law enforcement agency, the Government itself, setting up circumstances which begin the chain of conduct which results in the indictment and look what happened beyond that in the Weaver matter because the law will not support a conviction if it is entrapment by the law enforcement agencies.

I am going to have to speak at length to this later, Mr. President. But one other matter that I wanted to touch upon in the Ruby Ridge incident was the question of the use of force and the question of whether it was excessive. I do not want to come to any conclusions. There has been considerable comment about whether the rules of engagement were changed and whether that was what led to the censure of Special Agent Larry Potts, who has since become the Deputy Director of the FBI. And in my discussions with Mr. Potts, which were relatively limited because we were scheduled to meet at a later time when he will have an opportunity to have his attorney present, Mr. Potts advised me that there had been no change in the rules of engagement. And that raises a very fundamental question as to the conduct and the use of force by Federal law enforcement when Mr. Weaver was taken into custody in a very sad situation where a U.S. marshal was killed, where 14-year-old Sam Weaver was killed, and where Mrs. Randy Weaver was killed. That is a tough subject but certainly deserves and requires our attention.

I touch upon those matters only briefly at this point, Mr. President, because I had said I would be making an inquiry, a preliminary inquiry, and I wanted to report on that. We had scheduled the hearings initially for the Terrorism Subcommittee for this morning, and those have been deferred until the full committee will take up the matter at a later date.

I had wanted to touch on the Waco incident again to at least refer preliminarily to the report by Dr. Allen Stone, of Harvard, who was a panelist selected to help in that inquiry, but since it is almost 9:30 and I am due in the Finance Committee—and I have already taken the time of my distinguished colleague from Colorado—I am going to conclude these very brief remarks with the hope of being able to come back a little later in morning business to talk additionally, to report further on my preliminary inquiry. I thank the Chair and I again thank Senator CAMPBELL.

Mr. President, before my colleague starts, may I just add, perhaps unnecessarily, that I reserve the remainder of my time.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Colorado [Mr. CAMPBELL] is recognized to speak for up to 15 minutes.

(The remarks of Mr. CAMPBELL pertaining to the introduction of S. 817 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DOLE. Was leader time reserved?

The PRESIDING OFFICER. The Senator is correct, leader time was reserved.

THE ENTERTAINMENT INDUSTRY

Mr. DOLE. Mr. President, this weekend, an important advertisement will be appearing on our television screens. The ad will feature two prominent Americans—Dr. William Bennett and C. Delores Tucker, chair of the National Political Congress of Black Women.

Dr. Bennett is a Republican. Ms. Tucker is a Democrat. Both agree that the entertainment industry must be held accountable for the mindless violence and loveless sex it serves up each day to our children.

Of course, there are many fine people in the entertainment industry and there are many fine movies, songs, and television shows. And, thankfully, it appears that Hollywood is finally beginning to understand that family-friendly films can also be box office hits.

That is the good news.

The bad news is that too much of today's entertainment continues to operate in a moral vacuum, without a redeeming hope, and without any suggestion that virtues are important, that morality is, in fact, preferable to immorality.

We cannot ignore this simple truth: culture does count.

Cultural messages can and do bore deep into the hearts and the minds of our impressionable young. And when these messages are negative ones—repeated hour after hour, day after day, month after month—they can rob our children of that most precious gift of all: their innocence.

One of the leading cultural influences in America today happens to be one of our largest corporations, Time-Warner.

Now, Time-Warner has produced much entertainment over the years that has enriched the cultural life of our country. But unfortunately, through its affiliation with companies like Interscope Records, Time-Warner is now on the cutting-edge of the misogyny business. As Ms. Tucker will explain in her television ad, and I quote:

> Time-Warner's music division promotes music that celebrates the rape, torture, and murder of women. The lyrics are vulgar, offensive, and do terrible harm to our children.

Columnist John Leo puts it another way. He calls Time-Warner's affiliation with Interscope the "cultural equivalent of owning half the world's mustard gas factories."

Last month, I urged all Americans to join with me in refocusing the spotlight on the entertainment industry. I said that "shame is a powerful tool and we should use it.'' So, it is gratifying to see two concerned Americans, with different backgrounds and different political views, joining forces to put some much-deserved public heat on one of the giants of the entertainment industry.

Let us also be very clear that Government censorship is not the answer. We have more to fear than to gain from putting Washington in charge of our culture.

But just as Time-Warner has the right to produce and sell its harmful wares, concerned Americans like Bill Bennett and Dolores Tucker also have the right to call upon the executives of Time-Warner to think less about short-term profit and more about the long-term good of their country.

So, I want to congratulate Dr. Bennett and Ms. Tucker for taking this initiative. I know that Dr. Bennett cites courage as one of the great virtues in his great ''Book of Virtues'' and with this bold advertising campaign, he has proven that courage and good citizenship are alive and well in America today.

Mr. President, I will just say, maybe as a suggestion, it would be well for the Time-Warner executives and Bill Bennett and Ms. Tucker to sit down and talk about this, try to work it out, try to have a dialog. I hope that there will be some meeting of the minds and some agreement to start this discussion, to start a dialog because, as I have indicated before, it is very important to Americans, particularly America's children.

NRA FUNDRAISING RHETORIC

Mr. DOLE. Mr. President, I was pleased to see the National Rifle Association apologize for some of the statements in their recent fundraising letter. The NRA has done the right thing. They should not have used some of that language in the first place. Alleged abuses of power by Federal law enforcement authorities are a fair and legitimate subject of debate—for Congress and for the American people. But it is wrong to impugn the motives and actions of the courageous men and women who risk their lives every day in enforcing our laws.

Mr. President, words do matter. Statements do matter. Our debate should recognize that fact. I ask that the article from today's Washington Post on the NRA apology be printed in the RECORD.

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

[From the Washington Post, May 18, 1995]

NRA EXECUTIVE ISSUES APOLOGY FOR LETTER ATTACKING U.S. AGENTS

A National Rifle Association official apologized yesterday to law enforcement officials and others offended by a recent fund-raising letter describing some federal agents as ''jack-booted thugs.''

''I really feel bad about the fact that the words in that letter have been interpreted to apply to all federal law enforcement officers,'' NRA Executive Vice President Wayne LaPierre said in a telephone interview from Phoenix.

''If anyone thought the intention was to paint all federal law enforcement officials with the same broad brush, I'm sorry, and I apologize,'' LaPierre said.

Lapierre's apology comes after a week of steadily mounting criticism of the NRA, which began May 10 when former president George Bush revealed that he had resigned from the group in protest of the letter.

Lapierre said the letter was intended to criticize only isolated actions, primarily involving the Bureau of Alcohol, Tobacco and Firearms.

But at least one section of the letter offer a more general condemnation of federal law enforcement efforts.

The letter, sent to the NRA's 3.5 million members in March over LaPierre's signature, said that ''in Clinton's administration, if you have a badge, you have the government's go-ahead to harass, intimidate, even murder law-abiding citizens.''

MORE SHELLS FALL ON SARAJEVO

Mr. DOLE. Mr. President, on Monday more than 1,000 shells fell on Sarajevo—5 people were killed and 25 wounded. Yesterday Bihac was being shelled. Today a Sarajevo marketplace was hit by a mortar shell. The response to these attacks on U.N. designated safe havens reflects the United Nation's latest de facto policy: Blame the Bosnian Government for trying to defend its people, and dispatch NATO planes to buzz overhead. Meanwhile contact group negotiators are desperately trying to sweeten a deal for Serbian President Milosevic.

Let us face it, the protection of U.N. safe havens has become a fraud. The enforcement of weapons exclusion zones has also become a fraud. The United Nations is not fooling anyone even with its blame both sides rhetoric.

According to news reports, the United Nations is considering mandate reduction for its forces in Bosnia. In my view that has already happened, and without a U.N. Security Council vote.

The General Accounting Office recently released a study on U.N. operations in Bosnia-Herzegovina prepared at my request. In painstaking detail the report explains how the United Nations is not doing the job it was tasked to do in Bosnia.

The GAO report confirms what many of us already knew: that the U.N. operation in the former Yugoslavia is ineffective, that UNPROFOR is not carrying out its mandates. It also indicates that UNPROFOR has lost its credibility and has impeded NATO's ability to carry out air strikes in defense of U.N. designated safe havens and U.N. forces, facts that are very clear in light of events over the last 2 days in Bosnia.

I would remind my colleagues that even though there are no Americans participating in UNPROFOR, the United States has been subsidizing this failed endeavor for several years now, to the tune of more than $1.1 billion in direct support and $1.4 billion more in indirect support.

It is high time that we review our support for this flawed policy. The facts are clear: This operation is a failure, an expensive failure. It seems to me that increasingly UNPROFOR's real reason for being is to prevent a change in policy, specifically to prevent the lifting of the arms embargo on Bosnia.

Mr. President, I simply urge all of my colleagues to read the GAO's report. I believe that after reading it, one would be hard pressed to argue that this operation is worth Bosnia being denied its fundamental right to self-defense.

I say, along with Senator LIEBERMAN of Connecticut, it is our hope that we will be able to vote on lifting the arms embargo in the Senate some time in June. It seems to me that everything is falling apart and we are getting less and less response from the United Nations. I must say I have no quarrel with the U.N. Protection Forces, the men and women there. They are certainly exhibiting courage and bravery. But it seems to me that the time has come for a total review of our policy. I suggest to the President of the United States that he provide the leadership in this review and that we do it as quickly as possible.

I thank my colleagues and I yield the floor.

Mr. DOMENICI. Mr. President, I want to comment on Senator DOLE's remarks on the floor of the Senate today with reference to violence in the United States in the mass media of America and its role in terms of violence. I want to commend the Senator for making the point. Those two American citizens, one Democrat and one Republican, have no idea what a service they are doing for the people of this country, if they can just get the media to understand that they, too, have a responsibility. They have lots of freedom. But where is all the violence coming from? We are making excuses and talking about it all the time, as if Government is to blame and this is to blame. The truth of the matter is people are just seeing so much violence, and they are outdoing each other to show us a different and new way that is becoming part of some of American citizens' lives. They see it, and they do not have regard for life.

Mr. DOLE. The children see it.

Mr. DOMENICI. Yes. Then you have 14-year-olds committing the acts they have seen on television 50 times. Sooner or later—we cannot legislate in that area. It is very difficult. Sooner or later we have to come to our senses, and I commend the Senator for his remarks.

Mr. DOLE. I thank the Senator.

FRESHMAN FOCUS ON THE BUDGET

Mr. THOMAS. Mr. President, our freshman focus group continues today and will continue on through the next week.

I rise today to express my surprise and my disappointment at the position the administration has taken, and, indeed, the other side of the aisle, with regard to the budget, with regard to Medicare, line-item veto, unfunded mandates, the rescission package, and the balanced budget amendment. In fact, on every issue that has come up since the beginning of this Congress, we have had the same approach, we have had the same reaction. And that position is to resist—''obfuscate'' has been used; that is a new word to me, but I think it means ''don't do anything''—and oppose with no alternative; to simply say no with no sign of leadership as to what an alternative solution would be to those issues.

It is surprising, Mr. President, and disappointing to me that the President 2 years ago made a great issue out of change. He was going to bring to this place change, new Democrats, a reinvention of Government, a more user friendly Government, reduce the size. Great rhetoric. Except when it comes to doing it, when it comes to the tough part—and it is tough to change; it is tough to make changes in systems that have been there; it is tough to make changes in programs that have built up about them a constituency. And so it is tough.

Talk is easy, but it is not easy to make the change. It is not easy to come to the snubbing post and really have to do it.

Instead, it is really easy to revert to the old system, and that is more Government and more spending and more programs. That is the easier way to go. It is one that makes it less politically volatile and one that we do.

Never mind that the programs have not solved the problems. Never mind that nearly everyone I think in this country believes that Government is too big and too intrusive and too expensive, a Government with nearly 3.5 million employees, thousands of programs, and literally hundreds of agencies and advisory groups.

And, of course, even the administration argues for cuts. Secretary Shalala recently announced a major revision. I think it involves 2,700 jobs—2,700 out of 62,000. That is hardly a major revision.

But now, we do have a chance, Mr. President, to do something significant. We do have an opportunity for the first time in a very long time to make some significant changes, not only to reduce the cost.

The budget argument is not just about dollars, although that is particularly important and significant. The real discussion and the real debate and the real opportunity is to take a look at Government and to examine now what the role of Government will be, to examine where we want to be in terms of the Government in the year 2000, when we move into a new millennia, what kind of a new century that we want to prepare for our children and our grandchildren if we do not do something by then. If we do not make changes by then, this Government will be able to afford only the entitlement programs and interest.

We will have this year, in a couple of months, a vote to raise the debt limit to $5 trillion. And before the next 2 years is over, before the first Clinton administration is over, we will be having $6 trillion in debt. Some say, ''Well, that doesn't matter, particularly. Debt does not matter.''

Debt does matter, as a matter of fact. Debt takes money out of the economy; money could be invested for other things. Maybe more to the point, the cost of interest will be soon the largest single line item in the budget. This year nearly $260 billion for interest alone. So it is significant.

It seems to me the measure of good Government is to be able to look at programs and see if, in fact, they are doing the job, to measure the output, to measure the results.

Unfortunately, I think it is fair to say that Government over the years in a nonpartisan way, when problems are not resolved by a program, we say, ''Well, this needs more money.'' And that may or may not be the case.

The fact is it is more likely that what happens is that you need to change the program, you need to change the application of the funds. And to suggest that results will be different if you continue to do the same thing is kind of a fantasy. It gives us an opportunity to look at duplication. And there is great duplication. There is redundancy.

There are 160 programs that have to do with moving from education to work. Now, everybody wants to do that. That is a great idea, and we should do it. It is a significant effort. But we do not need that many programs. They continue to add on.

There is a list of them. It is sort of interesting. I think it was in the newspaper 2 days ago. Actually literally hundreds of basically advisory committees no one has ever heard of in the world. Quite frankly, if they disappeared, none of us would know the difference. So we need to do some of those things.

Despite the first opportunity in 40 years, what is the strategy? I am afraid the strategy of the opposition is to object, to resist, to criticize, to filibuster. Let me say that filibuster is not the old classic filibuster where you stand on the floor for 72 hours and fall over from exhaustion. What filibuster is is hundreds of amendments that pile up so that we do not go anywhere, so that nothing happens, and that is what is happening around here. And that is too bad. Every issue this entire year has been handled that way. We do have to do something about that.

Medicare is an excellent example. I do not think anyone can doubt that you have to do something about Medicare. It is not a brandnew idea. We have known it is coming. Medicare was started in the sixties. I believe there was one point where 19 million people were involved in the beginning. Now that is doubled. The first year in Medicare, I think, was a $1.2 billion expenditure. This year it is a $165 billion expenditure and going up at a rate of 10 percent a year, one that we cannot maintain.

The trustees, which include three members of the Cabinet, have just given a report saying that unless we do something, in 2 or 3 years the program will be calling on the reserves and in 7 years it will be broke. We cannot let that happen. So we have to make some changes.

The proposal that is being made is to reduce the percentage of growth from 10 percent a year to 7 percent a year. That is still a pretty good growth. That is the growth of health care in the private sector plus inflation.

Some say, ''Well, there are more people.'' The fact is it increases the per capita spending which takes into account new participants. It increases the per capita spending from about $4,800 a year to $6,400 a year, and yet this will be attacked as a cut.

What is the alternative? The alternative is Medicare goes broke. We can fix it. We can fix it, but we have to change, and we can do that.

Mr. President, the opportunities are great. We are now dealing with a budget that continues to grow and, under the administration's plan, the deficit continues as it is as far as one can see. The package grows. The total package over $1.5 trillion a year grows at 5.5 percent a year. We are suggesting that we reduce that growth to about 3.5 percent a year. Hardly a cut.

So we have a great opportunity, and I think the point is that voters said to us in 1994, and voters have said to us before, we have too much Government, that Government costs too much, that Government is not user friendly as it should be, we have overregulation. And that is true.

I do not say those things particularly as criticisms, but just as a recognition of where we are, but with the happy thought that we can change that, and that, of course, is what is so remarkable about our democracy, what is so remarkable about our Government.

Let me tell you that even though the request for change on the part of voters, on the part of citizens, on the part of you and me is not a new idea. It has been done for years. In the 1800's and every generation there was substantial change in Government. Now it becomes more difficult. Government is larger, there is more bureaucracy, there is more lobbying, there are more people who are constituents of programs, and it becomes much more difficult, but not impossible at all.

As a matter of fact, I can tell you having been home, and going home every other week, I find my people, the people I represent in Wyoming, want some change. They know there is going to be some change, there is going to be some pain as there always is when you make your budget fit in your business or in your family. And that is where we are.

I think it is an exciting opportunity. We need to take a look at our objectives. Our objectives are to make Government more responsive, to take those areas, such as welfare, where we are committed to helping people who need help and fix the program so that we help them help themselves, and that is the way it ought to be.

So we are there. We need to take the bull by the tail and look the problem in the eye. The objective is to have a solution. We can find it, taking a look at the role of Government, better ways of doing it, less Government in our lives, in responsible financial condition. We can do it, and I think it is a great opportunity. We will be talking about it this week. I think it is a watershed opportunity. We will make some big decisions this week over where we will be when the century changes in 7 years.

Mr. President, I yield the floor.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

THE BUDGET

Mr. ASHCROFT. Mr. President, I thank my colleague from Wyoming. I must say that his remarks are both compelling and accurate and reflect the opportunity which we face in the U.S. Senate and for which the people sent us to the U.S. Senate. A job well done and items well stated, because they understand what happened here on May 11, just a few days ago, when Republicans annunciated their view for a brighter economic future, for financial stability, for fiscal integrity for the United States of America.

On that day, Senator DOMENICI, and other members of the Budget Committee, passed a resolution that would reduce spending over the course of the next few years by a trillion dollars. It is a budget resolution that brings our budget into balance by the year 2002. When this happens, it will be eligible for categorization as one of the eight wonders of the world. It is one of those things people have said could not be done.

But free people have the right to shape the tomorrows in which they live, and if we want to shape a tomorrow in which our children will live in a constructive way, we will have that kind of discipline which puts us on a balanced budget path and an enforceable balanced budget path by the year 2000 which sets us on a path for fiscal sanity and economic responsibility.

The plan that has been annunciated, the plan brought forth by Senator DOMENICI, is a plan for which he and members of the committee should be commended. I personally want to make that special effort to thank them.

These plans just do not happen in a vacuum. Someone has to make the tough judgments, someone has to be willing to take the tough stand, someone has to be willing to make the commitment, and Senator DOMENICI has done so.

His resolve, his commitment, his dedication, his courage has not been matched on the other side of the aisle. What has been the Democratic response to the Republican plan? Well, we have had ad hominem attacks, misleading charges, empty rhetoric. At this momentous time in our history that requires decision, that requires courage, that requires commitment, the Democratic Party seems committed only to partisanship and to politics.

So I think it is important that we ask again today where is their alternative? Where is their plan for a balanced budget? You and I and other Members in this Chamber endured a balanced budget debate, and we fell 1 vote short—1 vote short—because many on the Democratic side changed their votes to vote against a balanced budget this year. They said over and over again, ''All we need is the will and the courage, and the determination to balance the budget. We don't need an amendment.'' Well, now we have Senator DOMENICI who stands up and announces with will, courage and determination a balanced budget. And where are those who would support the balanced budget? They are not to be found. They were not to be found in the vote for the balanced budget amendment, and they are not to be found in the discussion of an actual balanced budget—except for criticism, except for partisanship. It is time that we have a united, bipartisan effort to achieve a balanced budget.

I suggest that critics of our balanced budget plan, brought forward by Senator DOMENICI, ought to heed the counsel of the 16th President of the United States. In Lincoln's words, he put it this way:

> Those have a right to criticize who have a heart to help.

You have a right to criticize if you have a heart to help. Well, we confront a fiscal crisis as great as any threat that we have confronted in this Nation, any threat we have ever faced, and calls for the maintenance of the status quo are insufficient. They are, in fact, irresponsible. Those who would criticize the move toward responsibility by instituting or institutionalizing the status quo are really saying they want to embrace irresponsibility. Inaction today will ensure decline for America tomorrow.

Now, the story of our financial crisis has been told many times on this floor, but it bears repeating. If we do not act dramatically and quickly to balance the budget of the United States, we will find ourselves in a position of bankruptcy. If unreformed Medicare will be bankrupt in just 6 years, is this the alarmist position of partisan politicians? No, this is the announced report of the board of trustees of the fund which supports Medicare. And three members of that board are members of the President's Cabinet.

There is a crisis in Medicare funding. We will not have the resources in the hospital trust fund in order to make the payments if something is not done. Yet, what has been the response of those who have said they want to balance the budget, but all we need is the will, the determination and the commitment to do it, and we do not need the balanced budget amendment? Well, they are just criticizing Senator DOMENICI and his report that would provide us an opportunity, a roadmap, which would carry us to a balanced budget. Medicare will be bankrupt in just 6 years. There is a real need for commitment and action.

Without changes, we face a tremendous load of debt, and not only debt but the interest payments on the debt. In 2 more years, we will be paying more interest on the national debt than we spend in the entire defense budget of the United States of America. That seems incomprehensible, that just the interest on the national debt will be more than we spend in defending the interests of this country worldwide. By the year 2000, the national debt will reach close to $7 trillion. We must act now to balance the budget. We cannot continue to mortgage the future of the children of this country because we refuse to have the discipline to balance our budget.

Sadly, children who are born this year will end up paying just a little short of $200,000 in interest on the debt over their lifetime—each child. The figure, according to the statisticians is $187,150 of interest that each child will have to pay on the national debt. It is time for their individual futures and our national future to be saved. We must act in the coming weeks and months.

Now, through shared sacrifice we can ensure that the coming generation of Americans will share in the abundant riches and opportunities of this country if we have the discipline to restrain the debt. What is the proposal of the Republican Party? How would it affect America, and how would it change Government therapeutically? How would it benefit us so we can do what we ought to do on behalf of the children of this country? What is our plan?

First, freeze congressional salaries, unless the budget is balanced by the year 2002.

Second, cut foreign aid.

Third, eliminate a number of unnecessary and duplicative programs. Just yesterday in the Foreign Relations Committee, there was a plan to consolidate the voices of America, the different representations of this country around the globe under the Secretary of State, saving almost $5 billion over the next 5 years.

Abolishing nonessential governmental agencies. Democratic attacks aside, our plan provides sufficient funds to maintain the health and integrity of a whole range of important governmental services.

These figures are important because those who would be the speakers of fear and the sowers of discontent, and would suggest that our plan will not work, should understand that under the Republican proposal, Medicare will increase by 59 percent over the 7-year life of the plan—a 59-percent increase. Medicaid will rise at over 5 percent annually. And Social Security is totally untouched by the program between the present and the year 2002. Spending on the Social Security program is expected to increase by 43 percent, from $354 to $483.7 billion.

Indeed, Mr. President, the plan we will consider allows spending in all of Government to grow by an average of 3 percent annually, increasing by over one-half trillion dollars over the next 7 years the overall spending of Government.

In this debate over the future of our country, I am reminded of the philosopher's words: ''They sought to heal by incantations a cancer which requires the surgeon's knife.''

You cannot heal by just speaking words those things which require the surgeon's knife. The truth of the matter is that we are in a condition in this country where the scalpel of surgery needs to be applied to the cancer of national irresponsibility. We need to have the scalpel of the surgeon's knife cut out the unwanted and malignant growth which is taking over and depriving us of the ability to make good decisions regarding the future of this country.

Mr. President, we are hearing all around us the familiar cries of the discredited and irresponsible philosophy. But we should not listen to the cries of those who do not have the will, do not have the dedication, do not have the commitment, who, while they said we did not need a balanced budget amendment, they now refuse to face up to the specific personal responsibility to operate with fiscal integrity.

We were sent here by the American people with a demand and an expectation. They demand that we make the tough decisions, the same kind of decisions that are made around every kitchen table in America. When you sit down to figure out what you can and cannot afford, you set priorities to guard the vital interests of the family and you do away with those things that you can get by without. That is what the people sent us here to do. They demand that we stop business as usual in the U.S. Senate and that we embark upon something new and different for Government, and that is Government living within its means, Government that understands that there are limits. The people want the hand of Government out of their pockets. They do not want a Government handout. They expect us to listen and we ought to listen and we will listen.

Well, our budget plan goes a long way. It goes all the way to balancing the budget on a controlled, understandable, doable, achievable plan by the year 2002. It is a plan that will not only benefit the people today, but it will benefit the children. It will provide for them the opportunity to enjoy the fruits of their labors, rather than just to try and retire a debt and pay interest for items that we have consumed. It is an opportunity for Members of this Congress, it is an opportunity for Members of the U.S. Senate; but more than an opportunity, it is a charge from the American public, and it is a responsibility we have to the generations to come.

Mr. President, I yield the floor to my colleague, Senator GRAMS, from Minnesota.

Mr. MOYNIHAN. Mr. President, if I may make an inquiry.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. The Senator yields the floor to the Presiding Officer, rather than to another Senator, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. But I see that my colleague has risen, and I look forward to his remarks.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. I ask unanimous consent to speak as in morning business for no more than 10 minutes.

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

FRESHMAN FOCUS ON THE BUDGET

Mr. GRAMS. Mr. President, as the Senate prepares to begin debate on the budget resolution for fiscal year 1996, I rise with my fellow freshmen to offer our perspective on the challenge ahead.

Mr. President, the individual Members of this class of freshmen Senators—11 strong—do not have much seniority. We do not chair powerful committees. But we do have one thing it seems many of our colleagues are missing—something far more valuable. We have the pulse of the people, and we always carry it.

We took the pulse ourselves, during our Senate campaigns last year. At coffee shops, truck stops, town meetings, we heard from thousands of average Americans. They talked about high taxes and excessive, wasteful Government spending. They talked about Social Security and Medicare, and wondered if it would still be around for them, their children, and grandchildren.

We listened, and we promised them that if they sent us to the Senate, we would fight to change things. We are deeply committed to change and to keeping our promises.

If life in the Senate sometimes reminds me of the barnyard conversation between the chicken and the pig, as they argued over which one was more committed to the breakfast meal: ''I give eggs every morning,'' the chicken said proudly. ''I'm committed.'' ''Giving eggs isn't a commitment, it's participation,'' snorted the pig. ''Giving ham, now that's a commitment.''

Sadly, this body too often seems content to deliver eggs when the people are demanding ham.

Mr. President, this freshmen class is committed to following through on the promises we made last November. And for the next week, we'll be focusing our attention on the Federal budget.

Year after year, when they ran things on Capitol Hill, the Democrats offered up budgets which raised taxes, sent Government spending spiraling out of control, and created massive deficits.

The voters soundly rejected that mentality in November. They looked to the Republicans for an alternative, for a budget that could turn back 40 years of spending mentality and the belief that money will fix everything, especially if it's your money and Washington can spend it.

Debate on our alternative begins today.

Whatever form it eventually takes, a budget resolution that is truly serious about America's financial future must accomplish three equally important goals:

We promised middle-class American families a budget that cuts taxes, and we will deliver.

We'll deliver for the Smith family, and the Johnsons and the Joneses, average American families where both parents work, earn $48,270, and take home $31,664, and end up sending $16,606 or more than a third of their paychecks, directly to the Government.

Families with children are now the lowest after-tax income group in America, below elderly households, below single persons, below families without children.

As one person put it, those who say we do not need a tax cut, probably do not pay taxes.

Mr. President, it has gotten so bad in my home State of Minnesota that it took until last Sunday, 134 days into 1995, for my constituents to finally reach Tax Freedom Day, the day when they're no longer working just to pay off taxes, and can finally begin working for themselves. Nearly 20 weeks, over 800 hours on the job just to pay Uncle Sam.

I applaud the distinguished chairman of the Senate Budget Committee for his courageous work on the budget resolution, but I part ways with his blueprint when it comes to tax cuts. I say we had better find a way to help the Smiths, and the Johnsons, and the Joneses.

The chairman states: ''Balance must first be achieved by reducing the rate of growth in Federal spending before tax reductions could be considered.''

That is like holding the taxpayers' money hostage, like calling tax cuts a dessert that we will share with the American people only after they have cleaned their plates. Anyone who thinks tax relief should be saved for the dessert cart has not taken the pulse of the people lately.

Middle-class American families are paying the vast majority of taxes in this country, and they are fed up. They are working longer hours, sometimes even taking on a second job, just to meet their annual tax obligations while trying to maintain their style of living. They are still pursuing the American dream, but the ever-increasing tax burden keeps pushing it out of reach.

The $500 per-child tax credit takes money out of the hands of the Washington bureaucrats and leaves it in the hands of the taxpayers.

It is truly a tax break for the middle class: nearly $9 out of every $10 of tax relief goes to families making $75,000 or less. They are the ones who need our help the most, and we cannot ask them to wait another 6 or 7 years.

Mr. President, I promised my constituents in Minnesota that tax relief will be my top priority in the Senate, and during the next week, I will do just that.

The freshman class also promised American families that we would balance the budget. With or without a balanced budget amendment, we will deliver.

Now, my good friend, the Budget Committee chairman, and his counterpart in the other Chamber, have crafted documents the naysayers said could never be achieved.

The budget resolution we begin debating today, that brings the budget into balance by the year 2002, is proof that we are serious about living up to our pledge. Having to live within its means will be a new experience for a Congress that has only balanced its budget eight times in the past 64 years, and has not spent less than it has taken in since 1969.

Even the Clinton administration, despite all its rhetoric about shrinking the deficit, has seemingly washed its hands of the deficit problem.

Under the President's own budget plan, the deficit would increase from $177 billion this year to $276 billion in 2002, and add another $1.5 trillion to the national debt. Only Republicans have offered an alternative to this fiscal madness. And I hope my colleagues on the other side of the aisle will find the courage to vote for a balanced budget. We're offering a plan to balance the budget, and we have done it without slashing Federal spending, without putting children, seniors, and the disadvantaged at risk. Most of our savings are achieved by slowing the growth of Government. Will there need to be some sacrifices? Yes, although the Government will have to sacrifice more than the people will. Will belts need to be tightened? Yes. But if we do not tighten the belts today, they are destined to become nooses around the necks of the coming generations, who will someday become the innocent victims of our negligence. Mr. President, as Senate freshmen, my colleagues and I heard it over and over during our campaigns: the American people are willing to make those sacrifices, if they believe their Government is serious about making change.

This Congress is serious.

Finally, we promised that our budget will protect Medicare and Social Security. For the sake of America's senior citizens, we must protect, preserve, and improve Medicare, to make sure it is there for the next generation as well.

The fact is, Medicare is in trouble, in large part due to fraud, waste, abuse, mismanagement and misuse. By 1997, Medicare will pay out $1 billion more in benefits than it collects in revenue, and 5 years later, it will go bankrupt.

Again, in our budget plan, we are working to preserve, protect, and improve the Medicare System. In fact, Medicare will remain the fastest growing program in the Federal budget.

Over the next 7 years, we will spend $1.7 trillion to keep Medicare a healthy and viable health care provider for this generation of senior citizens.

Social Security must receive the same care, although as a self-funded entity it will be taken off budget and dealt with separately from other programs.

Clearly, the Government must honor its contract with our senior citizens, and the budget that Congress produces this year must ensure that the Social Security Program will survive and be there for older Americans. The best way to achieve that is to bring the Federal budget into balance.

A budget that works for America will meet the needs of all our citizens, working men and women and their children, senior citizens, and the disadvantaged, while providing middle-class tax relief, balancing the budget by the year 2002, and protecting Social Security and Medicare.

Mr. President, that is what we promised the people, and our promises were not made lightly. I remember hearing about a commencement speech given by Winston Churchill toward the end of his life. He sat patiently through the introduction, rose, and went to the podium. All he said was ''Never, never, never give up.'' Then he sat back down.

Mr. President, this committed class of freshmen Senators has taken the pulse of the people, and we are not planning to give up on the ambitious agenda they sent us here to carry out.

Like the latest chapter in the ''Die Hard'' movie trilogy, we will be here—with a vengeance—to remind our colleagues just what America's message last November was all about.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, before addressing the matter that brings me to the floor, may I congratulate the Senator from Minnesota for the very forceful and, I hope, prophetic statement. The concerns that he has raised are real. They have been addressed without large consequence in this Chamber for some 15 years now, as I can attest. And I for one, and I think many others, welcome the energy and conviction, the commitment of the freshman class, as he chooses to describe it, that came to the Senate in January. I look forward to working with him in the years ahead—months ahead—weeks ahead, to be specific.

(The remarks of Mr. MOYNIHAN pertaining to the introduction of legislation are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. Under a previous order, the Senator from North Dakota is recognized to speak for up to 20 minutes.

Mr. DORGAN. Thank you very much. It is my intention to speak for a couple of minutes at the beginning and then to yield the remainder of the time to Senator AKAKA from Hawaii.

THE BUDGET DEBATE

Mr. DORGAN. Mr. President, we will begin in a matter of a couple of hours the debate on the budget resolution.

I do not want anyone to despair about the disagreement that will exist on the floors of the Senate and the House on the budget. The disagreement that exists ought not to be a cause for despair, because there is not any disagreement about the destination. We all believe that the budget ought to be balanced. We believe it ought to be balanced by the year 2002, and I am prepared to support that and vote for that.

There is a vast disagreement, however, on priorities: How do you get from here to there? If we agree on the destination, there is certainly disagreement on the routes. How do you achieve a balanced budget? This is the time and this is the place to have a vibrant and healthy debate about priorities.

Now, I expect there will be some skepticism about statements from those of us on this side of the aisle, so I want to today, as we begin the discussion, quote from a Republican political analyst, author, and commentator, Kevin Phillips. This is not from a Democrat. Here is what Kevin Phillips says about the budget that is going to be brought to the floor by the Republicans.

''Anybody who thought the greed decade ended several years ago,'' Mr. Phillips says, ''hasn't yet had time to study the new balanced budget proposals put forward by the U.S. Senate and the U.S. House.'' He said it is ''special interest favoritism and income redistribution. Spending on Government programs, from Medicare and education to home heating oil assistance, is to be reduced in ways that principally burden the poor and the middle class while simultaneously taxes are to be cut in ways that predominantly benefit the top 1 or 2 percent of Americans.''

Again, this is a conservative commentator writing that fiscal favoritism and finagling is what is involved here. If it was not that, he said, ''we'd be talking about shared sacrifice, with business, Wall Street and the rich, the people who have big money, making the biggest sacrifice.'' But Kevin Phillips says:

Instead, it's senior citizens, the poor, students and ordinary Americans who'll see programs they depend on gutted, while business, finance and the richest 1 or 2 percent, far from making sacrifices, actually get new benefits and new tax reductions.

He says:

In short, aid to dependent grandmothers, children, college students and city dwellers is to be slashed, while aid to dependent corporations, stockbrokers, generals and assorted James Bond imitators survives and even grows. And if the deficit is substantially reduced under a program like this, there'll be a second stage of further upward income redistribution from upper bracket profits in the stock and bond markets.

Again, Kevin Phillips, a Republican says:

If the U.S. budget deficit problem does represent the fiscal equivalent of war—and maybe it does—then what we are really looking at is one of the most flagrant examples of war profiteering this century has seen.

Mr. President, the debate will be about priorities. We ought to balance the budget, we ought to do it by the year 2002, but there are a lot of ways to get to that destination. You do not have to run down the road and stop and pick up a few dollars from those who cannot afford it and then make another stop and give to those who have a substantial amount already. That is the purpose of, I think, the discussion of the Senator from Hawaii.

We are talking about the Republican party that brings a budget to the floor and gives very big tax cuts for the wealthy and takes it from things that are important—kids who go to school, working families and the elderly. We think that these priorities are not in step or keeping with the best interests of this country.

Mr. President, I yield the remainder of my time to the Senator from Hawaii, Senator AKAKA.

Mr. AKAKA addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

MAJORITY'S BUDGET PROPOSALS FOR MEDICARE AND VETERAN'S ADMINISTRATION HEALTH CARE PROGRAMS

Mr. AKAKA. Mr. President, I want to say good morning to my friend who is now presiding, Senator INHOFE, from Oklahoma, and wish him a good day.

I am here to express some of my concerns about some parts of the budget, and particularly Medicare and Veterans' Administration health care programs.

Mr. President, earlier this week the Republican-controlled Budget Committees unveiled their 7-year budget resolutions. The House resolution provides a generous tax cut for wealthy Americans. The Senate resolution would allow not one, but two tax cut proposals. The first would be $170 billion in tax cuts once the Congressional Budget Office certifies that the savings from cutting Medicare, education, VA health care, and the other programs targeted for reductions are, in fact, achieved.

Further tax cuts would be permitted if the budget is reduced by an amount that is greater than the reductions already proposed by the Senate budget resolution. We can clearly see that Republicans in the House and Senate have laid the foundation for implementing the tax proposals outlined in the Contract With America. To pay for their tax cuts they must reduce programs that help working families and the elderly.

The Senate budget resolution proposes a $256 billion cut in Medicare spending over 7 years, but provides no guidelines on how these savings will be achieved. This will be the largest Medicare cut in history, and the impact on beneficiaries and providers will be very painful.

If Medicare cuts of this magnitude are approved, the Department of Health and Human Services estimates that senior citizen's out-of-pocket expenses will increase by $900 a year, or a total of $3,500 over the 7 years. Eighty-three percent of Medicare benefits go to beneficiaries with incomes under $25,000.

It is obvious who will be hurt by these cuts. Our Nation's low-income elderly, who can least afford it, will bear the brunt of the Medicare cuts.

In addition, cuts to providers will have serious ramifications on health care costs since they are passed along to other health care consumers. Provider cuts could have a devastating impact on urban hospitals which already bear a disproportionate share of the Nation's growing burden of uncompensated care. Reductions in Medicare payments will also endanger access to care in rural areas. Nearly 10 million Medicare beneficiaries—25 percent of the total Medicare population—live in rural areas. There is often only a single hospital in their county. Significant cuts in Medicare may force rural hospitals to close or cause more providers to refuse to treat Medicare beneficiaries.

The Senate Budget Committee was given the opportunity to restore the cuts in Medicare funding. Two amendments were offered to scrap the tax cut for the rich in order to fund Medicare. Unfortunately, they were rejected on party-line votes. This massive cut in Medicare funding would not be necessary if the majority abandoned their tax cut for the wealthy.

Under the Republican plan, the wealthy will gain while our elderly population suffers more pain. Instead of cutting Medicare, we must work to ensure that any effort to maintain the solvency of the Medicare trust fund does not put Medicare beneficiaries at risk. And, we must protect the program for future enrollees. This problem can and should be solved in the context of health care reform.

I recognize the critical need to ensure long-term stability in the Medicare Program and I support efforts to balance our budget. However, I am opposed to arbitrarily cutting Medicare to finance a tax break for wealthy Americans. I look forward to working with my colleagues on addressing these important issues.

Just as health care benefits are being cut for our senior citizens dependent on Medicare, the freeze proposed on veterans health care programs would be equally devastating for our elderly veterans.

At first glance, the majority budget seems to have little impact on veterans health care programs. The chairman's mark shields the Veterans Health Administration from cuts, and freezes funding at the 1995 level. However, if you examine the long-term impact of the proposal, you find that the proposed freeze will have a debilitating effect on health care provided to our Nation's veterans.

The budget resolution contains only half of the annual cost-of-living adjustments [COLA], so the Veterans' Administration must absorb the remainder of the increase from a budget that is already being held flat. This will mean that fewer resources will be available to veterans seeking access to veteran health care programs.

In fiscal year 1996, the majority's proposal will cut $640 million from the Veterans Health Administration's budget compared to the President's budget request. The options to cope with this cut include the elimination of 8,200 health care providers and support staff or closing Veterans Administration Medical Centers [VAMC] to achieve a total reduction of 1,500 patient beds. In terms of direct care services, 57,000 inpatient and 1,300,000 outpatient visits for 142,000 patients would be foregone in fiscal year 1996 under the Republican proposal.

Under their proposal, by the year 2002, 53,000 full-time-equivalent positions would be eliminated or 35 Veterans' Administration medical centers would have to be closed. Over a 7-year period, one-fourth of the current medical care positions would have to be eliminated and 35 of the 159 Veterans' Administration medical centers currently serving veterans across the country would be closed if the Republican proposal is implemented.

Health care facilities and personnel are not the only areas which will be affected by the majority's proposal. Medical research within the Veterans' Administration would also be frozen at the fiscal year 1995 appropriation level. This will significantly impact the specialized services the Veterans' Administration provides, including spinal cord and prosthetics research. In fiscal year 1996, over 150 projects would have to be terminated to meet the budget constraints imposed by the majority.

The cumulative impact for Veterans Health Administration services over 7 years would decimate the Veterans' Administration health care system as we know it. By the year 2002, the Veterans Health Administration budget would have lost $20.6 billion over 7 years. Over 1.5 million inpatient and 34 million outpatient visits for 3.7 million patients would have been denied under the majority's budget blueprint, and we will have turned our backs on the majority of those who so valiantly served this Nation.

Mr. President, this has been our findings in reading through the budget proposal that will be presented today to the Senate. The majority's budget proposals for cuts to Medicare and freezing Veterans' Administration health care programs are simply, in my eyes and in my heart, unacceptable. You cannot single out health care for one segment of the population for cuts without serious consequences. The senior citizens of today, the veterans of today, should not have the rugs pulled out from under them. So, therefore, I urge my colleagues to reject these unwise proposals.

I yield the remainder of my time.

IS CONGRESS IRRESPONSIBLE? THE VOTERS HAVE SAID ''YES''

Mr. HELMS. Mr. President, the impression simply will not go away: The $4.8 trillion Federal debt is a grotesque parallel to the energizer bunny we see, and see, and see on television. The Federal debt keeps going and going and going—up, of course—always to the added misery of the American taxpayers.

So many politicians talk a good game—when, that is, they go home to talk—and ''talk'' is the operative word—about bringing Federal deficits and the Federal debt under control.

But, sad to say, so many of these very same politicians have regularly voted for one bloated spending bill after another during the 103d Congress and before. Come to think about it, this may have been a primary factor in the new configuration of U.S. Senators as a result of last November's elections.

In any event, Mr. President, as of yesterday, Wednesday, May 17, at the close of business, the total Federal debt stood—down to the penny—at exactly $4,884,246,600,937.11 or $18,540.68 per man, woman, and child on a per capital basis. Res ipsa loquitus.

THE RETIREMENT OF REAR ADM. PATRICK W. DRENNON, CEC, USN

Mr. NUNN. Mr. President, it has come to my attention that Rear Adm. Patrick W. Drennon will be retiring from the Navy after some 33 years of honorable and distinguished service.

He most recently served as the Director, Facilities and Engineering Division (N44) for the Deputy Chief of Naval Operations (Logistics), Washington, DC. In this capacity he has provided timely support and accurate information on Navy facility and engineering plans and programs to the Members of the Senate and our professional and personal staffs.

Admiral Drennon was previously the Commander of Western Division, Naval Facilities Engineering Command [NAVFACENGCOM], headquartered in San Bruno, CA. This was following duty as Deputy Commander for Planning and Assistant Commander for Facilities and Real Estate at NAVFACENGCOM Headquarters in Alexandria, VA, and as Assistant for Civil Engineering (OP–04E) to the Deputy Chief of Naval Operations (Logistics), Washington, DC.

His other duty assignments have included: Assistant Resident Officer in Charge of Construction in Key West, FL; Public Works Officer at the Naval Facility and the Navy Representative for Construction while on the staff of the Commander, U.S. Forces in the Azores; Operations Officer of Naval Mobile Construction Battalion One on two deployments to Vietnam; an instructor at the Civil Engineer Corps Officers School at Port Hueneme, CA; and an Exchange Officer with the Mediterranean Division, Corps of Engineers, Livorno, Italy. While working with the Corps' Mediterranean Division, he served as the program manager for the planning and design of King Khalid Military City, Saudi Arabia.

Admiral Drennon also served in the Seabee Division, NAVFACENGCOM Headquarters; on the staff of the then-Director, Shore Activities Planning and Programming Division (OP–44) for the Chief of Naval Operations, Washington, DC; and as the Executive Officer of the Public Works Center and Resident Officer in Charge of Construction in San Diego, CA.

His awards include the Legion of Merit, Bronze Star with Combat ''V'' and a Gold Star, the Meritorious Service Medal with a Gold Star, and the Navy Achievement Medal.

Rear Admiral Drennon has become widely acknowledged as a leader and visionary in the Civil Engineer Corps. As a fellow Georgia Tech Yellow Jacket, I can say that this is no real surprise as Rear Admiral Dennon began his distinguished naval career upon his commissioning out of the NROTC Program at the Georgia Institute of Technology.

Mr. President, over the past several years many communities have experienced great anxiety and turmoil as a result of the Department of Defense's base closure process. Rear Admiral Drennon has played a vital role in promoting effective communications and harmonious working relationships in the Navy's base realignment and closure implementation process. He has assisted local civic leaders throughout the country in working through many challenging situations associated with base closure and realignment actions. Rear Admiral Drennon has been equally recognized and appreciated by all who have come to know him.

A man of Rear Admiral Drennon's talent and integrity is rare indeed, and while his honorable service will be genuinely missed, it gives me great pleasure today to recognize him before my colleagues and to wish him, his wife, Cheryl, and his family every success as he brings to a close a long and distinguished career in the U.S. Navy.

TEXAS ACTS ON FLAG DESECRATION

Mr. GRAMM. Mr. President, Texas Secretary of State, the Honorable Antonio O. Garza, Jr., has forwarded to me a copy of a resolution passed by the Texas Legislature on March 9, 1995 and signed by Governor George Bush. The resolution petitions the U.S. Congress to propose to the States an amendment to the Constitution of the United States which protects the American flag from willful desecration. I supported the passage of such an amendment in 1990 when the Senate debated the issue and have cosponsored the most recent proposal to ban the desecration of our flag. Secretary Garza has requested that I place in the RECORD the text of the resolution adopted by the Texas Legislature. Because of the importance that I place on this issue, I am requesting unanimous consent that the text of the resolution and the text of a letter from Secretary of State Garza be printed in the RECORD in order that my colleagues have an opportunity to read for themselves this important expression of the collective will of the people of my State.

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

THE STATE OF TEXAS,
OFFICE OF THE SECRETARY OF STATE,
Austin, TX, April 13, 1995.

Hon. PHIL GRAMM,
U.S. Senator, Russell Senate Office Building, Washington, DC.

DEAR SENATOR GRAMM: Please find enclosed an official copy of Senate Concurrent Resolution 24, as passed by the 74th Legislature, Regular Session, 1995, of the State of Texas.

The 74th Legislature of the State of Texas hereby petitions the Congress of the United States of America to propose to the states an amendment to the United States Constitution, protecting the American flag and 50 state flags from willful desecration and exempting such desecration from constitutional construction as a First Amendment right.

It is also requested that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States.

Sincerely,

ANTONIO O. GARZA, Jr.,
Secretary of State.

Enclosure.

SENATE CONCURRENT RESOLUTION 24

Whereas, the United States flag belongs to all Americans and ought not be desecrated by any one individual, even under principles of free expression, any more than we would allow desecration of the Declaration of Independence, Statue of Liberty, Lincoln Memorial, Yellowstone National Park, or any other common inheritance which the people of this land hold dear; and

Whereas, the United States Supreme Court, in contravention of this postulate, has by a narrow decision held to be a First Amendment freedom the license to destroy in protest this cherished symbol of our national heritage; and

Whereas, whatever legal arguments may be offered to support this contention, the incineration or other mutilation of the flag of the United States of America is repugnant to all those who have saluted it, paraded beneath it on the Fourth of July, been saluted by its half-mast configuration, or raised it inspirationally in remote corners of the globe where they have defended the ideals of which it is representative; and

Whereas, the members of the Legislature of the State of Texas, while respectful of dissenting political views, themselves dissent forcefully from the court decision, echoing the beliefs of all patriotic Americans that this flag is OUR flag and not a private property subject to a private prerogative to maim or despoil in the passion of individual protest; and

Whereas, as stated by Chief Justice William Rehnquist, writing for three of the four justices who comprised the minority in the case, ''Surely one of the high purposes of a democratic society is to legislate against conduct that is regarded as evil and profoundly offensive to the majority of people—whether it be murder, embezzlement, pollution, or flag burning''; and

Whereas, this legislature concurs with the court minority that the Stars and Stripes is deserving of a unique sanctity, free to wave in perpetuity over the spacious skies where our bald eagles fly, the fruited plain above which our mountain majesties soar, and the venerable heights to which our melting pot of people and their posterity aspire; now, therefore, be it

Resolved, That the 74th Legislature of the State of Texas hereby petition the Congress of the United States of America to propose to the states an amendment to the United States Constitution, protecting the American flag and 50 state flags from willful desecration and exempting such desecration from constitutional construction as a First Amendment right; and, be it further

Resolved, That official copies of this resolution be prepared and forwarded by the Texas secretary of state to the speaker of the house of representatives and president of the senate of the United States Congress and to all members of the Texas delegation to that congress, with the request that it be officially entered in the Congressional Record as a memorial to the Congress of the United States; and, be it further

Resolved, That a copy of the resolution be prepared and forwarded also to President Bill Clinton, asking that he lend his support to the proposal and adoption of a flag-protection constitutional amendment; and, be it finally

Resolved, That official copies likewise be sent to the presiding officers of the legislatures of the several states, inviting them to join with Texas to secure this amendment and to restore this nation's banners to their rightful status of treasured reverence.

WELFARE REFORM

Mr. DORGAN. Mr. President, there is broad consensus in this country that the current welfare system serves no one well—not the recipients, not their children, not the American taxpayer. I agree with that consensus. The current welfare system is broken and needs major repair. Why? Because it is failing both the people in need and the working people who are paying for it.

The current system has trapped all too many people into a lifetime of dependency rather than assisting them on a temporary basis to get back on their feet and back into the labor force. Any meaningful welfare reform must be grounded on the premise that government assistance is a way ''up and out''—not a ''way of life.''

The current welfare system has failed us all. It traps all too many, especially women, into a lifetime of dependency and poverty. Their children in all too many instances suffer irreparable harm and are likely to remain poor and disadvantaged for the remainder of their lives. If the past is a predictor, too many children of today's welfare recipients will end up on the rolls themselves or in trouble with the law.

We simply must break this cycle. Unless we move welfare recipients into meaningful educational and work situations, we are doomed to failure. The only system that can work to the benefit of all is one that encourages independence, discourages dependency and demands personal responsibility. All of those elements, it seems to me, are missing in the welfare program we have today. Let us make sure that those key elements are the underpinnings of the bill on which we will cast our votes. Let us make sure we do it right. And let us make sure we do it with great care and compassion.

Mr. President, it is my hope that Republicans and Democrats alike can work together to fashion a bipartisan welfare plan that will be both effective in moving recipients from welfare to work. Our welfare system should provide temporary help—an opportunity for people to help themselves. If we put aside partisan rhetoric and turn instead to the mission of protecting poor kids and helping adults who need a temporary helping hand, I think we will have the best opportunity we have had in many years to forge a reform package which is good for kids, good for their parents and good for the American taxpayer.

Before we begin the debate, I think it is important to dispel some of the myths surrounding welfare. My purpose in detailing the following facts is not to defend the current system, but to ground the debate in truth rather than fiction.

First, AFDC caseloads as a percentage of the general population have remained fairly static over the past 20 years, fluctuating between 4 and 5½ percent. The number of recipients has grown as the population has increased and, cyclically, when the economy has declined.

Second, benefit levels have substantially declined in inflation adjusted dollars over the past two decades. The median State benefit for a family of three, adjusted for inflation, fell by 47 percent between 1970 and 1994.

Third, AFDC does not come close to providing a poverty level income to recipients. The median State benefit for a family of three was only 38 percent of the poverty level in 1994. If food stamps are included, the median State benefit only reaches 70 percent of the poverty level.

Fourth, the average size of the welfare family is 2.9 while the average size of the typical American family is 3.2.

As legislators, we must craft a welfare reform bill that helps rather than hinders hope and self-sufficiency, especially for poor mothers and their children. And I know we can achieve our goals if we join together in a collaborative effort to accomplish them.

Mr. President, since there is no Democratic or Republican welfare bill around which the Senate membership of either party has currently coalesced, I thought this would be an appropriate time to offer some suggestions.

IT MUST PROTECT CHILDREN

Protecting the vulnerable children of poor welfare mothers must be our highest priority, and I do not believe that can be accomplished without maintaining the entitlement status of benefits for children. Let me make it clear, I am not talking about entitlement status for the mother, only the child. Despite the best intentions of State governments, despite their basic goodwill, despite their legislative skills, there is no way the Federal Government can guarantee that the welfare child will be protected by each and every State under a with a no-strings-attached block grant approach to reform. And protecting poor children is something I believe the Federal Government must do. It is and ought to be a national priority. I am not simply not willing to take the gamble that each and every State government will successfully meet this most fundamental responsibility.

I am all for giving State governments as much flexibility as possible in designing effective State reform plans that fit local needs. I am all for encouraging States to tap every creative resource available in forging new approaches to reform. But let us be honest with one another, welfare varies widely from State to State. Benefit levels vary widely. Effectiveness varies widely. Successful job training and placement efforts vary widely. And I am simply not willing to sacrifice any child, in any State, to a potentially unsuccessful outcome. These kids are our future. We must protect their interests.

IT MUST BE WORK-ORIENTED AND TRANSITIONAL

After the protection of children, the fundamental focus of the bill must be to move recipients from welfare, to work, to economic self-sufficiency as quickly as possible. While the original goal of AFDC in 1935 was to pay widows to stay at home and raise their children, the world and workforce have changed a great deal over the intervening decades. Increasingly, we expect both parents to work to support their children. We also expect both parents to share the responsibility of rearing their children. No one denies the difficulties involved in this dual role for parents. But it is done every day by millions upon millions of struggling families. Is it any wonder, then, why the general public expects the same from welfare recipients?

Today 75 percent of mothers with children between the ages of 6 to 16 are in the labor force. The public expects no less from the welfare mother. And they are right. So it is critically important that welfare be re-framed, in the minds of both the public and recipients alike, as a transitional work assistance program. Our goal must be to replace a welfare check with a paycheck. No more something for nothing. No more revolving door. Strict work requirements, and a time limit on benefits. You take responsibility for yourself and the government will provide you with temporary help to ease your entry into the workforce and to help you stay there.

Easier said than done. No doubt about it. But if we can change the perception of welfare and build upon the lessons learned over the years, at both the State and Federal levels, we should be able to move forward in a constructive way.

Most people on the welfare rolls do not want to be there. They want to work. They want to be role models for their children. They want their children to have better opportunities in life than they have had. But, like the workforce in general, many welfare recipients need some help. They want to work, they want to be successful, but they need help in getting from here to there. Many need help in learning how to look for a job. Others need training. Others need assistance to remain in the labor force. But let us face up to the fact that there may not be enough jobs or the types of jobs available in the private sector to accommodate each and every welfare parent, so community service jobs may have to act as a last resort. And let us admit that reforming the system may require some investment if we want to get it right.

WE MUST ELIMINATE WORK DISINCENTIVES

But how do we move from a program which encourages dependency to one that encourages work? One obvious way is to eliminate the disincentives which exist in the current system. You liberalize earning disregards, you raise asset limitations, and you make support services, the linchpin upon which success in the workplace hinges, more readily available to poor people who want to work.

One decisive lesson we have learned over the past decade is that former recipients return to the welfare rolls after a short time in the labor force due to the inadequacy of transitional support services. We have learned that as soon as the recipient has to begin paying for child care and medical care out of a meager salary which more often than not is significantly below the Federal poverty level, the financial burden becomes too great and—no surprise—the mother returns to the welfare rolls. We must address this problem squarely. Forcing poor parents to choose between work and their children's health care or child care is a losing proposition and it is doomed to failure. Who loses? The parent, the child and the taxpayer. So meaningful work is important, but equally important is the continued provision of child care and health care services as these welfare recipients transition to the workplace. These services are a critical bridge to successful work outcomes.

Is 1 year of transitional assistance for those who have gone to work, as required under current law for Medicaid services, sufficient? Probably not. Should child care support end as soon as a recipient has found work. Clearly not. Child care consumes at least a quarter of most low-income family budgets. How many low-skilled workers in low-paying jobs are going to receive a raise in 1 year sufficient to be able to financially absorb the full cost of child care and medical care? Not many, if any. This is simply not a realistic goal. I therefore believe that the plan we pass should continue these vital family support services at a reduced level over a number of years, phasing them out as the recipient's income rises. This will cost money in the short term, but it will be invaluable in ensuring long-term success. But it is my hope that savings to offset this spending can be achieved through other reforms in the system.

WE MUST REMOVE TWO-PARENT FAMILY DISINCENTIVES

One issue on which I believe there is virtual unanimity is that the best environment in which to raise children is in loving, two-parent families. Yet welfare assistance is not available for two-parent families, regardless of their income, unless one parent is unemployed or incapacitated. A system that discourages marriage of low-income single parents and encourages the breakup of married couples who find themselves in economic need is shameful. It is bad social policy, bad welfare policy, bad family policy, bad children's policy, and it ought to be changed. Another thing we ought to change is our policy toward absent fathers who want to share in the support of their children, but do not have the economic means to do so. Why not offer them job training and placement services as well as the mother?

IT MUST DEMAND PERSONAL RESPONSIBILITY

I believe it is the best interest of society to discourage out-of-wedlock births. But if individuals continue to choose to have children outside of marriage, they must take responsibility for their actions. It is their responsibility to support their child. They must learn that actions have consequences and parents have responsibilities. If they want temporary assistance, it is their responsibility to identify the father who must be required to share, at the very least, in the financial burden of raising the child. If they seek temporary government help, they must be willing to go to work to help pay for that assistance.

Most welfare proposals contain a requirement for the welfare parent to sign a contract with the State agency agreeing to abide by the work plan that has been designed for the recipient, with the recipient's input, after careful assessment by a team of case managers of the individual's personal history, work experience and educational and training needs. Once the contract has been signed, the recipient must honor its terms or suffer sanctions. Actions have consequences. That makes eminent good sense to me. It demands accountability and responsibility.

IT MUST ADEQUATELY ADDRESS THE TEEN PREGNANCY CRISIS

Although last on my list, curbing teen pregnancy is one of my highest priorities. And it is one of the most crucial yet vexing components of welfare reform. Teen pregnancy is a crisis by any standard of measurement. Too many teens are becoming parents and too few are able to responsibly care for their children either emotionally or financially. The result: the child is deprived of a fair start in life and the mother will very likely be doomed to a lifetime of poverty.

The teen pregnancy crisis is escalating at an alarming rate. The data are shattering: Before age 20, 43 percent of teenage girls become pregnant; 1 million teens become pregnant each year; 70 percent of teen mothers are not married today in comparison to 15 percent in 1960; the unmarried teen mother rate has doubled in a single generation and continues to climb; 77 percent of unmarried teen mothers end up on the welfare rolls within 5 years of the birth of their first child, and all too many remain there for years thereafter; and approximately half of AFDC recipients in 1993 had their first child as a teen.

What can we reasonably do about this seriously escalating social crisis? There is clear data linking teen births with long-term welfare dependency. Data also tell us that teen births go down as educational and economic options go up. So one thing we must do is require AFDC teen mothers to stay in school and finish their educations or pursue a vocational alternative in return for benefits. We can and must insist that these teen mothers immunize their children and participate in parenting and pregnancy prevention classes. And we can and should require that teen mothers on AFDC live with their families or in supervised homes where they can get the support and guidance they need to become successful parents and good citizens. Finally, we must all become engaged in finding solutions to this devastating societal problem.

Each of us in one way or another has the bully pulpit. Every entity of government, every community, every church, every corporation must trumpet the alarm about teen pregnancy, and we must speak with a single voice: out of wedlock births, especially among teens, are wrong; they are a prescription for disastrous outcomes for both the mother and the child—both will undoubtedly be seriously disadvantaged for the remainder of their lives. We must preach—and I do mean preach—that marriage is the proper social unit in which to have and raise a child. We must, each of us, discourage illegitimacy as harmful to the parents, the child and society at large. And we must do it now. This is not an issue we can push to the back burner. We are in a serious crisis now, and every single indicator points to it getting worse each and every year into the foreseeable future.

These are some of the threshold issues that I believe must be addressed in whatever reform package reaches the Senate floor. When the debate begins, I hope it will not become another missed opportunity. I hope we will work on the reform together. I hope we will do it right, with firmness but fairness. And I hope it will produce the desired results. Our efforts will impact all of our lives in one way or another. But it will affect more directly the lives of our children and their children.

WELCOMING HER MAJESTY QUEEN SIRIKIT OF THAILAND

Mr. JOHNSTON. Mr. President, this month the United States is privileged to welcome Her Majesty Queen Sirikit of Thailand. She is here as an honored guest. On May 25 Queen Sirikit will be awarded the degree of Doctor of Humane Letters by the Johns Hopkins University. On Tuesday, May 16, Queen Sirikit became the first woman ever to receive the prestigious Lindbergh Award. In the words of the Charles A. and Anne Morrow Lindbergh Foundation, Her Majesty was honored for her ''educational and humanitarian efforts, her conservation and wildlife preservation work, and programs which are maintaining the Thai heritage and culture.''

The description does not begin to do justice to Queen Sirikit's 45-year effort to care for the people of her country, to improve their health and living standards, and to preserve their environmental and cultural heritage. She has given generously of her time and energy to traditional humanitarian causes. She has served as honorary president of the Council of Social Welfare of Thailand, an organization of 150 public and private social work agencies. In her capacity as president of the Thai Red Cross, a position she has held since 1956, she established shelters for refugees from the war in Cambodia. But her particular genius, and I do not use that word lightly, the accomplishment for which the queen has been honored by the United Nations and for which she was awarded the first International Humanitarian Award by the Friends of the Capital Children's Museum in 1992, has been in finding ways to preserve traditional Thai culture and ecology while simultaneously making life easier for impoverished farmers and hill tribes.

Her deep concern for the welfare of the Thai people is matched by her knowledge of their needs. Her husband, His Majesty King Shumibol Adulyadej, has made it his admirable policy to ''visit the people'', spending more than half of each year traveling around Thailand, often to remote areas accessible only by helicopter or jeep. Accompanying him on his trips, the queen witnessed at first hand the hardships of rural life, the damage to forests, wildlife and water supplies caused by primitive farming practices and the threat posed by modernization to traditional Thai arts and crafts. It was her inspiration to, in effect, capitalize culture, to train farm families in producing handicrafts which could be sold to bring in regular income. Since 1978, Queen Sirikit's SUPPORT Foundation has trained 30,000 such families in crafts ranging from ceramics to silk-weaving to bamboo basketry.

In 1982, the Queen initiated the Forest-Loves-Water project, to demonstrate that SUPPORT handicrafts projects could encourage reforestation. At Ban Mae Tam village, the rich teak forests once threatened by illegal logging are being replaced. Villagers able to earn a living from cottage industries do not need to rely on tree-cutting or slash-and-burn farming for subsistence. Under her gentle leadership, through encouragement and practical training, solutions are being found to pressing environmental problems.

Queen Sirikit's likeness is on the Cares Medal awarded by the Food and Agriculture Organization of the United Nations. This is an honor reserved for women who by their lives and their work have helped to lift the status of women. It is a beautiful medal, reflecting the beauty of spirit of its model, a woman whose motto has always been ''To give without discrimination.'' It is always a pleasure to welcome Her Majesty to the United States, and to tell her how much we admire her efforts on behalf of the Thai people.

GEORGIA AND LARRY TALSMA

Mr. PRESSLER. Mr. President, this week I have been fortunate to visit with two citizens from Springfield, SD—Georgia and Larry Talsma. Georgia and Larry made their first trip ever to Washington, DC, by car. The Talsmas are the quintessential hard-working South Dakota ranch family. They and their ancestors have worked the land for five generations. They know the importance of proper stewardship of the land, because without this respect there would be nothing for the next generation.

The Talsmas came to Washington to tell their story of how the Federal Government is intruding on their land and threatening to take over their private property. Amazing as this may sound, Mr. President, it is true.

In 1991, Congress passed legislation to designate the 39-mile segment of the Missouri River from the headwaters of Lewis and Clark Lake to the Ft. Randall Dam as a recreational river to be administered by the National Park Service. Today, however, the process to achieve this designation has raised great controversy. In fact, the local citizens along this segment of the Missouri River now question the need for the designation. I agree with those South Dakotans, including the Talsmas.

During the first public meeting on the designation, pamphlets were handed out describing how the Park Service acquires private property. Mr. President, most, if not all, of the South Dakotans in attendance were not even aware of the river designation, let alone the possibility of the Federal Government condemning their land and buying it out from under them.

Their concerns and fears were fed by representatives of the National Park Service who stated that if they, the Park Service, cannot own this land, then they will control it.

This morning I asked the Director of the National Park Service to come to my office and listen to the Talsmas. At that meeting I told the Director that I intended to introduce legislation to undo the designation in South Dakota. This is an effort the Talsmas and other South Dakotans strongly support.

I also asked the Director to listen to the Talsmas and see what steps could be taken by the Park Service to address the needs of South Dakotans. While Director Kennedy informed the Talsmas that the Park Service did not want to buy or control their land or claim eminent domain, the Talsmas correctly pointed out that the ''Devil is in the details.''

The Talsmas informed the Director they were being told just the opposite at the public meetings and that is why they felt they had to come to Washington to get their message across. Their primary concern is not for themselves, but for their children and future generations of South Dakotans who depend on the land for their survival.

I am pleased to report that due to the efforts of the Talsmas, something good came out of the meeting. First, the Park Service agreed to push back the deadline for a preferred alternative to no earlier than August 1, 1995. Just a few days ago the Talsmas were told they had only 5 days to review and comment on the preferred alternatives. This extreme time limit simply is not fair. I told the Director that South Dakotans needed the time to tell their story and have input into the decision-making process. Director Kennedy agreed.

Director Kennedy also assured the Talsmas there would be at least a 60-day comment period on any preferred alternative. If more time is needed, Director Kennedy said he would be willing to provide such time.

Director Kennedy also told me his office would provide legislative language to me that would assure local control over the river. I look forward to reviewing the language and if appropriate will push for its immediate approval by the Congress.

Mr. President, I will continue to work with Georgia and Larry Talsma and other South Dakota landowners to see that their property and their rights are fully protected, and are not overrun by the Federal Government.

Federal policy is moving ever closer toward infringement of individual private property rights. One of America's founding principles is the right of citizens to own private property. These rights must be closely guarded.

Mr. President, I am proud South Dakota has citizens such as Georgia and Larry Talsma. Their determination, and hard work actually moved Washington to action. They had to take time off their ranching chores and drive all the way to Washington to move a bureaucratic mountain. I am please they achieved progress.

I am proud of the Talsmas and what they have accomplished. They are to be commended. Their battle is not over yet, but Mr. President, their action is proof that this is a government of and for the people.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, what is the status at the present time? Are we under a time limitation?

The PRESIDING OFFICER. We remain in morning business until 12 o'clock. Statements, unless under a previous order, are limited to 5 minutes each.

Mr. GORTON. I ask unanimous consent to proceed in morning business for not to exceed 10 minutes.

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

A HISTORIC DEBATE ON THE BUDGET RESOLUTION

Mr. GORTON. Mr. President, in less than an hour, the Senate will begin a truly historic debate on a budget resolution reported by the Senate Budget Committee. It is a budget resolution which, for the first time, perhaps, since the Budget Act was passed a quarter of a century ago, seriously proposes to put this Nation on the road to a balanced Federal budget.

Mr. President, lip service has been promised to that goal by many of those who voted against a constitutional amendment to require a balanced budget, as well as by those who voted for that budget. Most of the former group, however, now find something wrong with this proposal, just as they have with any preceding attempts to balance the budget. In theory, they are in favor of reaching that goal, but in practice they have never actually seen the way in which it ought to be reached.

Perhaps the best evidence of this proposition, Mr. President, is that while the minority party in this body is almost—I say almost, not quite—without exception opposed to the budget resolution that is before us, that same minority party in the House of Representatives is putting up as an alternative essentially the Senate budget resolution and praising it as much superior to the one that will actually pass the House of Representatives. I think they do that with full confidence that the proposal will not pass, that the alternative will not pass in the House, and it is therefore safe for them to praise it and, in some cases, to vote in favor of it.

This balanced budget here in the Senate, together with the one in the House, will have tremendous positive impacts on the American people. It will result in a significantly greater increase in family income all across this country because of lower interest rates and greater job opportunities. And those positive impacts will vastly overshadow any temporary negative impacts of the loss of various Federal subsidies.

Before we begin that formal debate, I want to make a few remarks about the downpayment on a balanced budget, the rescissions bill, which is about to go to the President of the United States and which the President announced yesterday that he intended to veto.

This rescissions bill—this cancellation of some of the spending proposed by the last Congress—amounts to about 1 percent of the current year's budget. Yet, to reduce spending this year by 1 percent seems much too drastic a step for this administration to be willing to take. This bill started as a request by the President to spend more money, some for the Department of Defense, essentially to cover the costs of various, dubious peacekeeping missions around the world which was passed as part of a separate bill, and others to spend money on various natural disasters which the President improvidently had refused to include in the budget passed less than a year ago, in spite of the fact that these disasters are always with us, together with a few modest reductions in a handful of programs.

The House of Representatives took the bit in its teeth and came up with a cancellation of something more than $17 billion in current spending, about 1 percent of the total budget, as I have already said. The President protested that as being too much and in the wrong places. This body, as the Presiding Officer knows, passed a somewhat more modest rescissions bill, still close to $15 billion or so, with a different mix of canceled or reduced programs. And about that Senate rescissions bill the President said:

> The bill passed 99 to 0 in the Senate and I will sign the Senate bill if the House and Senate will send it to me. That is how we should be doing the business of America.

In the 4 weeks since then, Mr. President, the House and the Senate have met together in a conference committee to settle the differences between these two proposals, in the time-honored fashion under our rules. What was unprecedented during the course of this attempt to work out differences was the almost total absence of people representing the White House or the administration.

Unlike the situation during the Bush administration, the Reagan administration, and previous administrations when I was not here, there was no guidance from the White House at all. No statement that, ''Here is our bottom line.'' No attempt to work out differences the way previous administrations did. Silence, except around the margins, until the day after the conference committee finished its work and submitted it to the two bodies.

Then the President decided that it ended up reducing a handful of programs and job training and education by so great an amount of money that he had to veto it.

I totaled up all of the items that I think could come under that veto threat and they amount to less than $1 billion of the $17 billions.

Mr. President, I repeat, no statements of this sort, no bottom lines, were sent to the members of the conference committee while it was working out this situation.

Yesterday, the President threatened to veto the bill. He also said that he still wanted to save money but too much money was being spent in this bill on courthouses and on highway projects. Curiously enough, Mr. President, all of these projects which the President now describes as pork were included in last year's appropriations bill that he signed and praised last year.

Of course, if his veto stands and no other rescissions bill is passed, all will be built. His veto does not cancel a single one of them. Not a single one of them was criticized at the time which they were originally appropriated for and passed last year.

One other curiosity, Mr. President, included in the Senate bill which the White House said would be approved, was certain timber language drafted by this Senator for the relief of timber communities not just in the Pacific Northwest but all across the country. That proposal simply authorized the administration to do what it said it wanted to do, to carry out the provisions of what is known as option 9, its own option in the Pacific Northwest, and to salvage burned and dead and dying timber in national forests all across the country, destroyed either by insects or by forest fires and rapidly becoming kindling for new forest fires.

Nothing in the Senate provisions required the administration to do more than it wished to do, but it did enable them to do what they claimed they wanted to do without the interference of outside lawsuits.

Not only was that apparently all right, as a result of the Presidential speech that I just read, it was expressly approved just barely a week ago in a letter from the Secretary of Agriculture, whom as we know, is the supervisor of the Forest Service, expressly wrote to Senator HATFIELD and said that the Senate version was much preferable than the House version.

Yesterday, the result of the conference committee was described by the President of the United States in these words:

> There is another thing which is in this bill which I really object to which would basically direct us to make timber sales to large companies subsidized by the taxpayers, mostly in the Pacific Northwest, and that will essentially throw out all of our environmental laws and the protections that we have that surround such timber sales. It would also put us back into the courts.

Now, Mr. President, the language to which the White House now objects, says is subject to a veto, was first, the language they approved when it passed the Senate in the first place, which was the subject of an explicit letter from the Secretary of Agriculture—a letter of approval, and which was changed only in ways proposed by Members of the President's own party as a result of suggestions from people in the administration themselves.

It does not direct timber sales to large companies in any respect whatever. Most of the large companies in the Pacific Northwest are ineligible to bid on Forest Service timber. It is not subsidized by the taxpayers. The Congressional Budget Office told the Senate it will net the Treasury some $80 million.

It is not mostly in the Pacific Northwest but includes every national forest around the country. It does not throw out the environmental laws at all. It allows the administration to continue to follow every one of them as presumably it has, in connection with its own plans. And it not only does not put them back into the courts, it takes them out.

So every single description of this proposal by the President of the United States is in error. Every single element. This proposal merely allows the President to do what he has told the people of the Pacific Northwest and the country he intends to do anyway, and freeze up the lawsuits over that subject.

I think the summary, Mr. President, is just this: The administration, and regrettably many of the Members on the other side of the aisle, whether it is in this rescissions bill or the budget resolution, favor the status quo. And $200 to $300 million deficits as far as the eye can see are fine. They have no other proposal, no other alternative.

Cutting 1 percent of this year's budget is really too much, too drastic. Has to be vetoed. Allowing the President to keep his own promises to timber communities, too radical a proposal.

Everything is just fine with all the laws and all the spending policies right now. That is the message we get. Just fine. We should not make any chains. We will object to everything that is proposed by the new majority party. We will prevent them from keeping their commitments, but we will not offer any alternatives at all.

Mr. President, that is not a satisfactory way with which to conduct the Nation's business. It is not what the people of this country want. We have promised them change and a respect for our commitments. And we will continue to struggle, I trust, ultimately successfully, to just that end.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Under the previous order, the Senator from Nevada [Mr. REID] is recognized to speak for up to 10 minutes.

Mr. REID. Mr. President, I ask unanimous consent that that be extended to 15 minutes.

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

THE BUDGET

Mr. REID. Mr. President, the issue before this body that will begin in approximately half an hour is not whether the Republicans are for a balanced budget or the Democrats are for a balanced budget. The question is how should we arrive at that balanced budget? All of us want to pass a resolution getting our financial house in order. The issue is one of priority. How are we going to resolve difficult issues before the American people in an effort to arrive at this balanced budget?

We have heard a great deal of talk these past few months about the need for deficit reduction. Many on the other side of the aisle have talked about a balanced budget, and rightfully so. I say to my friends on the other side of the aisle, and I say to the American public, where were those same people in the fall of 1993 when the Democrats alone without a single Republican vote in the House or the Senate passed the largest deficit reduction package in the history of this country? Where were they? There was not a single Republican vote for the largest deficit reduction package in the history of this country. I say that would have been the time to start the debate regarding a balanced budget.

Mr. President, the deficit reduction package that was passed in 1993 is projected today by the CBO to reduce the deficit by $600 billion. The deficit will be exactly $16 billion less over 5 years because of the deficit reduction plan that was passed in 1993. Because of the Democrat plan, the 1994 deficit as a percentage of gross domestic product is projected to be the lowest among the G–7 countries. This year we are going to again have a declining deficit. For the first time in 50 years we will have had 3 years in a row where we have had declining deficits. Of course, it should be declining more, but the first time in 50 years. That says a lot.

Because of the deficit plan, the unemployment rate is at 5.8 percent, down from 7 percent in 1992. We have had the lowest unemployment and the lowest inflation combined in the last 2 years than it has been in the last 50 years. There are now about 1.5 million fewer people unemployed than at the start of this administration, a 15-percent drop.

So I think it is important to talk about some of the good things that are happening in our economy. Because of that deficit reduction plan, over 6.3 million new jobs have been created. Keep in mind these are not Government jobs because we reduced the Federal work force by hundreds of thousands of people. We have the lowest Federal employment since the Kennedy administration, right now; not in the future but right now. Significantly, the jobs that have been created as a result of the deficit reduction are in the high-wage industries. For example, managerial, professional jobs make up 58 percent of the new jobs created since 1994. These jobs are good jobs.

What about taxes? According to CBO the deficit reduction package resulted in 98-plus percent approaching 99 percent of Americans paying the same or less taxes as a result of that deficit reduction plan. CPI inflation over the past 2 years averaged just 2.8 percent. That is the lowest of any administration since President Kennedy was President.

The existing home sales for 1994 total almost 4 million. This is the largest total since 1978 and the second-largest total ever.

Since our deficit reduction plan was passed, consumer confidence is up by almost 80 percent. Business investment, investment in producers of durable equipment, which is shown to be closely associated with productivity, again has soared to a 18.6 annual growth rate since 1992. This is a postwar high.

Mr. President, let us not talk about the doom and gloom. Let us take a little bit of time to enjoy the goodness that is in the economy. Since passage of that deficit reduction plan the World Economic Forum has declared that the United States has the world's most competitive economy. Some may say, ''So what?'' Well, this is the first time in 9 years that we have been selected for that honor.

Again, I repeat, let us look at what is good. Why do we have to dwell on the doom and gloom? The economy is vibrant. It is strong.

There may be someone in this 100-Member body that would argue against a balanced budget. I do not know who it would be. But there could be someone. I say that we should have a balanced budget. And we are going to have that. A debate ensued here a while back where some suggested that the only way we can have a balanced budget is we amend the Constitution. It does not appear that is the case.

We are going to have a balanced budget by the year 2002. That is what was stated in the balanced budget amendment that was defeated here; we can do it without a balanced budget. The reason that some pushed for a balanced budget amendment to the Constitution is they wanted to use Social Security. It would have been a lot easier way to balance the budget had we used the huge surpluses that are going to be accumulated; as, for example, this year $80 billion, the year 2002, $111 billion. That would have been the easy way to balance the budget. But I and a number of others said, ''Why don't we do it the right way, the honest but hard way, and balance the budget without depleting the surplus in Social Security, so that by the year 2002, we would not only have had a balanced budget, but we would still have a strong, vibrant Social Security system?'' That is the important thing. I think that is what we are going to wind up doing here.

The proposal that we have by the Budget Committee will certainly define the difference between the two parties. We need to talk about priorities.

Very succinctly stated, is it right to decimate Medicare by cutting it by $256 billion, or is it more important to not give a tax cut as in the budget that we have in the Senate Budget Committee of $170 billion, almost $400 billion in the House proposal? Let us do away with those tax cuts and apply that money to Medicare, to education. And why do we have in the Senate version this enormous tax increase on wage-earning families?

And I say to my friends in the Senate and those within the sound of my voice, $28,000 a year, why would we want to increase the taxes for people who are making about double minimum wage?

In the 1993 reduction package, the reason we gave a tax break to people who are earning less than $28,000 a year was so that there would be an incentive to get off welfare and and go to work. And now we are being told that is the wrong way to go.

If we want to reform welfare, the only way we can do it is through incentives to work. And what this thing we call the earned income tax credit does is reward work. That is what welfare reform is. That is why we have it.

The priorities that we are talking about, Mr. President, are significant. We have, in the proposal we have gotten from the Senate Budget Committee, cut college Federal aid to students over 7 years by $30 billion. Half of all college students, Mr. President, receive some type of financial aid from the Federal Government; 75 percent of all student aid comes from the Federal Government.

Let me say it again. Half of all college students receive financial aid; 75 percent of all student aid comes from the Federal Government.

Mr. INHOFE. Will the Senator yield?

Mr. REID. We are talking about $30 billion.

I do not have time. I will be happy, when my time is up, to respond to questions from the Senator from Oklahoma.

This would affect about 4 million students a year. It would reduce Pell grants, and Pell grants go to the most needy students, it would reduce Pell grants for individual students by 40 percent. That is wrong. We would cut back moneys for the Head Start Program, special education. That is not the right priority. The right priorities are to achieve a balanced budget but let us eliminate tax cuts. That is the first way to go. It makes it very simple. And I would be very interested in doing away with some of the tax loopholes that are still in the Federal Tax Code. We could freeze tax loopholes at their current levels and save $300 billion. If we want to be more specific and maintain some of those, which this Senator would be willing to do, we would maybe only save $250 billion. The point is simply that we would save lots of money by cutting tax loopholes. That is what we need to do.

The Republican balanced budget plan is a plan that is harmful to people who want to work. We are talking about equal sacrifice. This is not equal sacrifice, as was said on National Public Radio yesterday by noted Republican commentator Kevin Phillips. He said that the Republican plan in effect damages and hurts the working people but rewards significantly the rich. There is no equal sacrifice. The rich would benefit from the plan while all the sacrifice would go to the working middle class.

That is not the way we should go. I believe, Mr. President, that we must be careful that we do not ruin Medicare; that we not have tax cuts only for the most affluent of our society; that we have reasonable, noninjurious cuts in Medicare; that we make sure we do not damage the education phase of our system; and most of all that we do not hurt the working people of this country.

I would be happy to respond to a question of my friend from Oklahoma.

Mr. INHOFE. I thank the distinguished Senator from Nevada and would like to ask this. One of the Senator's statements was that the defining difference, the budget that is adopted in the debate that will take place over the proposed budget that we have from the Republican side will be the defining difference between the two parties. And my question is, Is the Senator taking the budget, the President's budget as your budget and then the Domenici Republican budget as the other, as being the defining two budgets?

Mr. REID. I say to my friend Oklahoma—and the Senator was not in the Chamber when I started my statement—I said, No. 1, where were the Republicans when we passed the 1993 deficit reduction plan, the largest deficit reduction in the history of the country? And I laid out in some detail what has happened since we reduced the deficit by $600 billion during this period of time.

I will also say to my friend, during all the Reagan years and all the Bush years, we started out with a document from the President, a budget. But as my friend knows, having had experience in the House, as I have, the budget we get from the President is always changed. That is our function. I heard this statement numerous times when we were in the majority in the House and Senate, that Congress sets the spending. It is not the President. It is the Congress. During the years I have been here, every year President Reagan sent us a budget, President Bush sent us a budget, and President Clinton sent us a budget, we came up with our own working documents. I think that is what we should do this time. What the President sent us will not be what comes out of this Chamber.

I think when it is all said and done, people on this side of the aisle will have the opportunity to vote to determine whether we should have tax increases for the poor, tax decreases for the wealthy, whether we should dramatically cut Medicare and education. We will have votes on that, to determine the differences between the two parties.

Mr. INHOFE. Will the Senator yield further?

Mr. REID. Of course.

Mr. INHOFE. I agree with the Senator. I have read the Constitution and seen what our job is. And, of course, we had a Republican President with a Democrat Congress at the time the Senator is speaking of. Now it is just the reverse; we have a Democrat President and Republican Congress. Obviously, there will be a difference from the beginning budget. The observation that I would make and would like to ask the Senator about is when we talk about the cuts, talk about the deficits—and the Senator was talking about the 1993 bill—in 1994, there was a tax increase that was recommended by the Democratic Party and by the President of the United States, Bill Clinton, that was characterized as the largest single tax increase in the history of public finance in America or anywhere in the world. I would like to ask the Senator two questions. He has been talking about the reduction that we are proposing in our bill in taxes, and I would suggest to the Senator that we are not proposing a reduction in taxes from the Senate even though I would personally like to have us do that. It is the House bill that is offering the reductions in their package.

Mr. REID. I will be happy to respond.

The PRESIDING OFFICER. The Chair will advise the Senator from Nevada that the time has expired.

Mr. REID. I would ask that in morning business this colloquy between the

Senators from Oklahoma and Nevada be allowed to continue.

Mr. INHOFE. Reserving the right to object, I would like to not have that extend beyond the next 2 minutes because I want the use the last 8 minutes.

Mr. REID. If I could have 1 minute to respond.

Mr. INHOFE. No objection.

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

Mr. REID. I would say, first of all, that was wrongly characterized as the largest tax increase in history. And I would further state that the Senate budget we have received also has a tax cut. It is disguised. But what it does, any savings that come as a result of the balanced budget would be referred to the Finance Committee and the Finance Committee only use that money for tax decreases.

So both the Senate version of the budget and the House version of the budget have tax cuts. The House was more apparent in theirs. They have about $385 billion in tax cuts. The Senate proposal is a little more camouflaged but there is still a call for $170 billion in tax cuts because that is all the Finance Committee could use the money for as savings.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I would be happy to yield the time I have to the Senator from Oklahoma.

BALANCING THE FEDERAL BUDGET

Mr. INHOFE. Mr. President, first of all, I thank the Senator from Nevada for responding to questions. I would like to make an observation.

I had the occasion to be sitting in the chair for the past hour before the current occupant of the chair, and I listened to the discussion that took place in the Chamber. It occurred to me that maybe some people for the first time realize how truly difficult it is to balance the budget.

I had an occasion last night to see on C-SPAN the Democratic whip in the House of Representatives standing up and talking and stating over and over and over again that they are requesting reductions in taxes for the very wealthy people and that those reductions in taxes will be paid by what has always been referred to as the working people. And I have always found that to be a little offensive. It is kind of implying that other people are not working. I think it is a very clever way to state it because everyone identifies with that.

But we are at a defining moment right now. There was truly a revolution that took place on November 8, 1994, and everyone agrees with this. I know there are others who do not like the way it turned out, but the conservatives did, in fact, win.

And while there is a lot of confusion over this as to how it must be done, the message that came in November 1994 was: ''We demand change. We don't want the status quo.''

Now we are seeing the defenders of the status quo on this floor talking about, ''Well, we can't do this. We can't have a balanced budget amendment to the Constitution. We can't adopt the budget as proposed by the Republicans because it might incur a hardship on some of the people in this country.''

I would suggest, first of all, that we make it abundantly clear that the budget that is going to be proposed in both the other body and in this body does not have a cut in Medicare. As a matter of fact, it adds a bit in growth in Medicare. That growth is somewhere around 7.1 percent.

The President had a report from his trustees on Medicare. There are six of them. He appointed them. We are talking about people like Donna Shalala and people like the other Cabinet members. They reported to the President of the United States that if we do not do something about Medicare, Medicare will start into a deficit in the fiscal year of 1997 and will be broke, bankrupt, in the year 2002.

Now, there are a lot of people watching right now who, like me, will reach the age of 65 by the year 2002, and they have to understand that this is not a Republican suggestion or study that has developed the conclusion that it will go broke by the year 2002. These are the trustees of the Medicare system that were appointed by the President.

Now what has the President done since then? Where is the President? He has not even responded to that. And yet, he is adhering to his budget. Only yesterday, he announced he was going to veto the rescissions bill, which was a reduction in spending of $16.4 billion, the largest single reduction, I believe, in the history of this country. He says he is going to veto this reduction, the spending reductions.

I think it is just inconceivable that someone who ran for office on reducing spending, someone who ran on a balanced budget for this country, would now come up and say, in this fiscal year of 1995, the rescissions bill that has been proposed and that was passed by a majority of votes in the House and the Senate will be vetoed by the President of the United States.

I also think it is necessary for us to reaffirm our commitment to children. I hear over and over again about this program is going to be cut, or that program is going to be cut.

Yes, some programs are going to be cut and there are going to be some hardships if we do successfully balance the budget by the year 2002. But we cannot stand up here on the floor, as the Senator from Nevada did a few moments ago, and talk about the fact that every Senator, every one of the 100 Senators here in the U.S. Senate, wants to have a balanced budget by the year 2002 and not do anything today to bring it about.

You know, this is an exciting time. Right now, this week, we are going to be debating, and next week we probably will have a vote in both bodies on a budget that will eliminate the deficit by the year 2002.

I heard Congressman DELAY talk about the fact that he has been waiting his entire life for this moment to come. And all of those who voted for a major change on November 8, 1994, this is the change. Of all the things that that mandate said to Congress from the American people, it said we want less Government intrusion in our lives. It said that we want to do something about keeping America strong in its defense. But, first and foremost, it said, we want to balance the budget.

I had an experience the other day when we had our National Prayer Breakfast. When I left the House, I was president of the House Prayer Breakfast, so I was kind of in charge, I say to the Senator, of the international visitors.

There was a gentleman who came into our National Prayer Breakfast from Moldavia. He was beaming from ear to ear. He came up to me and he said, ''Senator, we are so proud. We now have a free economy. We have been under communism for all these years, now we have democracy. But I have a question to ask you. In America, how much can you keep?''

And I said, ''I'm sorry, I don't think I understand your question.'' He said, ''In America, how much does the Government take from you?''

Then I understood what he was saying, and so I gave him a figure that I would hate to have to stand here and try to justify.

But he said, very proudly, ''In Moldavia, when we go out and we earn a dollar, we get to keep 20 cents.''

They have some kind of a periodic collection. At the end of every month, they have to give 80 cents out of every dollar they earn to the Government. He was so proud they had reached that point.

I thought how fortunate we are in this country, until I realized and looked at the picture of my two grandchildren. And the CBO, and others in every study, no one has disagreed, said that if we do not do something to change the trend in this country of deficit spending, that anyone who is born today will have to spend 82 percent of his or her lifetime income to support the Government. And that is worse off than they are in Moldavia.

So I would just caution you, Mr. President, and others who may hear the stories of the bleeding hearts talking about all these Government programs that are going to be cut, to stop and realize, in most cases, that is not true at all. It is not the case of Social Security, it is not the case of Medicare, it is not the case of Medicaid.

And if, in fact, we could actually put a growth cap on Government, as I think one amendment by Senator GRAMM is going to attempt to do, of 3.2

percent, we end up balancing the budget without cutting one Federal program and without reducing one Federal program by merely putting caps on.

So I think we have to ask ourselves a question, Mr. President, not should we do this this week or next week, but what happens if we do not. Are we going to have another opportunity in the U.S. Senate or the other body to actually come up with a balanced budget? And we have to ask the question: Where will our children be if we do not vote properly?

I know there are well-meaning people on the other side of this. They say we want a balanced budget, they want to do something by the year 2002. I would like to do it sooner. Most of us would. But talking is one thing and doing is another thing.

It is not going to be easy, but I suggest to you, Mr. President—I know that my time is up and morning business up—I suggest to you, if we do not do it this time, we will probably not be able to do it in our lifetimes.

I yield back the remainder of my time.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Concurrent Resolution 13, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001 and 2002.

The Senate proceeded to consider the concurrent resolution.

Mr. SANTORUM. Mr. President, I have been authorized by the chairman to speak, and the time to come off the resolution.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Pennsylvania.

Mr. SANTORUM. Thank you, Mr. President.

I feel somewhat privileged to be the first person to speak on this historic resolution that has just been laid down by the U.S. Senate. It is, in fact, a historic moment for this Chamber that we are going to finally come to grips and face and look straight in the eye the future of our country and the children of our country and say we are now prepared to act on your behalf. We are now prepared to take the tough stands and to weather the beatings that we will be getting from the press and from the other side to stand up for the future generations of Americans so we can, like my grandfather who came here as an immigrant and my father who came here as a immigrant, try to leave the country better off and with more opportunities than their generation had.

We have stopped doing that in America, and this is a chance to start over, to start anew, to give us the opportunity right here on this Senate floor to move forward, to move this country forward into a new millennium with sound fiscal policy and with opportunity available to every American. That is what this is all about.

This is not about the minutiae that you are going to hear on the floor of the Senate about, ''Oh, well, we're going to cut this program and as a result of the program''—listen, a Government program, a Government program which most people know, most Government programs, big administrative costs, do not necessarily target the way they are supposed to, but we are going to cut a Government program and there will be hundreds of them discussed in the next 50 hours.

We are going to take a Government program and that program itself will jeopardize our future so greatly that it is more important to preserve this little bit more funding for this program than it is to balance the Federal budget and to preserve the long-term future of this country. That argument in itself just fails; it is ridiculous. There is nothing we do in Washington, DC—nothing—no individual program that stands above providing future generations the opportunity to succeed in America. Nothing.

So when you look and you hear all the debate about all the minutiae that you are going to discuss, all the little programs that somebody likes to scare people with that we are going to abolish or cut or whatever, remember the big picture. The big picture is: We balance the budget in 7 years, we provide fiscal sanity for future generations and, frankly, for this generation with several programs, and that is what we have to focus on. That is what the issue is.

You are going to hear a lot about, as I was hearing a few minutes ago, tax cuts for the rich paid for by cutting working middle-class programs, so we are going to take money away from working Americans, working American families for tax cuts for the rich. I do not know about you, but as far as I understand the Tax Code, you get taxed if you work, you get taxed if you make money. So if you are cutting taxes for people who work, I do not know how that is hurting working American families, particularly since the biggest item in the tax cut proposal that is being proposed is a tax cut of $500 for families, a credit of $500 per family.

Now, how is that hurting families? The only families that could conceivably hurt are those that do not have children and those who do not make enough money to pay taxes. But to say that you are cutting programs for taxpaying families, yeah, OK, but then we are giving it back to them where they can spend the money where they want to spend it. They get all of it, not siphoned off from Washington with the administrative costs and the overhead and the direction of what we think is best to spend money, but they get the whole pot.

I see the majority leader is here, so I will cease my comments because I know he is really the proper one to lead this off. But I am telling you, this is going to be a great day in the U.S. Senate. It is a day that we should be very, very proud, as all Members of the Senate, that we are having this discussion. It is unfortunate that the President of the United States has chosen not to participate in this discussion, that he has chosen to sit on the sidelines and throw either confetti or darts from the stands and not participate and get involved in solving the No. 1 problem of this Nation by presenting a budget that is balanced.

Mr. President, I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader, Senator DOLE, is recognized.

Mr. DOLE. Mr. President, I thank my colleague from Pennsylvania. I commend him for his forthright statement. This is going to be a very important debate, in effect, for everybody in America, I believe for the better if we can keep it on that plane. I certainly look forward to Senator DOMENICI's opening statement, and I will follow with my budget statement after Senator DOMENICI.

Mr. DOMENICI. Mr. President, I assume we will follow the typical process and procedure that we have in the past. As the majority leader of the bill, I will have some opening remarks and I, obviously, will quickly yield to the Senator from Nebraska who will have his opening remarks. I would like the Senate to know that as we read the budget law, there is up to 4 hours for discussion of economics and the macro effect of the budget and the like. Some Senators on our side would like to speak during that period to what they consider to be a historic event, a redefining event for America. So we are going to let as many of them as possible do that without in any way violating our comity with the other side. As soon as we can, we will get into a rotation on amendments.

The Senator from New Mexico will try sometime this evening to offer the first amendment. It should come as a shock to no one. It will be the President's budget. The President's press secretary suggested yesterday that it would be a much better starting point to start with the President. So we will accommodate and put that budget before the Senate and see what they think about it. Then we will go to the Democrat side for their amendment and we will move back and forth.

I am permitted by the majority leader pursuant to his instructions to talk about the fact that we are going to be in next week late. If the full 50 hours is going to be used, obviously we are going to have to take a couple days and work very long hours. The majority leader has indicated we are going to do that. We would like to finish Wednesday, as I understand it. And I am going to do my best to be accommodating. Everybody knows that there is a limitation on how long you can speak on amendments and how much you can speak on amendments to amendments, all of which is by law, not by recall. That is the way the budget law was written. We are going to work closely under that. With that, I will have a couple of procedural unanimous-consent requests, Mr. President.

First, as I understand it, you have already read the budget resolution by title, is that correct?

The PRESIDING OFFICER. The Senator is correct.

PRIVILEGE OF THE FLOOR

Mr. DOMENICI. I ask unanimous consent that the following staff of the Senate Budget Committee be permitted to remain on the Senate floor during the consideration of Senate Concurrent Resolution 13.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The list of staff is as follows:

MAJORITY STAFF

Bilton, Karen.
Cieplak, Lisa.
Hearn, Jim.
Hennessey, Keith.
Hoagland, William.
McQuire, Carol.
Miller, Anne.
Phillips, Roy.
Ramonas, Denise G.
Reidy, Cheri.
Rel, Ricardo.
Riley, J. Brian.
Ruffner, Mike.
Selfridge, Barbara.
Smith, Jennifer.
Smythe, Austin.
Stevenson, Bob.
Taylor, Peter.
Vuksich, Greg.

MINORITY STAFF

Abraham, Amy.
Blocker, Annanias.
Dauster, Bill.
Dimock, Kelly.
Dresden, Tony.
Duncan, Meg.
Grant, Jodi.
Greenwald, Matt.
Huffer, Joan.
Klumpner, Jim.
Mays, Daniela.
Nelson, Sue.
Slominski, Jerry.
Strumpf, Barry.
Williams, Dave.

PRIVILEGE OF THE FLOOR

Mr. EXON. Mr. President, I ask unanimous consent that Susan Ross, a Presidential management intern, and Nancy Harris, a J.J. Pickle Fellow, be granted floor privileges and be permitted to remain on the Senate floor during consideration of the budget resolution.

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

AUTHORITY TO USE CALCULATORS ON SENATE FLOOR

Mr. DOMENICI. I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of the 1996 fiscal budget.

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

Mr. DOMENICI. Mr. President, I yield myself as much time as I need for some opening observations, and then I will yield to Senator EXON. And then I understand the Republican leader wants to speak immediately following that. I will be yielding as quickly as I can to him.

Mr. President, today, we begin a discussion of great significance. As I see it, we are discussing today the future of the United States of America. Over the next few days, we will have the debate that so many of us have said we want—a debate to balance the budget of the United States. Earlier this year, we had another debate. That debate had to do with a constitutional amendment to balance the budget. At that time, many of my colleagues declared that we did not need a constitutional amendment, Mr. President. ''We do not need a constitutional amendment,'' many said, ''to balance the budget.'' All we needed was the courage to do it ourselves.

While I wanted a balanced budget amendment because I wanted it there for the long-term future, I voted for it.

Today, I am responding to all of the Senators from both sides of the aisle, which is an overwhelming number who have said the United States of America should balance the budget.

Many Senators on the other side who did not vote for that balanced budget amendment—and I am not here arguing with them today—many of them stood up on the floor of the Senate and said, ''We do not need the balanced budget amendment. Just let us exercise courage, and we will get a balanced budget. We will do it ourselves.''

This is a do-it-ourselves balanced budget. We have an opportunity to test that proposition of courage. Do we have the courage to do what is necessary to achieve a balanced budget?

Just 55 session days ago, I say to our majority leader who was present at that time, on February 10, this same Chamber overwhelmingly, 87–10, voted in favor of an amendment directing the Senate Budget Committee to report back to the Senate at the earliest possible date, how do we achieve a balanced budget without increasing or reducing the disbursements under the Social Security fund.

In other words, the instructions were—87–10—bring the Senate a balanced budget, and the only thing that shall not be touched is Social Security.

Today, Mr. President, fellow Senators, the Senate Budget Committee has reported back to the U.S. Senate. Senate Concurrent Resolution 13 now before the Senate achieves that mandate and that directive from the U.S. Senate, 87–10. That is the number that said, ''Do it.''

We will now have an opportunity to openly and fairly debate our vision of a brighter fiscal future, a better America for our children and our grandchildren, a brighter America where we pay our bills instead of asking our children to pay our bills.

Today, my colleagues on both sides of the aisle, to all of them, this will be a very important debate. It will be heated from time to time. However, it is an essential debate. America's future, for the young and the old alike, will be shaped right here on the Senate floor during the next 5 to 6 days.

Let Senators, throughout this debate, try to remain focused on what our ultimate goal is —a country unsaddled with debt on our children.

Because the numbers do not lie, our deficit is out of control, and our current state of Federal expenditures versus receipts is unacceptable.

In the 1960's, deficits were averaging $16 billion a year; in the 1970's, they averaged $38 billion a year; in the 1980's they averaged $156 billion a year; and so far, Mr. President, in the 1990's they have averaged $259 billion a year.

This year we will borrow 11 cents of every Federal dollar spent. Our budget deficit this year stands at $175 billion, and is growing relentlessly at the rate of $335,000 a minute, $20 million an hour, $482 million a day.

All of this debt is, plain and simple, mortgaging our children's future. Experts estimate that a child born today will have to pay an additional $100,000 in added taxes to pay just the interest on the debt which will accumulate during the next 18 years.

The burden is not just on future generations. Our gross Federal debt is so large—$4.9 trillion—that it is seriously harming our standard of living. Every American now owes $18,500. Every single, living, breathing American, from the smallest child to the most senior American, owes the staggering amount of $18,500.

And by 1999, Mr. President, the President's proposed budget will change that number dramatically. I wish I could say it would come down. Each American will owe $23,700 as their share of our profligacy, of our inability as adult leaders to say we ought to pay for what we give to people by way of government.

The New York Federal Reserve Bank estimates that the deficit spending between the years 1978 and 1990 reduced the gross domestic product by 5 percent. That means that the sum total of all our acts in terms of growth and wealth is 5 percent less during that decade because of the deficit we have accumulated.

The bipartisan Concord Coalition reveals that our debt and the deficit spending have lowered the income of

American families by $15,000 a year. As we see, it does matter how much we borrow, how much we owe, and how much interest we must pay to those who have lent and loaned and committed money to our Government to pay our bills.

Yet, if this proposed budget is any barometer, the President is doing little to avert a fiscal train wreck for this country. If we pass his proposed budget, the problem will just get worse, because the President's proposed budget abandons deficit reduction and succumbs to the status quo, adding another $1.12 trillion to our national debt by the year 2000, bringing the growth deficit to $6.7 trillion.

President Clinton's budget promises $200 to $300 billion deficits as far as the eye can see, a Medicare system that will go broke in 7 years, and a crushing tax burden on America's young people just starting out in life. That is the promise of the President's budget. Even the Washington Post editorial on Tuesday labeled President Clinton's budget as ''weak and directionless.''

The budget reported by the Senate Budget Committee—and I am very proud of the 12 members who voted to report this budget resolution last Thursday evening—that budget may be called many things, but one thing opponents cannot accuse it of is lacking direction. The Senate Budget Committee's resolution direction is straightforward. It is toward a balance.

Frankly, I must comment that my good friend, former chairman of the House Budget Committee and currently Chief of Staff of the President, said we should let policy direct our budget, not our budget direct our policy.

I disagree. I disagree. The policy that should direct our spending is a balanced budget. That, too, is a policy I say to the White House and to those who advocate the President's budget. Indeed, a balanced budget is a policy, and it is a policy with a future. It is a policy for the future.

The budget reported by the Senate Budget Committee clearly has direction, has a purpose, and has a tremendously effective and much needed public policy of balance for the first time in almost three decades.

Now, there is a chart up behind me here that I think ought to be the focus of the early, early hours of our debate. It is very, very simple.

It is very, very simple. The President would have us believe that his budget is an attack on deficits, that he has even made enough of an attack on deficits that he can cut taxes. The Congressional Budget Office is, according to our President, the really official, honest disseminator of budget facts. This yellow line is the President's budget for the next 5 years according to the Congressional Budget Office. You see the bragging occurs here, at somewhere between 150 and 200—176, that is where it is. But that is the lowest it ever gets. And look at the line and look at it climb.

Now in just 5 years it is perilously close to $300 billion. I am positive, although we have not done the numbers, that one could now put the line like this, and by 2002 it would probably be up here. But the Senate Budget Committee changed the course of economic history for America and their budget line is this. It is more than symbolic that it is in black, because for the first time, in 2002 the Federal Government is in the black.

Look at the difference. This is the difference. The President's budget goes on up, getting close to $300 billion when the Senate budget is less than $100 billion and then to zero while the President's skyrockets and goes on up to three-and-a-quarter, $350 billion. That is not complicated by any ideas about percentage of gross domestic product and the like. It is just plain dollar numbers.

So the budget resolution before the Senate today has a vision. It has a vision of solvency of this country, and a American dollar that gets out of the doldrums and has a real chance of remaining the currency for the world.

I know people do not quite understand, sometimes, what this low, low, low American dollar might mean. I will not even put the numbers down because the fact frightens me. But if the American dollar would become weak enough—what might happen to America if the Saudi Arabians decided they do not want to be paid in American dollars anymore? Has anybody thought of that? I say to Senator DOLE, if the Saudis said we do not want American dollars, we want to be paid in yen, you would see the most significant, gigantic leap in inflation in the United States, exceeding even the 18, 19 and 20 percent inflation of the Carter days. Because oil prices would of necessity go up two or three times just because of the value of the currency that we would have to buy up and then pay out.

So we have before us, not a blueprint as some have said, but an enforceable blueprint, for it tells the Congress of the future what they can and cannot do about spending for the next 7 years. It does not ignore the problem that everyone agrees exists. It recognizes a simple notion, that our Government simply cannot go on spending our children's money and that by balancing the budget we can ensure a brighter future for our country and our children.

The budget resolution before the Senate today wants to change the way our Government works, to make it efficient, responsive, and less expensive. Like a family gathered around the kitchen table, the committee members who voted to report this resolution Thursday past have made difficult choices. But those are choices we needed to make to protect and strengthen the future. We have been thorough and we have been fair. This budget resolution is designed to return our Nation to reality in terms of the spending of the tax dollars of the American people. It is directed at preserving this country as a land of opportunity, for this and future generations, because opportunity comes when a society gives a citizen a real chance to accumulate wealth and earn good pay. The more we go in debt, the less the chance for opportunity.

In short, it is a reflection of our commitment to responsibility, to generating economic growth, creating family-wage jobs, and protecting the American dream for our citizens, whether they are young or whether they are old. This is not just rhetoric. It is based on many studies and I will cite just an a couple.

The economic forecasting firm of DRI/McGraw-Hill, that firm estimates that if we balance this budget America's yearly output will increase by an extra 2.5 percent over the next 10 years. Minimum, they say, 2.4 million new jobs. So, in the debate that follows when we talk about less Government and what it might do, less debt and what it might do for those who would like to continue to borrow money, we have to also put into that calculation that we might get 2.5 million new jobs. Which has to be set up against some of the things that people will say have to be restrained, reformed and cut in the budget.

Further, a recent GAO study suggests that the average family income will increase by as much as $11,200 over the next 30 years as a result of balancing the Federal budget. Interest rates will decline, say they, by as much as 1.7 percentage points by the time we are in balance. These are not my estimates. They are not hopes. They are not dreams. They are what the best people in America are estimating the positive effect of balance to be. There is a reward for balancing the budget. The reward is a better America, more jobs, more opportunity, lower interest rates, less debt for our children. Add them all up and every adult leader in America should be willing to stand up and say that is was we really ought to do.

This resolution restores equilibrium, fiscal equilibrium. The blueprint, the enforceable blueprint in this resolution will for the first time in 3 decades result in a balanced Federal budget. I believe this because I truly believe it will be enforceable and it makes the very tough decision to address the fastest growing areas of Federal spending and the Federal Government's commitments. It is a budget which reflects the unequivocal goals expressed by the American people and a majority of the Members of Congress. It will balance the budget by 2002. It will not touch Social Security. And it will do so by ratcheting down the deficit by slowing the growth of Government.

Let me emphasize, Government spending will continue to grow over the next 7 years; but rather than having Government growing faster than wages and salaries, as has been the case for the last three decades, wages and salaries will grow faster than Government spending—something very important for the working people of our country and those who will come along in the future to join that work force.

This resolution before us envisions Federal Government growth at 3 percent a year over the next 7 years. Wages and salaries are estimated to grow by 5 percent—marvelous. If we can keep that going, keep that going for two or three decades our standard of living would be back where it ought to be. It is as budget which will reverse the tide of 50 years of power flowing from the rest of the country to Washington. We want to provide more freedom and opportunity to people at the local level so they might have more control over their own destinies, and their own decisions on programs that affect their lives, their communities and their children. Key changes are proposed to shrink the Federal bureaucracy. We assume the termination of over 100 programs, commissions, boards, including the gradual and orderly phaseout of the Department of Commerce. And we recommend the elimination of program duplications, consolidation of Federal programs to improve efficiency and prioritize the limited resources we have.

This resolution begins deficit reduction right here in our own backyard. It establishes a freeze on congressional salaries and pay, as a suggestion to the appropriators, a $200 million cut in the legislative branch this year with more to come. It assumes a 12.5-percent reduction in the Senate support staff, and a 15-percent reduction in committee staff, 25-percent reduction in the Government operations, GAO, and termination of the Office of Technology Assessment. We may do more. But Americans should know we want to start right here. Since we are asking for less government, we ought to have less money to spend on these institutions also.

However, the budget recognizes that Government does provide needed services to our citizens, and we have been painstakingly careful to preserve a safety net for those in true need. Moreover, we support programs aimed at keeping the American people safe, safe in their homes, in their schools by funding needed crime programs fully.

While this budget assumes a series of reforms of our welfare system that saves nearly $80 billion over the next 7 years, let no one say that we have ignored those basic human needs. It provides $192 billion for food stamp programs; AFDC, and child welfare programs, we funded over $130 billion; SSI will be funded over $230 billion. The earned-income tax credit, which we will hear a lot about, will continue to grow, and will expend $155 billion.

This resolution does not in its current form recommend school lunches be changed. The WIC Program would not decrease. It could go up. Section 8 housing would continue, and expiring contracts could very well be funded.

So the committee reported a resolution that does not cut funding for major education programs targeted at the disadvantaged, such as Head Start, chapter 1, special education, Pell grants, community service block grants. Check it. That is the way we put it down. That is the way we recommend it. It will all be up to the committees. But they will all be bound by a dollar number.

On Medicare, first and foremost, we have taken heat for the April 3 Medicare trustees report. Here it is. ''Status of Social Security and Medicare Programs,'' April 3. This was issued by six people, four of whom are appointed by the President, or work for him, and two private citizens. They state that this fund is in near collapse. The hospital fund for seniors in terms of money available to pay the bills will be bankrupt in 7 years. It will be unable to pay any bills. We cannot allow this to happen. And we have taken steps in this budget to ensure that it does not.

Our budget will slow the growth of Medicare generating savings needed to put Medicare on a financially sound footing for the next 7 years while Congress and, hopefully, the President work together to develop a long-term solution to a serious crisis of the solvency gap for Medicare over time.

Saving Medicare from insolvency is an issue of immediate importance. It will require all of us, Republicans and Democrats alike, to work toward a solution. Therefore, our budget calls upon our congressional leadership without delay to establish a bipartisan commission to develop recommendations on how to maintain the solvency of the Medicare system. This commission will be required to report back to Congress by July 10 so that these short-term recommendations can be considered by our appropriate committees before final passage of the laws changing the direction of our country.

So let us also be clear about taxes in this budget. The budget resolution does not raise taxes. Later on, Mr. President, as we are told we should not balance the budget this way, that there ought to be another way—although I do not think we will see another way—but we will suggest that maybe there are some who would like to balance the budget by raising taxes. So we will give everybody an estimate of how many billions of dollars in taxes would have to be imposed on the American people to balance the budget by raising taxes. In fact, we will tell you for your Coloradans, Mr. President, how many billions they would have to pay in new taxes if we do not want to restrain growth and cut programs. If we do not want to do that, restrain growth in some of entitlements and change the way we spend money, if we do not want to do that, then we will tell you how much taxes the State will have to pay to the Federal Government to come into balance. Because I take those at their word who said they want a balanced budget. They may not want it our way. So we are trying to explore which way.

Let me in closing say that it is my sincere hope that, as we move through this process, we can start working together. I wish that Republicans and Democrats could respond to the wishes of the American people in harmony and in unison and end this crisis of deficit spending. I understand full well, however, that this may not be possible. In the end, however, we must pass a budget and direct our policies toward balance.

Last week the committee began its deliberation on the budget. We observed a great hallmark in American history, the 50th anniversary of V–E Day, or Victory in Europe Day. As I told the committee as we began that debate on V–E Day, it was a day we all proudly recall. We recall how Americans rallied together, persevered, and eventually conquered an extraordinary threat to the future. But 50 years later our Nation faces another threat. That threat is severe enough that we should declare war on it and defeat it. One crisis that is less obvious but is just as sinister—one of the great leaders from that great struggle 50 years ago, Winston Churchill, said and I quote:

> The price of greatness is responsibility.

We in Government shoulder that responsibility, Mr. President. We actively seek it by running for public office. I believe the time has come to stop shrinking but to shoulder our responsibility and enact an honest Federal budget and stop squandering our economic future. As we begin this historic debate, I would ask that we all, especially those of us who are elected to lead, consider our service to this Nation. Let us not lose sight of the big picture, but let us focus on these policies that will carry this country into the next century strong and hopeful with an economic future for everyone.

How will future generations view our efforts on behalf of America? Did we work to protect it, strengthen it, improve it, or did we consume its vitality and leave our children with fewer opportunities and a lower standard of living than their parents? I know what I want to do. I am very hopeful that a compelling majority of the Senate wants to do the same thing.

So let us begin the debate. It is one that should be in full in the open to the American people, and we are very grateful that we live in a society that will permit both sides to be heard. I understand and respect those who may disagree as to particulars in this budget. But I am sure that whatever the outcome of this debate Members from both sides of the aisle must conclude that our country's future cannot be strong if we fail to control spiraling debt and continue into the next century with it unchecked. It will not work unless we make some fundamental changes today and early next week.

So I think the time is now. The opportunity is before us today. Let us show the courage and do what is in the best interest of our country.

I thank the Senate. I thank the Presiding Officer.

I yield the floor at this time.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from Nebraska [Mr. EXON] is recognized for his opening statement.

Mr. EXON. Mr. President, to begin with, I first want to salute once again, as I have in the past, the distinguished chairman of the Budget Committee for all of the work that went into the production of this Republican budget. I commend him, too, for making the type of hard choices that are necessary if we are to balance the unified budget by the year 2002.

Most of us on this side of the aisle share the goal of a balanced budget. It is an article of faith, I suggest, for this Senator. I have a long history of fighting for responsible budgets. Our dedication to fiscal responsibility, therefore, cuts across party lines. We are willing to work with the Republican majority to shape a budget that will reach balance on a unified basis by 2002. I hope we can come together to fashion out of the Domenici initiative a true bipartisan compromise. I will outline today, and during the budget debate to follow, some fundamental concerns that I feel must be addressed.

Of course, none of this will be easy. To a Senator, we know the enormous challenges that lie ahead. All of us must recognize that we have to make some tough choices, and this Senate has demonstrated in the past I am willing to do that. But no person or party has all of the answers. We should seek to build a consensus on balancing the budget. Brute force is not the answer.

We cannot be dictated to or ignored. Minority rights and views must be recognized and weighed. House Budget Committee Chairman KASICH recently said, and I quote, ''Democrats have no standing to say anything about what we are doing in the House and the Senate.'' This brash rhetoric does not serve the process well. Whatever they do in the House certainly has no place in the Senate.

Earlier this year, I held out the hope for a bipartisan budget. However, we parted ways on key issues, such as tax cuts and the distribution of spending cuts. Soon after, the trench warfare really began. The Republican majority in the Budget Committee took a combative crouch during our markup. Their budget was carved in stone and we in the minority could not remove one period or comma. Not a single number could be changed, even in the smallest amount. That is not the approach to take if we truly desire to work together to produce a unified balanced budget.

On numerous occasions, I have offered a hand of friendship and an invitation to reason on the budget. My purpose is not to thwart the Republican budget, but rather to recast some of its priorities to better reflect our Nation's needs. My purpose is to make recommendations and offer amendments which I believe will make the cuts fairer and evenly distributed. My purpose is to put some balance in this budget.

During the next 50 hours, we will hear a lot about this budget. This budget, once shrouded in secrecy, has been in full view for a little more than a week. As it was unveiled, the budget was attended by the usual fanfare: the grand statements of vision, the quotes from Thomas Jefferson.

That day, we heard a lot of promises, too. As we sat down to mark up the budget, those promises kept cropping up again and again and again. As we started to peel away layer after layer of the budget, many of the promises did not jibe with the numbers I saw.

The Republicans promised to make dogged choices over and over again, but tax cuts are the tail that wags this budget. The Republicans promised to protect the elderly but asked for a king's ransom in Medicare cuts to foot the tax cuts. The Republicans promised a brighter future for our Nation but cast a bleak shadow upon rural America and our children.

Although there have been protests to the contrary, there is a tax cut tucked away in this Republican budget. No one should be fooled by the mirrors that are used to hide this fact. It has been thinly disguised as a $170 billion contingent fund, but it is a tax cut nevertheless. In fact, this could be the mother lode of tax cuts for the wealthy. And what the Republicans do not tell the American people is that the $170 billion tax cut could balloon to $356 billion over 10 years.

The budget before us does not dictate what tax cuts are forthcoming, but we know what is being discussed by the other side of the aisle. The news is not comforting. For example, more than half of the tax breaks in the House-passed Contract With America tax bill benefit those families with incomes of over $100,000. That is the top 12 percent of the income distribution, and even if we disregard Republican plans to increase taxes for those eligible to receive the earned income tax credit, families with incomes below $10,000 would get an average tax cut of $20. Compare that, if you will, with families with incomes over $200,000 stand to receive a $11,266 tax cut bonanza. That is wrong.

True enough, the Senate Budget Committee adopted a nonbinding sense-of-the Congress amendment sponsored by Senator BOXER that states that 90 percent of any tax cut should go to the middle class.

But no one should be fooled into believing that the plans of the majority have changed. Senate proponents of tax cuts have publicly stated their support of the House-passed tax provisions in the Contract With America. If ever there was a Contract on America, this is it. One Senator has vowed that he will offer a tax cut amendment on the Senate floor, and it will not be limited to the middle class.

The tax cut centerpiece of the Republican budget is fueled by cuts in Medicare. The Medicare reductions in the Republican mark total $256 billion over the next 7 years. That is the largest Medicare cut in history. This is the single most important part of the Republican plan. This is the key to the entire deal. This is the cornerstone of the Republican budget, and we intend to change it.

Yet, it comes without a single specific proposal beyond the formation of a commission. On this point, there is no plan. On the largest, most significant part of the Republican budget, there is not plan—period.

Although we have no details, it is clear that at least half the cuts will fall on beneficiaries. The only Medicare cut publicly supported by Chairman DOMENICI would increase the part B premium to 31.5 percent of program costs, adding nearly $500 a year to out-of-pocket payments by the year 2002.

By the year 2002, the average beneficiary will pay $900 more a year in out-of-pocket health care expenses. These cuts will have a devastating impact on the most vulnerable citizens: our frail, our sick, our poor, our seniors.

Republicans promised, too, that their budget would protect Social Security. But the GOP Medicare cuts will require the elderly on fixed incomes to use most, if not all, of their Social Security COLA to pay for health care. For the one-in-four who rely on Social Security for their entire income, this is an enormous hardship.

Cuts in providers are often passed along to other payers, as we know from the past and as we know from the debate that we had last year in an attempt to revise the whole health care system.

I would point out that if only one-third of these cuts were shifted to other payers, businesses, and families would be forced to pay a hidden tax of $40 to $50 billion between now and 2002.

Provider cuts would have a particularly devastating impact on rural areas. Nearly one-quarter of all Medicare beneficiaries live in rural America where there may be a single hospital serving an entire country or more. Significant cuts in Medicare could increase the number of hospitals in rural areas that will be forced to close. Since rural hospitals are often the largest employer in their communities, pulling the plug on these hospitals will result in job loss and, most important and devastating, physicians leaving these communities.

Cuts in Medicaid would also cause the elderly to suffer severe and needless pain. Nearly 67 percent of Medicaid spending is for the elderly and disabled. The Republicans cut Medicaid by $175 billion over 7 years, or 30 percent by the seventh year.

More than 800,000 elderly and disabled people are likely to lose coverage under this proposal. Between 5 and 7 million children could tumble through the safety net. And half of the children served by Medicaid come from working families. Medicaid is also the only major Federal source of funding for long-term care, serving 1.6 million people in nursing homes in 1993, while 1.1 million people receive home health care.

While the cuts in Medicare and Medicaid are onerous, I am also extremely troubled by the new 20-percent cut in mandatory agriculture spending contained in the Republican budget. It is a harvest of shame for rural America.

Agriculture has become a scapegoat for our inability to balance the budget. You have heard all the fictions. Agriculture programs drive the deficit. Agriculture gets a free ride. Agriculture makes no contribution to balancing the budget. The truth is in shorter supply.

The real deficit problem does not lie in agriculture. We should give credit where credit is due A hard look at the projected growth of entitlement spending from 1993 to 1999 demonstrates that agriculture spending shrinks while most of the other programs show substantial growth.

In fact, after a peak in 1986, agriculture spending has declined substantially. The Congressional Budget Office projects that total costs for farm price support programs run by the Commodity Credit Corporation will decline from the $26 billion high-water mark in 1986 to less than $8 billion by the year 2000. This is due primarily to program reforms, including those enacted as part of the 1993 deficit reduction package.

Over the next 5 years, agriculture commodity program spending is projected to decline from $10.3 billion in 1996 to $7.8 billion in the year 2000. As a percentage of total Federal outlays, Commodity Credit Corporation outlays have declined from a peak 2.4 percent in the late 1950's to a projected four-tenths of 1 percent by the late 1990's.

In spite of this downward trend, this budget contains an additional 20-percent hit on agriculture. Let me repeat that. In spite of this downward trend, this budget contains an additional 20 percent hit on agriculture. The effect of that cut is startling in its magnitude. It pulls the rug out from under rural America. To reach such a number, the Agriculture Committee will need to take draconian action, such as increasing unpaid base acreage from 15 percent to approximately 35 percent.

If that happens, I suggest that we are going to see a flight of our farmers in the United States of America.

Moreover, these cuts will strangle our ability to craft a rational farm bill this year. When added to the deep Medicare cuts that will close rural hospitals, I am deeply concerned that this budget will sound the death knell for any semblance of quality existence for rural America. To partially address this, I offered an amendment to reduce by $8 billion the scheduled $12 billion cut in government agriculture programs during the budget markup. My amendment was defeated on straight-line, never-swerving, solid-Republican volley of noes—no to agriculture and no to rural America.

The cuts in the Republican budget go deep and far afield to finance the tax cut. Funding for income security programs is cut $118 billion over 7 years. Food stamps and other nutrition programs are cut by $30 billion over 7 years. Some 17 percent of households receiving food stamps have elderly members.

The Republicans also take a chainsaw to the earned income tax credit. The earned income tax credit helps keep working families off of welfare and assists middle-class families who have sudden losses of income. If the chairman's mark, however, is enacted into law, the earned income tax credit will be cut by $21 billion over 7 years.

The Republicans say they will shield the Veterans Administration's medical system from cuts. This is not a shield I would want to stand behind. The Republican budget increases the veterans' contribution for GI bill education benefits. It increases the copayment for prescription drugs for higher income individuals. Let us be clear. By funding the VA's medical system at the 1995 level for the next 7 years, the Republicans are dramatically cutting access to health care services for veterans all over this country.

During markup, Democratic Senators on the committee made numerous attempts to soften the blow upon Medicare and other programs critical to working American families. We stated that any fiscal bonus that may accrue from balancing the budget should not be spent on tax cuts. Rather, this money could go a long way to alleviate some of the hardship that would be imposed by the cuts in the Republican budget, or to further reduce the deficit.

Democratic Senator after Democratic Senator offered amendments to get our priorities straight and put this budget back on track. Let me stress—let me stress, Mr. President—that not a single Democratic amendment would have resulted in an unbalanced budget in 2002.

I will go through the entire list of Democratic amendments. But let me give my colleagues a flavor of what the Republicans found so hard to swallow. We tried to get an agreement to use the tax cut bonus to ease the cuts on Medicare, Medicaid, education, agriculture, and the earned income tax credit. We tried to eliminate the millionaire expatriate tax loophole. That is the one that allows those who have benefited most from our country to avoid millions in taxes by renouncing their American citizenship. We would have used those revenues to hire more officers for community policing and to offset the cuts in veterans programs and the earned income tax credit. We stood up for impact aid educational programs. We tried to prevent children eligible for Medicaid from losing their coverage. Not a one of these amendments passed.

It is a sad commentary on our times that during the markup of the Republican budget, we did not have a bipartisan approach toward a common goal. We recognize that doing so will take painful, but necessary cuts and we are willing to call for the sacrifices that will be necessary. They will hurt and they will be painful.

It is not the goal, but the distribution of the cuts in this resolution that is so troubling to this Senator and those on this side of the aisle. At a time when so many Americans are being asked to sacrifice to balance the Federal budget, I cannot and will not condone a budget that contains a tax cut that is a sop to the wealthiest among us.

I cannot support a budget that makes misguided cuts in Medicare and other programs that improve the lives of millions of American families merely to underwrite this extravagance.

I cannot support a budget that would lay waste to rural America and its fragile economy.

In closing, let me say that it is my hope that during the upcoming debate on the Senate floor, my Republican colleagues will give serious and due consideration to the amendments that will be offered to alleviate the unfair distribution of those cuts, and to reverse the course on the tax cut.

Then, and only then, will we have a budget that can be supported, not only by Democrats and Republicans, but all of us here working together on the common problem that has been so well enunciated by the chairman of the Budget Committee: the ever-increasing deficit and the ever-increasing national debt.

We want the American people to know and understand that we want to cooperate and will cooperate in a means to the end, but it must be done in a different fashion than has been detailed in the Republican budget.

If we can do that, then we will have a budget that is whole. We will have a budget that could lead to an eventual reconciliation bill that I could support and authorize an appropriations bill that would follow, that I could recommend to the President that he sign and not veto.

Yes, Mr. President, the Republican majority should realize that they may have the 51 votes to pass their bills, but they do not have, nor will they ever muster, in my opinion, the 67 votes to override a veto. I respectfully suggest that this is the time to start on the road to compromise and the road to reason so that we can come out of this debate on a course of bipartisanship on the budget that we are going to pass.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, in the past few years, this Chamber has been the scene of historic debates on major issues of our time. In January 1991, we spoke of war and peace as we gave our approval to the use of military force against Saddam Hussein.

Last summer, over the course of several weeks, we conducted a nationwide seminar on health care as we discussed President Clinton's proposal to turn our health care system over to the Federal Government.

In my view, both of these debates brought out the best in the Senate and both captured the attention of the country. It is my hope today that America is watching and listening very carefully because I believe that no debate is more important to our Nation's future than the one that began today in the Senate and the one that began yesterday in the House of Representatives.

I believe that no votes we cast will make more of a difference to our children and our grandchildren than the ones coming and the ones we will make in the next few days.

The Senate and our country is fortunate this debate will be led by the Senator from New Mexico. No Senator has spoken with more courage and more conviction on budgetary issues than Senator DOMENICI. All Senators can probably find something in the Senate Budget Committee's proposal that we would change. For example, I will say right up front I believe that while we balance the budget, we can also provide America's families with tax relief and our business communities with incentives to invest and create more jobs.

But no Senator can disagree with the historic nature of the Budget Committee's proposal or with the fact that Senator DOMENICI's leadership has truly transformed this debate. To some, it may seem the debate is all about numbers. And some very big, almost unimaginable numbers will be thrown around in the week ahead. We will hear talk of $200 billion yearly deficits as far as the eye can see, which is what is contained in President Clinton's budget proposal. And we will hear the number $4 trillion again and again and again which is, of course, our national debt—$4 trillion. But I believe the most important number is the one everyone can understand and the one that Senator DOMENICI mentioned. That number is $18,500. The fact is that every American now owes $18,500 as their share of the national debt.

How will Americans pay this bill? It will be paid through fewer jobs and lower wages. It will be paid through higher interest rates when they take out a loan to buy a car or buy a home, and it will be paid through higher taxes. In fact, the Joint Economic Committee estimates all children born this year will pay $187,000 each—every child born this year will pay $187,000 each—in taxes over their lifetime just to pay their share of interest on the debt—just to pay their share of interest on the debt. This is the future that faces our children and grandchildren, and it is a future that is within our power to change.

In the final analysis, however, this debate is much, much more than a debate about numbers. It is a debate about people, people we know in our hometowns and our home States, people we know all across America. It is a debate about what kind of people live in America today, and it is a debate about what kind of America we will pass on to the people who live here tomorrow—again, our children and our grandchildren and their children and their grandchildren.

In the coming days, America will hear two very distinct and dramatically different viewpoints on these questions. One viewpoint is that of President Clinton and the Clinton administration. Candidate Clinton pledged to balance the budget within 5 years, and President Clinton, in his inaugural address, spoke of ''cutting our massive debt.'' And he also spoke about ''sacrifice.'' In fact, within hours of the President's inauguration, I said, ''I was pleased to hear the President use the word 'sacrifice,' a word that strikes fear in the hearts of many in this Chamber. But President Clinton is absolutely right. If we are to put our economic house in order, if we are going to do right by our children and grandchildren, then we must deal with our national debt.''

That is what I said shortly after his inauguration. That was January 20, 1993. But, unfortunately, the President's actions have not matched his words of that day. The President is making no attempt to balance the budget. As we know, his proposed budget would give us $200 billion deficits, and more, as I said earlier, for as far as the eye could see.

The President is making no effort to cut our debt. As we know, under his own proposed budget another trillion dollars will have been added to our Nation's debt by 1997, not a balanced budget but another trillion dollars in debt. The President is making no effort to preserve and protect Medicare for our children and grandchildren. He washed his hands of the report of the Medicare board of trustees, which included three members of his Cabinet. This was not Senator DOMENICI's, or Senator KYL'S, or Senator GRASSLEY's report. This was the board of trustees' and the President's own Cabinet members' report. ''Medicare will be broke within 7 years,'' they said. If that happens, you cannot pay anybody's doctor or hospital bills. I believe we ought to fix it.

Senator DOMENICI will recall that in 1983 we had the same problem with Social Security. That was 12 years ago. Then Ronald Reagan, the Republican President, Speaker O'Neill, a Democrat, and Howard Baker, the majority leader in the Senate, put together a commission. I was honored to be on that commission along with Senator MOYNIHAN, Senator Heinz, and other Members of this body, Members of the House, members in the private sector, and members of organized labor. After weeks and weeks, we put together a rescue package for Social Security. That was in 1983. It was bipartisan. It passed by big margins. So Social Security, as far as I know, according to the trustees, will be in good shape until 2017. That was a 34-year fix. Not bad. We want to do the same in Medicare. That is what is proposed by the Senator from New Mexico.

The President called it a gimmick. Well, Speaker O'Neill did not call it a gimmick, Ronald Reagan did not call it a gimmick, and we got the job done. We rescued Social Security from bankruptcy in 1983 in a bipartisan effort in this body and in the other body and in the White House, because the trustees said at the time that it was going to be broke in a very short time. They are saying the same thing today about Medicare. I do not recall then Ronald Reagan or any Democrat, as far as I know, getting up and railing about, ''We are going to destroy Social Security,'' as the Democrats are doing now about Medicare, saying we are going after seniors, because everybody understood what the trustees had told us. If we did not fix it, it was going to go broke. The same is true here.

If we do not fix Medicare, it is going to go broke. That is all the Senator from New Mexico and that is all this budget proposes, to fix it. We are not using any Medicare savings for tax cuts for the rich, as I hear all my Democratic friends state. Some of them are rich, come to think of it. Now, the President's administration has apparently concluded Americans are nothing more than a series of special interests who focus on only living for today, uncaring of what will happen tomorrow. But the Senate Budget Committee resolution has a different view of what kind of people Americans are. I have a different view of what kind of people Americans are. Maybe it is because of what I have seen in my lifetime. I have seen Americans risk and lose their lives to protect freedom. I have seen them sacrifice and sacrifice and sacrifice to win the cold war. The words of Winston Churchill to the British people during the dark days of World War II can also be used to describe Americans:

> We have not journeyed all the way across the centuries, across the oceans, across the mountains, across the prairies because we are made of sugar candy.

I do not believe the American people have come all this way only to allow their country to drown in a sea of red ink. That is what America is all about. That is what the American people are all about. Nobody wants to give up anything, unless we understand how critical it is. So the Budget Committee resolution offers America a liferaft. We offer the American people, regardless of party, regardless of background, wherever they are from, whatever State, a liferaft. It sets a course for a balanced budget by the year 2002. It reverses the tide of half a century of power flowing from our citizens and States to Washington, DC. In effect, it dusts over the 10th amendment, which I carry in my pocket. It is only 28 words in length. It says that the power which is vested in the Federal Government ought to go to the States and to the people. That is what this budget does. That was a radical theory 200 years ago. That is how old the 10th amendment is. It is part of the Bill of Rights and is 28 words in length. You ought to read it.

For the last 50 years, the power has been shifting to Washington, and we think it is time to shift it back. We trust our Governors—Democrats and Republicans—in any State of America. We trust our State legislatures. We believe that many times they can make better decisions, because they are closer to the people, than we can here. We do not suggest by that that the Government does not do a lot of good things. The Federal Government does a lot of good things and we understand that. We are going to preserve that.

If the past few days are any indication, the President is going to do his level best in the coming weeks to scare the American people, particularly seniors who only have Medicare or Medicaid and Social Security. That may be all the income they have and all of the protection they have. The President is going to try to frighten these people. He is going to try to frighten people with children. He will accuse us of being heartless. He will say we are out to get Social Security and Medicare. But it is off the table here. He will say we are slashing programs that help seniors, the children, and the poor. The liberal media will, of course, report these accusations, and many Americans will be led to believe it. But in the end, I believe there is a weapon stronger than scare tactics, and that weapon is the truth.

One thing about the Senator from New Mexico: You can expect the truth from PETE DOMENICI. He will tell it like it is, even when it hurts. The truth is that this budget does not slash Government spending. It simply slows its rate of growth. It does not slash Government spending. It simply slows the rate of growth.

As Senator DOMENICI said, rather than having Government growing faster than wages and salaries, which has been the case for the last three decades, wages and salaries will now grow faster than Government spending.

The truth is that this budget does not touch Social Security. It does not touch Social Security. But that does not mean the President will not say it does not touch Social Security. It does not mean it is not going to be reported that it does, but it does not touch Social Security. I assume the Senator from New Mexico would give a reward if one could find anything that touches Social Security in the budget.

Mr. DOMENICI. We ought to put a new incentive in. That will be something we ought to give to people.

Mr. DOLE. Right. If you find something about Social Security, there may be a reward for you.

Mr. DOMENICI. With reference to Medicare, we even suggest that in any reform measure, people at the low end of Social Security are held harmless. That is figured into savings. They do not suffer a loss in their Social Security check. That is even built in, in addition to Social Security being off the table.

Mr. DOLE. It is not a benefit or advantage to seniors.

The truth is—and this should all be about the truth, not about what is reported—that this budget will shrink the Federal bureaucracy, beginning right here in Congress, with a 7-year freeze on congressional salaries and a $200 million cut in the legislative branch budget. This reaches out to Americans in need. For example, we will spend $534 billion on Medicaid over the next 5 years, reflecting a 20-percent increase over that period.

The truth is that this budget begins the process needed to preserve, improve, and protect Medicare. This budget acknowledges that we must take action to save Medicare by slowing its annual growth rate.

But let there be no mistaking about what we are proposing. Let the Senate be very clear about it. Over the next 5 years, we will spend over $1 trillion on Medicare. That is an increase of $178 billion. Let me repeat: We will spend over $1 trillion on Medicare, an increase of $178 billion over what we would have spent if we froze Medicare expenditures at today's level.

Despite the overheated rhetoric coming out of the White House, we are not talking about cutting Medicare. Later in the debate I think the Senator from New Mexico will have a very interesting chart that ought to make Senators' eyes pop out. The statement made by President Clinton not long ago.

We are not even talking about freezing Medicare. We are simply suggesting we must find ways to slow the rate of growth. Slow the rate of growth. It is not about paying for tax cuts, it is about saving Medicare. This is a fact and that is the truth.

I do not care how many people stand on the floor on the other side, and there will be a storm of rhetoric on the other side about cutting Medicare for taxes for the rich. Not true. It is not true. We are trying to save Medicare, just as we saved Social Security in 1983. We will do it.

If they want to stand on the sidelines, and the President wants to be a.w.o.l., absent without leadership as he is almost every day, that is all right with us. The American people will remember who was carrying the heavy water up here. As my friend, Senator GRAMM says, ''Who was pulling the wagon?'' They are not going to pull any wagons on the other side. We will have to pull the wagon. It will be uphill. It will not be easy.

I might add here that the President's rhetoric about Medicare rings especially hollow given the fact that his own health care plan included a $180 billion reduction in Medicare and Medicaid spending. We do not hear much about that on the other side. We do not hear much about that in the White House.

In last year's health care bill, it was there—$180 billion in Medicare and Medicaid spending reductions. Now, the President said at the time, that is not a reduction. Again, I will leave that up to the Senator from New Mexico to explain at a later time.

The fact that Mrs. Clinton said in testimony before the Senate Finance Committee, ''We feel confident * * *. We can reduce the rate of increase in Medicare without undermining quality for Medicare recipients.'' That was not anybody speaking but Mrs. Clinton, who was in charge of the Government-run health care plan advocated by President Clinton. Fortunately, it failed. In her own testimony before the Finance Committee, ''we can reduce the rate of increase in Medicare without undermining quality for Medicare recipients.''

Now, what has happened in a year? Nothing has happened. So if they were right then, and we are right now, I guess we are both right. And the President ought to go back and read his own statements and read statements others in the administration have made.

I would take the President's budget rhetoric a little more seriously if he would offer the American people an alternative, besides his status quo proposal that Senator DOMENICI said even the Washington Post called ''weak and directionless.'' Believe me, that was in the Washington Post, and they do not often criticize Democrats for anything in this town. That was in the Washington Post, believe it or not.

Mr. President, we can and must do much more than simply maintain the status quo as the President has proposed. We can and must set the course to a balanced budget. And we can and must reduce the tax burden on America's families.

Mr. President, I believe that long after we are gone, future historians will look back at this moment, the rest of this week and part of next week, look back at this debate and say, ''Here's where the course was set. Here's where the dye was cast.''

It is up to Congress to determine what their conclusion will be. Will they conclude that here were the people who blew the last chance to change the status quo? Is that what they will write in 30, 40, 50 years? Or here were the people who ensured that the America of the 21st century would be one of low wages, high taxes, and fewer opportunities? Is that what they will write? Will they look back to 1995 and say, ''Here's where the American dream died, right here, right in this Chamber. Right in this Chamber, because we did not have the courage to do what the American people want us to do, or have the courage to do what we know we should do.''

Are they going to say all those things? Are they going to look back in 10, 20, 30, 40 years and say, ''Here were the men and women of courage. Here were the people who made tough decisions and ensured that America's best days are yet to come. Here were the people who ensured nothing less than the survival of the American dream.'' The choice is ours, and the time is now.

Mr. DOMENICI. I understand the distinguished Senator from Tennessee, Senator FRIST, would like to speak.

Senator DOLE, I might say I greatly appreciate the remarks, and I think the American people would know what the majority leader said here today is very, very important, and part of our efforts to get this budget resolution passed. I am very appreciative of this help.

The leader commented on the Senator from New Mexico, and he has been very supportive, as clearly indicated. We have a job to do and we want to get it done. I am most appreciative.

Let me just say a couple of things very, very quickly. The budget resolution before the U.S. Senate does not have any tax cuts in it until the budget of the United States is balanced, and until it is certified to be balanced by the Congressional Budget Office.

So, whatever the talk about cutting taxes versus how we balance the budget, the truth of the matter is we balance this budget and we do not cut taxes in doing that. We change programs. We alter and reform programs. We get to balance. Then there is a dividend, an economic dividend, that in this budget resolution is directed to be used by the appropriate committee for tax cuts, and tax cuts only.

Then it is interesting, people are talking about tax cuts for the rich. Frankly, we passed overwhelmingly—but for one vote, everybody else voted aye—a Boxer-BROWN resolution in that committee that said 90 percent of any cuts that were forthcoming after we are in balance would go to people with $100,000 or less.

We will hear a lot about other things, but the truth does not lie. The budget resolution is there to be looked at, and that is the way it is.

I yield Senator FRIST 15 minutes.

Mr. FRIST. Mr. President, I have been in this body for a little over 5 months now. It is very clear to me where the problem lies. As P.J. O'Rourke has said, ''Giving power and money to Congress is like giving the car keys and whiskey to teenage boys.''

The problem is that this Federal debt, the cost of increased Federal spending, year after year, has grown out of control. The debt is approximately $4.9 to $5 trillion by the end of 1995, and it will grow to $6.8 trillion in the year 2000. If we do nothing, $8 trillion in the year 2010.

They are big numbers. In individual terms, what do they mean? They are even more frightening. A family of four currently pays $440 per month just to pay the interest on the national debt. A child born this year will pay over $187,000 in interest alone on the national debt over his or her lifetime. By the year 2000, the debt will reach $6.8 trillion, nearly $100,000 for a family of four.

The reason for the problem is this excessive, wasteful spending. In Washington, unlike the private sector from whence I came just 6 months ago, people use this word ''cut,'' and when we reduce spending in the Federal Government from 5 percent to about 3 percent, people say this is a huge cut. The American people do not look at that as a cut. They know that it is slowing the increase in spending.

It is almost as if a person went in and asked the boss for a raise of $500 per month, and he said I will only give $450, and then the employee would call that a cut in salary. The American people are too smart for that.

Mr. President, while we must listen to the American people in working through the best way to structure arriving at a balanced budget and looking at this Nation's spending priorities, we must, over the next 5 days, maintain our resolve to put the long-term interest of this country over the short-term special interests that will likely become prominent in this debate.

I intend to vote for this budget because it and it alone will achieve balance by the year 2002. And what is the cost of doing nothing? The President of the United States has put forward a budget which we will be discussing which does nothing, which continues $200 billion deficits next year, the year after that, the year after that, the year after that, adding each of these years up to a huge additional $1 trillion to this debt. These are ballooning deficits. We cannot continue these endless mountains of debt again and again. It is not common sense. It is not what Tennesseans told me again and again as I traveled to the 95 counties of Tennessee this past year.

If you need further proof, look at the outside independent analysts. Look at the GAO, the CBO, the Bipartisan Commission on Entitlement and Tax Reform. Again and again they state the obvious, that present trends are clearly unsustainable. The General Accounting Office in ''The Deficit and the Economy,'' in April 1995 says, ''Continuing current spending and taxation policies unimpeded over the long term would have major consequences for economic growth.''

And the Bipartisan Commission on Entitlement and Tax Reform says:

> Absent policy changes, entitlement spending and interest on the national debt will consume almost all Federal revenues in 2010. In 2030, Federal revenues will not even cover entitlement spending.

Yes, in just 15 years, spending on Medicare, Medicaid and Social Security, on Federal pensions and on interest on the Federal debt, will make no money available for Government, for roads, for education, for defense. Now is the time to balance the budget.

The Congressional Budget Office says:

> Current fiscal policies literally cannot remain unchanged indefinitely: At some time, action will have to be taken to bring Government borrowing under control or servicing the Federal debt will require unsustainable tax rates in future years. Prompt action would limit the damage that occurs when Federal debt crowds out capital investment, putting upward pressures on interest rates. It would also limit the size of the needed changes in fiscal policy.

Let us talk a minute about what all these statistics mean to the average American in this country. Americans are currently paying almost 2 percent more in interest rates than they would if we had a balanced budget. What does that mean to the typical American? It is as extra $1,248 per year on a $75,000 mortgage at an interest rate of 8.75 percent. It means an extra $900 per year on a car loan of $15,000 at an interest rate of 9.75 percent. Again, with my background as a physician, coming to the U.S. Senate from the private sector, what amazes me most is that Medicare will be bankrupt in the year 2002 unless we act; bankrupt—part A, hospital expenditures for our senior citizens and individuals with disabilities. We will talk a lot about Medicare over the next several days but the bottom line is that in just 7 years, unless we act, seniors will not have hospital insurance in the United States.

We are going to continue to lose the war on poverty unless we act, and this budget does act. The Federal Government currently runs over 75 interrelated and overlapping means-tested welfare programs. Between 1964 and 1994, welfare cost the taxpayers $5 trillion in 1993 dollars. Yet the official poverty rate is 15 percent, nearly 4 percent higher than the all-time low experienced in 1973, a low of 11.1 percent.

If we do nothing, we will continue to have a Government that is too big, and the American people want a smaller, less intrusive Government. Our Government is too intrusive in our daily lives. It is a Government that strangles economic growth and innovation. If we look at spending on regulatory agencies, Federal regulatory agencies, it totaled $14.4 billion in 1993. Increased spending on the Federal bureaucracy in recent years has allowed the Federal Government to regulate nearly every aspect of our daily lives.

There are numerous other examples. The Food and Drug Administration has grown from 4,400 employees in 1970 to over 9,000 employees, yet we still hear again and again that pharmaceutical agents and drugs that are finally approved in this country had been approved on the average about 6 years earlier in other countries.

The President himself, in speaking to the AARP last week, said, ''I cannot support the status quo and neither can you.'' And that is what this balanced budget is all about. Yet that is what he has done, support the status quo. He has offered no budget to speak of. And I look forward on this floor to hearing the debate on the proposed budget, the budget as proposed by the President. He has made no effort to balance the budget, yet the American people call every day for a balanced budget. The American people recognize that only by a balanced budget can we restore the American dream.

You can see if the Democrats, the other side, cannot see fit to cut spending sufficiently, the only answer will be a tax increase.

So what is our solution? It is the budget laid before you today, the Republican budget. And Republicans will tell the truth. Yes, there will be some restructuring and there will be adjustments associated with this budget. But they are nowhere near—nowhere near—the distortions that others are spewing forth. Let us examine some of the claims and then tell what the facts are.

Bureaucracy. Some say the Government bureaucrats will lose jobs and the economy as a whole will suffer because of reduced Government spending. People say we cannot go that fast.

The budget proposal today put forward shrinks the Federal bureaucracy, eliminates more than 100 Federal departments, agencies and programs. The budget put forward today abolishes unnecessary bureaucracy, eradicates, gets rid of, Government waste, terminates duplication, and consolidates Federal programs to improve efficiency and priorities. And that is what the American people want. They recognize we need to pull back. But they want us to prioritize appropriately.

Not only will this be good for the Federal budget but it will be good for the recipients of Federal benefits today, who are out there trying to do their best to make sense of the maze of regulations before them. There is no doubt this budget will result in greater economic growth.

On Medicare, some people say Medicare cuts are going to devastate our seniors and our entire health care spending. It is not true. As pointed out by the majority leader, we will be spending over $100 billion more in Medicare in the year 2002 than we do today.

And with regard to the social safety net, Social Security is put on the side. It is outside of this budget. We do nothing to attack Social Security. But then some people come forward and say we will leave children homeless and starving in the streets. In truth, our budget provides a safety net for those truly in need. It provides transforming new programs to empower the underserved, the poor, the indigent. This budget moves power and money out of Washington back to people, and that is what the American people are calling for. It does it by working toward block grants for Medicaid, block grants for welfare, child care, and other social services. The bottom line is that we empower communities, empower citizens to make decisions over their lives. The cruelest thing we can do to the poor, to the underserved, is to continue to fund certain assistance programs today without serious reform. Over half of the AFDC families today remain on welfare for 10 years or more.

One in three children today in the United States is born out of wedlock. In some low-income neighborhoods it is 8 out of 10 children, and those children are three times more likely to end up on welfare.

In 1960, nearly two-thirds of households in the lowest income group were headed by people who worked. By 1991 that figure had plummeted from two-thirds to only about one-third, and only 11 percent of welfare household heads were working full time year round.

Yes. The collapse of work and family has spawned crime, drug use, violence in schools, and other social ills. The people who suffer the most today are our children.

So we all know that the rhetoric we will hear over the next several days will be about hurting children. In truth that is just a smokescreen, a smokescreen to hide the fact that our big Government solutions have failed. I am confident by turning over our welfare assistance programs in large part to the States will result in innovation, creation of new ideas which can be adopted similar to those of Governor Thompson of Wisconsin, Governor Engler of Michigan, and Governor Weld. No longer will welfare be a way of life with regard to dependence on others.

In closing, the Republican budget has its benefits. We will hear about those again over the next several hours.

Lower interest rates: Lower interest rates which will affect nearly every American, allowing him or her to participate in the purchase of a new home or a new car for less money. Lower interest rates to make it easier to start a business, to keep a family farm in business, or for existing businesses to make new investments. And new investments result in more workers, and more workers mean more jobs.

Yes. We will see greater economic growth, greater economic growth that will result from a greater amount of capital available for borrowing. Right now, the Government is using our Nation's capital, capital that businesses and individuals could be using to invest in new ventures. New ventures mean more jobs with higher incomes.

And in closing, a balanced budget by the year 2002 will result in a stronger America today, and a stronger America tomorrow means that all Americans will benefit.

Thank you, Mr. President.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, before I yield, let me thank Senator FRIST for his marvelous remarks.

Let me suggest that the Senate is very, very well served in the decision that this eminent surgeon made to get into politics. From my standpoint, I kind of wondered why because he does heart transplants for little children, an expert in the field. It made him very renowned. But I am very pleased he made the decision. He adds a lot of credibility, sincerity, and knowledge to our debate on health care. And we look forward to using him in the debate when Medicare comes up with some additional time. I am very appreciative of his remarks.

We understand Senator GRASSLEY was going next because there were no Democrats here. If they would let us do that, then we will yield to two Senators on that side for two consecutive ones.

How much time does Senator GRASSLEY desire?

Mr. GRASSLEY. Twenty-five minutes.

Mr. DOMENICI. I yield 30 minutes to Senator GRASSLEY.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I want to first commend the distinguished chairman of the Budget Committee for his leadership in putting this budget together. But in addition to saying those few words, I want to say to the American people that a lot of times an individual wonders whether one person can make a difference. As far as this budget debate is concerned, the person of Senator DOMENICI and his leadership as chairman, and the responsibility that goes with that, demonstrates clearly what we all know in America. If an individual puts their mind to it, that one person can make a difference.

So I thank the distinguished chairman.

Mr. DOMENICI. Might I, without interrupting after this, just say I thank Senator GRASSLEY very much. I very much appreciate that.

Mr. GRASSLEY. I thank the chairman for his leadership again.

Because their budget represents a vision, it also represents a plan on how to get there to carry out that vision. This budget is conspicuous in that it is the only plan before this body that will have a real vision, and will have credibility in the process. The hallmark of this budget is that it balances present-day needs with long-term needs. That is quite a balancing act. But it does it well because it does it for children, it does it for senior citizens, it does it for the needy, and it does it for the forgotten taxpayers of America. This does not forget the taxpayers. It is not just a bottom line in the year 2002 that we are talking about, because that is balanced. But it also is balanced between our long- and our short-term needs of society.

I do not think that any Republican who voted for this in committee, including the chairman himself, however, thinks that or makes a claim that this is a perfect document. There are elements in here that each one of us dislike. I will mention a couple for myself because I am not going to speak on the negative aspects of this. But I do think that we ought to make it clear that there might be some things we would rather have differently.

For me, representing an agriculture State, I suppose I could say I am not satisfied with the agriculture numbers. However, I had a chance to address this in committee, and I did it with a sense-of-the-Senate amendment to limit the savings from commodity programs. We farmers know agriculture must contribute toward deficit reduction because we know that people in agriculture, including the family farmers, will benefit greatly from the lower interest rates that result when you have a balanced budget.

I also do not like Medicare numbers. But the issue there is to take important steps to keep this bankrupt program solvent, and of course viable both in the short term as well as the long term. The point, Mr. President, is balance, and this budget has balance.

It also contains some very important national goals, and I want to begin my remarks by pointing out some of them. It provides a vision. That vision is to preserve opportunity and the American dream for future generations. We intend with this budget to stop the practice of allowing their generation to live high on the hog and have the next generation pay for it. That, Mr. President, is a moral issue.

Next, this budget is balanced. This is a goal shared, as you may know, by more than 80 percent of the American people. Yet, however, there is only one party that has delivered a plan to balance the budget; that is, this side, the Republican side, of the aisle. It is very clear that the Democrats cannot put one together because that party it seems happens to be the party of the status quo. It is the party of business as usual. I have no doubts in my mind that they do not propose a balanced budget because they are the party that was roundly rejected by the voters in the November election last. Those voters, those very same voters by an 80 percent majority, want our budget to be balanced and the sooner the better.

Next, our budget confronts in a very responsible way the Medicare crisis. The other side of the aisle is running away from the challenge of shoring up the Medicare program, running away from the fact that the Medicare program is bankrupt. They happen to be doing it on Medicare just like they are running away from the challenge of the deficit. Instead of being responsible, and instead of offering constructive solutions to ensure the viability of Medicare, not only for this generation but for future generations, they are engaging in a campaign to scare the senior citizens of America and to scare the wits out of them.

It is somehow like a campaign staff has taken over the policy staff. This is a completely irresponsible posture on their part.

I just stated the broad goals of our budget, Mr. President. But there are others that are reflected in this plan. I want to state them but more briefly. It moves money and power out of Washington and back to the States, the citizens, and our communities. It substantially reduces corporate welfare spending. It provides for maximum crime control to keep Americans safe by protecting funding for the Drug Enforcement Administration and the FBI. It provides a safety net for the truly needy with emphasis upon children.

It protects Social Security. It protects our national security. It protects the school lunch and school breakfast programs. And it adds $2 billion for supplemental food programs for WIC. It eliminates over 140 agencies, programs, and commissions in the downsizing of government, including the Cabinet-level Department of Commerce. It eliminates bureaucracy, waste, duplication, and overhead, and it consolidates many Government functions, privatizes many others, and improves Government efficiency.

Now, Mr. President, it does all this while allowing spending to grow by 3 percent per year instead of the projected 5 percent. Government spending will still grow by 3 percent.

Now, there are a lot of people listening who are going to be irritated because Government spending is going to grow by 3 percent. I run into this when I meet with Iowans in town meetings because I overhear concerns that 3 percent growth is irresponsible when you have a $4.7 trillion deficit. These responsible constituents are greatly concerned about the future of their children and grandchildren because—do not forget—the most important thing that we can do for today's children, the most important thing we can do for today's children is to not leave them trillions and trillions of dollars of debt to pay off.

If you are really concerned about children, we must denounce policies that are based upon a philosophy of materialism today and to heck with tomorrow. We cannot go on borrowing money today at the expense of tomorrow's needs. We must find a balance, and that is what this budget does—a balance between today's needs and our responsibilities for tomorrow.

Mr. President, that is the good news about this budget. But all of these positive elements seem to get lost in the rhetorical barbs launched by the other party and in the news coverage of this budget reported to the American people. I think I know why. That is because, as we have been reading recently, the media have a penchant for delivering the most negative of news. And the other party, quite frankly, knows this and plays to it. And it makes very great TV. But how responsible is it?

There is one other important aspect of this budget that has not been talked about much, and it should be. And that is this. There is no pay raise in this budget for Members of Congress. There is no pay raise for Members of Congress for the next 7 years until this budget is balanced, until we have earned a pay raise.

There are also changes in the Members' retirement system to bring it more in line with private sector retirement systems. This pay freeze is important for two reasons. First, it ties Members' pay to our performance in attacking the deficit. It says, ''Don't even think about a pay raise until you get the budget balanced.''

The second reason is even more important, and I wish to commend again our distinguished chairman for the implicit leadership in what this pay freeze states. It says, in effect, we are leading by example. We are leading the way toward a balanced budget by denying ourselves any more pay over the next 7 years. And as a result we are not asking Americans then to do what we are not willing to do for ourselves. When people come into my office and ask why we are slowing the growth of their benefits, I can look them in the eye and say we are denying ourselves any growth as well. As a result, this Republican budget, in my view, earns the moral authority to ask everyone, to ask everyone to pitch in and to help balance the Federal budget.

So, Mr. President, the Republican balanced budget contains a positive vision for present-day America but also for future generations of young Americans. We balance present-day needs with the need to preserve future opportunity. Meanwhile, there is no alternative vision proposed by the other side. All they seem to offer is business as usual.

By definition, the absence of a bold vision is the continuation of business as usual. If Americans ever wondered which party is a party of the status quo, let there be no doubt now.

I wish to describe this symptom, the symptoms of defenders of business as usual. They use half their ingenuity to get us into debt and the other half they use to avoid pain—paying it off. Their philosophy is live within your income even if you have to borrow to do it. They simply refuse to reconcile their gross habits with their net income.

What does a budget look like that subscribes to this philosophy? I think, Mr. President, that we have a very good example of this budget. If you look at this budget, you see the President's numbers here. You see a budget that is never balanced into the future—not only not balanced but the deficits go up and up and up.

Now, Mr. President, you look at the Senate budget that we are debating right now and you see it gradually going down and by the year 2002 it is in balance. This zero here represents no more accumulation of debt. But if you look at the difference between this budget and this budget, the space in between, you see the accumulation of $1.5 trillion of debt. That is on top of the $4.9 trillion debt we have this very day.

This chart shows it very simply. It shows two directions into the future. That top line is business as usual, and it spells disaster for our children. The bottom line, the Domenici budget, the one that is balanced, that is the only alternative. It presents only vision for the future. That happens to be our plan, the Republican plan, the plan that was approved last week by the Senate Budget Committee.

You see from the chart the President abdicated his leadership this year in the budget process. My Democrat colleagues in this body now have to decide a simple question. Do they follow their leader in abdication and risk being the party of abdication or do they offer the country their vision in the form of an alternative? That is the question. It is easy to say what you are against, but what are you for? The American people want to know. The American people have a right to know.

During deliberations in the committee, I read a number of quotes from the CONGRESSIONAL RECORD that were uttered by Democrats on the Budget Committee. They spoke those words on the Senate floor during debate on the constitutional amendment to balance the budget.

I am not going to read those quotes today because I do not intend to embarrass anybody, but I have those quotes right here if anybody wants to know what they are. In sum, they said this during February: ''We don't need a constitutional amendment to balance the budget. We should do it in the Budget Committee.''

So, they implied, let us just roll up our sleeves and get to work on a balanced budget by the year 2002. But when it came to the Democrats voting on a motion by the chairman expressing the desire for a balanced budget by the year 2002, all but one brave soul from the other side of the aisle retreated, sounded retreat and voted against it.

Again, Mr. President, that begs a very important question: What is their plan? What is their vision?

This is then an issue of credibility. You cannot talk the talk until you walk the walk. And all we hear is sniping and wailing about what they are against. It is real easy to pick out a program in isolation and attack the whole Republican plan for a balanced budget. But until you put it in the context of your own balanced budget alternative, your concerns ring hollow and there is no credibility. If you want to snipe about the Republican budget and if you want to have credibility in doing so, you have to have an alternative balanced budget plan.

You might ask: Why do they have to have a balanced budget? Well, it is simple. The public is demanding one, and because it is our duty and obligation to this country's future and, of course, to the future generations of Americans. And not the least reason of which is that the other side said during the February debate that they wanted a balanced budget. They said that during the debate on the constitutional amendment.

Or, of course, they can choose the President's path, and they can put business as usual on automatic pilot.

So I say to them: Show us your vision. Show us how you get us there. Show us how you get there in 7 years, just like you said on the floor in February. If you do not do that, you will be all talk and no action. You will be following your leader in the White House in abdication of responsibility and then you risk becoming the party of abdication.

Now, I think I can claim for myself, this Senator from Iowa, that I have worked closely with the other side over the years for more deficit reduction than the leadership of their party or even our party maybe wanted.

Last year was just one of the latest examples. I happened to join my good friend, Senator Exon from Nebraska, the Democratic leader of the Budget Committee, in sponsoring the Exon-Grassley amendment. That saved the taxpayers $13 billion. I am the only Republican on the Budget Committee who can claim to have voted for a Democratic budget resolution in getting a budget to the floor.

I joined the other side those times because they were responsible, fair, and tough on the deficit. I did so even when it meant criticizing the President of my own party.

My colleagues on this side know full well that I have been willing to criticize past Republican Presidents. And I now make this same charge against this President for the budget that he submitted this year. It had no credibility regarding deficit reduction. He punted to the Congress. He took a vacation on reducing the deficit.

What I am saying now is—and I believe I have sufficient credibility to say it—if you do not offer a credible balanced budget alternative to Chairman DOMENICI's mark, you Democrats risk becoming the party of abdication as far as the public's desire for a balanced budget is concerned.

You might even come up with a plan that I could support, as I have done in the past. That is, if it were balanced. I want it balanced in the year 2002 if you want me to vote with you Democrats. But until you walk the walk, the credibility will not be there.

Mr. President, these are new times. These are times that require a vision. These are times that require a plan to get where you are viewing. You have to find a way to balance your present day priorities with long-term needs to preserve the future for coming generations.

Mr. President, we—not just the Members of the Senate—we—not just people inside the beltway—we—you, all the people of America, this generation—cannot live just for today. We have to live for today and we have to live for tomorrow.

We on this side of the aisle have presented a vision and we have presented a plan to get there. The question now, Mr. President, is: ''Where's theirs?'' I want to repeat: ''Where's theirs?''

I yield back the remainder of my time and reserve it for the Republicans.

Mr. EXON addressed the chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Nebraska.

Mr. EXON. Mr. President, in answer to my good friend and colleague from the State of Iowa, ''Where's theirs? Where's theirs?''—I assume we are going to be hearing that over and over again—''Where's theirs?'' was enunciated by this Senator in the remarks I made in opening this debate.

What we are trying to do, I advise my friend and colleague and oftentimes associate, is to simply say that we are offering a series of amendments to the Republican budget that has been offered, frankly, in a spirit of cooperation.

We will be doing here essentially the same thing that we did in the budget markup. And that is simply to reach out the hand of friendship and understanding and hopefully reach some kind of a bipartisan compromise by not rejecting the budget offered by the chairman of the Budget Committee. But, as I said in my opening remarks, I salute the hard work that had been done.

''Where's theirs,'' it should be understood very clearly by the Senator from Iowa and everyone else, that ''Where's theirs?'' is simply the situation that we are trying to recognize that in some instances you have done a good job. And ''Where's theirs?'' is that in good faith we are trying to get you on that side of the aisle to quit knocking down and rejecting every suggestion that we have made.

And I think that anyone who looked at the amendments that we offered would have had to say that at least they were in good faith and debatable. Basically what we did, time after time on a whole series of amendments, was to say, we believe that there are some good, overall parameters offered by Senator DOMENICI, the chairman of the Budget Committee, in his mark. But we happen to feel that some of the cuts on veterans programs, on Medicare, on Medicaid, and others that we have announced and enumerated—and I talked about most of them in my opening remarks—simply take money out of the money that is reserved for the tax cut that is clearly indicated in the budget in the House of Representatives and the $170 billion that is in the Domenici mark and reserved only for tax cuts.

What we are saying is, why can we not reason together? Why can you not give up on the tax cut, that you want to help out and cut down to some extent, a considerable extent, the hit that we think is being unfairly taken by Medicare, Medicaid, by farm programs, by taking away earned-income tax credit, by the cuts in education and others?

We just say, give us a little bit. Maybe we can go along.

I yield 15 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I thank the good Senator from Nebraska for yielding. I want to, before I begin my formal remarks, identify myself with his statements to the Senator from Iowa. The Senator from Iowa made a very strong speech. ''Where's theirs?'' Well, that is a lovely slogan. The fact of the matter is you are going to have a chance to see what we have in mind, just as you did in the Budget Committee, where I proudly serve with my friend from Iowa.

The fact of the matter is, we are going to be offering a series of amendments that take that Republican budget that we think, frankly, is a retreat from the American dream and try to fix it and try to fix it the way we think the vast majority of Americans would fix it.

So my friend from Iowa will have a chance to find out what the Democrats think is important. He is going to find out, and if he acts true to course, he will vote against everything because those Republicans do not want to touch the $170 billion they have reserved to give tax cuts to the wealthiest. Those over $350,000 will get $20,000 back each and every year, while the drastic cuts in programs that my friend from Iowa says, ''We're doing it for the children,'' cause nothing but pain for the children.

As we offer up our amendments, they will not change the date in which this budget is in balance. It will be kept at 2002. That will not change by one 1 minute or 1 day. But what will change—what will change—are the priorities of this Nation, and that is why I so relish this debate on the budget and why I was so honored to go on the Budget Committee of the U.S. Senate. I served on the House Budget Committee as well, because what could be more important than what we spend taxpayers' money on? What could be more important than that? When you read the preamble of the Constitution—and I recommend that you do it as often as possible—you will find out that we do have to establish a system of justice, that we do have to provide for the common defense, that we do have to promote the general welfare and make sure that the blessings of this great country are endowed on future generations. That is the function of the U.S. Government.

Now, we can argue around the edges, but it is our responsibility to fulfill that very solemn pledge we take when we raise our right hand and we swear to God that we will, in fact, uphold this Constitution from enemies both foreign and domestic. I take that oath very seriously. I think that the budget of the United States of America is where we lay out for the American people how we hope to do that.

Mr. President, I believe this budget resolution, this Republican budget resolution is a cruel retreat from the American dream because it, among other things, will take money out of the pockets of working people, college students, senior citizens and place it in the pockets of the wealthy. It is Robin Hood in reverse. It is just what we should not be doing.

When I listen to some of the debate and I hear my colleague, Senator GRAMM from Texas, and I have heard him say it many times, he says, ''What I want to do as a Republican is take the money out of the pockets of the Government and put it in the pockets of the people.'' Well, if he believes that, he will not support this Republican budget, because this Republican budget takes money out of the pockets of the seniors, out of the pockets of the students, out of the pockets of those who work so hard and earn $28,000 a year or less, and what does it do? It puts it in the pockets of the wealthy. That is wrong. That is wrong, and that is what has been hidden in this debate and that is why I relish this debate.

When I say that this budget is a cruel retreat from the American dream, I know what I am talking about because I am a product of the American dream. I am a first generation American. My mother never graduated from high school. Both sides of the family escaped from oppression, and it was America that gave us the dream. If there is anything that I am going to do—anything that I am going to do in the Senate—it is to make sure future generations of Americans have the same chance that I had as a little girl growing up in a tiny little apartment.

In this great Nation, my father could get an education, the first child in a family of nine to go to college, and he went at night and worked hard, and he worked by day. Then later, when he had a couple of children, he worked hard and he went to law school at night and became a professional. He did it because of America. They were able to save and send their children to college. One is a professor and another is a U.S. Senator. That is the American dream, and this budget is a cruel retreat from the American dream.

What really riles me is that Republican after Republican will get up and say, ''We're doing this for our children. This is a gift to our children.''

I will tell you what kind of gift it is. Imagine you are a little kid and you get a big box for your birthday and it is wrapped in a beautiful ribbon and you open it up and nothing is in it. There is nothing in this budget for children—nothing.

Children are attacked in this budget. Education is slashed in this budget, and I am looking forward to working with my colleague from Illinois, who you will hear from soon, and with Senator KENNEDY, and with Senator HARKIN to restore those cuts in education and, yes, I say to my friend from Iowa, we will make that amendment revenue neutral. It will not change your balanced budget one bit. But you will have to walk the line and send a message to the children. Do you really care about their education? Do you care about the fact that in your budget there will be 550,000 fewer children in Head Start; that the average college student will have to pay nearly $5,000 more for a loan, and if they are a graduate student, between $3,000 and $6,000 more for a loan.

We are going to fix that in the context of your budget. If you want to vote against it, that is fine, but do not tell us that we are not acting responsibly, because we are going to give you amendment after amendment. We are going to give you one on Medicare. We are going to soften the hit.

In California, we have over 3 million people on Medicare. Let me give you a portrait. The average woman of Medicare age today has an income of $8,500 a year. Think about that. In the Republican budget, that elderly woman, that grandma or great-grandma will have to pay $900 more a year out of her pocket for medical care, and the care will be worse and her choices will be taken away. So do not tell her that she is getting a gift in this budget. She is getting hit.

When I was growing up, my mother and father taught me to respect the elderly. That is not respecting the elderly, to take that money out of her pocket and put it in the pocket of someone who earns $350,000 a year. Forget it from this Senator. I will fight that as long as I have life in me. That is disrespect. And we talk about V–E Day. I heard the chairman of the Budget Committee talk about V–E Day. I want to talk about V–E Day, because I had uncles who went to war, World War II. And I have friends who fought in Vietnam and in Korea. What is the gift to them in this budget? We cut out veterans benefits, and for those men who fought, we cut their Medicare. Oh, that is a great gift for our elders to celebrate V-E Day. This is a cruel budget, and it does not have to be. As my friend from Nebraska said, you just take that money that you squirreled away in your little lock box there very cleverly—but it is there—and you back off that, and let us talk business. Let us ease the burden on our veterans. Let us ease the burden on our children. Let us ease the burden on our seniors, and we can do it in a fiscally responsible way.

I want to talk a little bit about some of the investments that we are walking away from in this budget. And before I do, I want to make one more point about how this budget hurts those making $28,000 a year or less—families making $28,000 a year or less, working.

Under Ronald Reagan we started the earned income tax credit. He said it was the best antipoverty program he had ever seen. What does it do? It says to those hard-working Americans who earn under $28,000 a year, we are going to ease the burden of your payroll taxes and we are going to allow you to pay fewer taxes. What does this Republican budget do? It pulls back on that program, and it will mean $1,600 more over seven years to those hard-working families—$1,600 more in taxes for those people. I cannot understand it. We are raising the taxes of people who earn under $28,000 a year, who work mightily hard for that money, and we are lowering the taxes of those who make over $350,000 a year.

There must be some symmetry here. I told you before how we are hurting those students who have student loans. It is going to cost them much more over their lifetime. Do you know what it costs to go to a private college today? It is $15,000 to $20,000 a year. After the Republicans get through with this budget, only the wealthy will be able to go. They are getting $20,000 a year back. So if they have a student in their family, Uncle Sam just paid the way. But if you are middle class, look out, it is going to cost you almost $5,000 more a year, middle-class students for undergraduate, and between $3,000 and $6,000 more for graduate school, at a time when we know we must be the best educated in order to compete in the world. This Republican budget is an embarrassment to the values of America.

I want to talk about another shortsighted area. National Institutes of Health. These are the scientists that get grants, who do the science to find the cures to diseases. You think about the disease in your family that you have seen, or among your friends, be it heart disease, high blood pressure, AIDS, cancer, or be it Alzheimer's, Parkinson's, cystic fibrosis, you can name them. Everyone has been touched by something in their lives. The NIH, National Institutes of Health, gives out grants to scientists, and we have created Nobel Prize winners and they are finding the cures for disease. I had a meeting with Dr. Varmus who heads NIH in my office yesterday, and this budget is even worse than I thought.

Under current funding, for every four grants that are approved—in other words, if scientists come forward with a good possibility of finding a cure for a disease, one in four of those applications is approved. I wish we could approve and fund all four. We can fund one in four. Under this Republican budget, we will be lucky to fund 1 in 100 new applications—1 in 100. Now, you do not have to be too smart to know that this is shortsighted. We are one plane ride away from disaster. You have read about this ebola virus. We are one plane ride away from disaster, and we are unilaterally disarming our scientists in this country.

Now, I have to say this. I believe if I went up to one of my constituents who earned $350,000 a year and I said, ''What would you rather have, a tax break, or you could take that money and you could bring home a cure for cancer?'' I honest-to-God believe they would say, ''My goodness, Senator, if you could promise me that, certainly I would give that tax break up.''

So what are we doing in this budget? We are retreating from the American dream, we are walking away from science, we are giving up in the face of international global competition. And what for? My friends will say that it is all worth it. It is all worth it—hurting the seniors—although they will say to you, ''We are not cutting Medicare, we are just lessening the increase.''

Let me tell you about that myth. When more people turn 65 and older, it is going to take more money to cover those people. And, guess what, we are living longer and do we not like to have our grandmas and grandpas around? With better technology, it costs more for the Medicare Program. I do not think we want to deny our grandmas and grandpas the best technology. I know I do not.

So they are going to tell you that the Democrats are exaggerating the pain of this budget. We are not exaggerating the pain of this budget; we are telling you the truth, and we are telling you the only reason you are being asked to take this pain—the children, seniors, veterans, the scientists, education, and the rest—is to give big tax breaks to the wealthiest among us. I say this budget should be defeated. We should argue the facts. We should bring the facts to the American people, and I hope they wake up and participate in this debate and engage in this debate and let their leaders know this budget is not a blueprint for the future, it is a blueprint for disaster.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. I yield 15 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I thank my colleague for yielding and I thank him for his leadership. It is not easy leading a group of Democrats who wander all over the place on these issues. Senator EXON has done an admirable job. I also commend Senator DOMENICI for moving toward a balanced budget here. I think he has shown courage and the kind of leadership that is needed. I heard Senator GRASSLEY say, ''What can one person do?'' I think Senator DOMENICI has contributed.

I am concerned. I wish this were backed up with a balanced budget amendment for two reasons. One is that the reality from all of the econometric studies is that interest rates would really come down if we had this backed up with a balanced budget amendment. The financial markets do not know whether this is going to stick even if it stopped it. And I think there is good reason to believe it may not stick.

Our history—and I see the Senator from Washington on the floor, who was here when we voted for Gramm-Rudman—is that we keep legislative solutions for a balanced budget about 2 years, and then they become too politically awkward and we give them up. If we had a constitutional amendment, we would have, at a minimum, another $170 billion that could be available for education and Medicare and other things.

One of the ironies is that the AARP, which understandably is concerned with what is happening in Medicare, was opposed to the balanced budget amendment which could, today, make more money available for Medicare.

I am also concerned, and I mentioned this in the Budget Committee, that our atmosphere has become more partisan than it should be. We really ought to be working together on these things.

I am not blaming either party. This thing has just kind of grown over the years. I do not think it is helpful to either party or to the Nation.

I voted for Senator DOMENICI's resolution to have a balanced budget by the year 2002. I voted against the final package because I believe the priorities are wrong. I think they are wrong for the reasons I will spell out here.

First of all, they assume that there will be a tax cut if we have some interest savings. This is not the time we should have a tax cut. I face a choice of giving myself a little bit of a bonus—I do not like paying taxes any more than the Senator from Michigan or the Senator from Nebraska or anyplace else—giving myself a little bit of a bonus, or giving my three grandchildren a bonus and making life better for them.

I do not think Americans have any hesitancy in saying, ''Let's get that deficit down. Let's not give ourselves a tax cut.'' The tax-cut premise is wrong. I know Senator DOMENICI had to fashion a compromise here. Our colleague from Texas is going to offer an amendment to specify more clearly a tax cut. I hope his amendment is resoundingly defeated.

Second, I am concerned what is happening to education. My friend, Senator GRASSLEY, mentioned this is a choice between their budget and the status quo. Well, in the field of education, status quo would be appreciably better than cuts in the field of education.

Every study—I do not care whether it is by a conservative think tank or a liberal think tank—every study that questions how we build a better America says we will have to invest more in education. Yet this budget goes in the opposite direction.

Title I, which helps poor kids, and has done some real solid things, the reality is that if this is adopted, young people in Chicago, East St. Louis, Detroit, Omaha, Seattle, and other places represented in this body, will see some cuts. Head Start is going to be cut back. The student loan—part of this bill is that there will be rescissions that the Labor and Human Resources Committee has to make. The Presiding Officer sits on that committee. That committee will have to make $14.7 billion worth of savings on student loans.

Now, the document talks about cutting back on graduate education. If we totally eliminate assistance for graduate education, we save $2 billion. That in itself, I think, is wrong. But that leaves $12.7 billion that we still have to get. That means, clearly, we will have to charge interest while students are in college. That will make it tougher for them when they get out of school, and I also think will discourage some from going to school.

I think it moves the country in the wrong direction. This is the kind of issue where, frankly, instead of devising a partisan document, I have enough confidence in the Senator from New Mexico, the Senator from Washington, and the Senator from Michigan, that if we could have been able to sit down in a bull session and say what really are the national priorities and forget whether the Democratic or the Republican Party can benefit from it, I do not think we would have been cutting back on education.

I heard Senator BOXER talk about cutting back on NIH, the National Institutes of Health, in the research area. I remember Senator HARKIN speaking on this floor, mentioning that we have spent as much in the last 7 years on military research as we have spent on health care research since the beginning of the century. I have never checked out that figure, but it was a startling figure. It is probably close to accurate, if it is not completely accurate.

I saw my father die of leukemia. So I have been interested in what has happened in leukemia research. I have seen great progress. My father died in 1969. Today he would have a real chance of living. I see the progress that is being made, and I want to continue that progress so that humanity can benefit. I think that is what people want.

Just today in the town meeting every Thursday that Senator CAROL MOSELEY-BRAUN and I have for our Illinois constituents, the multiple sclerosis Father of the Year was there with three fine young boys and his wife. Just a marvelous family. He is a lawyer by background, struggling just to walk. How I would love to see some kind of a breakthrough that could help him and his family. But it will take dollars to do it. When we cut back on dollars for research, we are preventing breakthroughs that we need.

Now Medicare and Medicaid. I do not suggest that they do not have to take some hit. The growth is clearly excessive. But the kind of hit we are talking about is going to hurt a lot of people. While we have talked primarily about Medicare, I am concerned on Medicaid, too. Half the people on Medicaid are children—poor children. I do not think the American people want to cut back on health care for poor children. Yet that is what happens.

Then I heard Senator GRASSLEY say in the Budget Committee, accurately, he said there is only one sacred cow in this—I am not talking about agriculture here, Senator EXON—there is only one sacred cow in this budget. That is defense.

I do not think there is any question that that is accurate. Yes, we have cut back defense spending some. But relative to what other nations have done, we have not done it much. We are spending more than the next eight nations combined are spending on defense.

We are continuing to spend money on B–2 bombers. What is the purpose of a B–2 bomber? To penetrate Soviet radar. There are only two problems. There is not any Soviet Union and there is not any Soviet radar. They are useless. We could not use them in Desert Storm. We do not use them in Haiti. We do not use them in the practical problems that we face. We are spending money for yesterday's war. We can cut back and do better.

There are a number of other things that I think are wrong in this budget, including one small one. I was pleased to have Senator BOND from your side of the Budget Committee vote with me to restore this. This is the antifraud compliance group that will save $5 for every $1 we put into it. The estimate is if we have this antifraud compliance group in, the IRS, we will save $9.2 billion over a 5-year-period, I believe the estimate was. And we are talking about a 7-year budget. So it would be significantly more than that.

I understand when people say we should not have any tax increases, though frankly I think we should be more candid with the American public that, of the 224 industrial nations, we are 224th in the percentage of our income that goes for taxation. We have the lowest taxes on gasoline, for example, of any country outside of Saudi Arabia. You go through a whole series of things like that.

But for people who say we do not want any tax increases, I understand. I do not understand why, when so many of us pay taxes and comply with the law, we do not want to go after those who are cheating. That is what that amendment does. Senator GLENN and I will have an amendment on the floor to deal with that.

Finally, I would like to deal with Senator GRASSLEY's question, What are we for? First of all, you will see in a series of amendments that we will be proposing what we are for in terms of shifts. Senator EXON will have at least one amendment. Senator KENNEDY will have an amendment. Others will have amendments. But there will also be an amendment that some of us will offer, a more comprehensive amendment. I do not know how many votes we are going to get. I hope there will be people on the other side of the aisle who will look at this carefully. I think the priorities are wrong here.

That we should move toward a balanced budget, absolutely. PETE DOMENICI is to be commended for moving us in that direction. But that we should have priorities that hurt the most vulnerable in our society, I do not think that makes sense. I do not think that is what the American people are for.

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

Mr. EXON. Mr. President, I thank my colleague from Illinois and my colleague from California, who spoke before him, for their excellent presentations and the direct way that they tell what we are trying to do to be constructive on this side of the aisle. I very much appreciated the dedicated work of both of them on the Budget Committee. They have been extremely helpful, very helpful in the markup process. I thank them for their excellent remarks to set the record straight about the constructive posture we are trying to take on this side of the aisle.

I yield 15 minutes to the Senator from the great State of Wisconsin.

Mr. FEINGOLD. Mr. President, I thank the ranking member. As the Senate begins its debate on the concurrent budget resolution, I would like to offer a few comments also on the work of the Budget Committee, and especially on a subject about which I have had a particular concern, and that is the subject of the tax cut; whether it makes sense to have tax cuts at this time part of the budget resolution.

The first thing I want to do is praise the Senator from Nebraska, not only for his work on the Budget Committee but for the fact that he was one of the very first Members of this body to point out—and to join me in my efforts to say—we really cannot consistently say we are trying to reduce the deficit and have tax cuts. So I appreciate his leadership on that. He has done that consistently throughout the Budget Committee process.

I also want to commend the whole Budget Committee and its chairman, the Senator from New Mexico, for the work that was done on the concurrent budget resolution. As the debate unfolds on the concurrent resolution, there will be a lot of opportunities to criticize the particulars of the document and proposed changes to it. I expect to do both of those things. That is the nature of the legislative body and the consequence of the diverse priorities that are represented here. Before that debate, though, Chairman DOMENICI should be lauded for his effort. I was especially pleased with his ability to keep the budget deliberations in committee clearly focused on the issue of reducing the deficit.

We have different approaches to how we get there, but there has to be a unified, bipartisan commitment that at the end of this budget resolution we will have a resolution that calls for a date certain—and I think it should be the year 2002 or earlier—for a balanced budget to be achieved.

Those who are serious about deficit reduction have to make tough choices about where and how much to cut, and I think we have to make those choices right now. When I ran for the Senate, I proposed a specific plan that would have provided for a balanced budget by the year 1998. I still think that would work. But at this point, given the realities, if we can get this done by the year 2002, I think it would be a very significant achievement.

But as chairman of the Budget Committee, the Senator from New Mexico, faced not only the same tough choices the rest of us had to face, his choices had to achieve a consensus out of the committee so he could get a majority. I will add that the ability of the Budget Committee to craft a document that at least the majority party argues achieves a balanced budget by the year 2002 does underscore my belief that we do not need, and did not need, a constitutional amendment to balance the budget.

How can this process even be unfolding if we need a balanced budget amendment? The line was they simply will never get down to business if we do not change the Constitution. But the product of the Senate Budget Committee proves that we did not have to mess around with the Constitution, we just had to get together in committee and on the floor and do the job now.

I think that is very important because people lose sight of the fact that we devoted a month out here to discussing the balanced budget amendment. I think we did the right thing when we defeated it.

But now we have the opportunity to show not only that it was not necessary, but that we did not have to wait for the States to ratify it and sort of get started on the project late in this decade, but that we can do it right now. We can do it this very year through the budget process. I know it is tough. I know some Budget Committee members are on record supporting significant tax cuts. Obviously every Member of the Senate would love to be able to vote for tax cuts.

But the chairman of the Budget Committee rightly decided that the first priority of the committee is not tax cuts but deficit reduction. The Senator from New Mexico is absolutely right and, given the political pressures he faced in this regard, I think he deserves credit for his efforts. He tried. He tried very hard. He came up short, but he improved the House version, the version of the other body, which provides for even more enormous tax cuts.

So that was progress. I wish I could say, though, that those efforts spelled the end of the push for tax cuts. I regret that even the Senate budget resolution itself leaves the door wide open for tax cuts. Do not let anyone tell you the Senate budget resolution does not contemplate tax cuts within this 7-year period. It does and they would be very large; to the tune of, apparently, at least $170 billion.

That document creates a special budget surplus allowance dedicated solely for tax cuts. Although I certainly think an excellent job was done in many respects, that special fund is an invitation for trouble if we are going to reduce the Federal deficit and eliminate it. The $170 billion tax cut fund is a cookie jar. It is a special fund put away that could be used for deficit reduction, or to restore the Medicare cuts and the student loan cuts and the agriculture cuts that are a part of this document.

I have to reiterate, we could get more deficit reduction or we could still have a completely balanced budget by the year 2002 and not do those very harsh cuts to the tune of $256 billion to Medicare. We need to eliminate this kitty, this cookie jar for the tax cut. Not only is it $170 billion but the special fund will almost certainly lure proposals to enact even more significant tax cuts. I do not think that is the chairman's intent. In fact, I think it is just the opposite. But I think that is what will happen. And once the focus of our work is shifted from deficit reduction to tax cuts, I think it will be a very short route to another tax-cut bidding war.

If we have that war it will undo the progress we made in the 103d Congress and the further progress I think the Budget Committee is trying to make with regard to reducing the deficit. In fact, it was just that kind of tax-cut bidding war in the 1980's that got us into this terrible mess in the first place.

A major tax cut is not only fiscally imprudent; it may undermine the public confidence we have to have to pursue the painful cuts necessary to balance the Federal budget. The tax cut may be the crown jewel of the Republican contract, but it is really a lump of coal for the children and grandchildren of our future who get stuck with the debt and paying interest on the debt because we did not have the guts to eliminate the tax cut today.

If the American people believe we are playing it straight with them, that the cuts we enact are fair and honest, then they will support the work product and make the sacrifices needed for a balanced budget willingly. If, however, they believe that this process is nothing more than politics as usual, that we are enacting a fiscally irresponsible tax cut for the sake of a political agenda, then they will rightly question the sincerity and fairness and prudence of the cuts in the budget package, and any hope for progress on this will be dashed.

Inclusion of any type of a major tax-cut measure in this year's budget resolution sends us in the wrong direction. Deficit reduction has to be our highest priority, not tax cuts. Enacting tax cuts at a time when we are still fighting the deficit could well hurt those families whom the tax cut is supposed to help.

It is the middle class who will bear the brunt of the higher interest rates that could be triggered by a tax cut, and their children who will bear much of the burden of the continually escalating national debt.

Mr. President, this should not be, and I do not think this really is a partisan issue.

For my own part, I have opposed the tax cut proposals that Members of both parties have offered.

Last November, I opposed the tax cuts included in the Contract With America. But I also opposed my own President's tax cut plan on the day he announced it.

Since then, some of both parties have advanced tax cut proposals. But I am happy to say that Members of both parties have joined me in challenging the wisdom of these proposals. The momentum in this body is against a tax cut. The momentum was begun by the good work of the Budget Committee which at least relegated the tax cuts to this cookie jar. That was the first step. The whole Senate should finish it off. Let us get it off the table, and make this budget about one thing and one thing only; and, that is, getting rid of the Federal deficit once and for all so the people in this country can get rid of that sick feeling in their stomachs that the people out here in Washington are not responsible with their tax dollars, so that kind of bipartisanship is encouraging, not only the issue of tax cuts, but also on the issue of deficit reduction in general.

The growing bipartisan opposition to the tax cut stems from a belief that deficit reduction is the higher priority, that the savings generated by these very, very tough spending cuts have to be used for deficit reduction and not tax cuts. In that common belief we ought to be able to find the common ground that can be the basis of a truly bipartisan budget resolution.

Mr. President, as I said, before, I stand ready to participate in such an effort, and I am sure that many of the people on our side of the aisle share that view.

Because the actual work of reducing the deficit requires hard choices, it is so very easy to stray away from that chore.

It becomes even more tempting to avoid that responsibility when something as highly charged and politically appealing as cutting taxes competes for our attention.

For this reason, the chairman of the Budget Committee again should be commended for keeping the primary focus of his work and his committee's work on deficit reduction instead of reckless tax cuts.

So, though I have a number of significant differences with the chairman's proposal, and especially a tax-cut cookie jar, I did want to take this opportunity to thank him for his work.

At the end of the day let me conclude by saying that you cannot have it both ways. You cannot say we absolutely must make big cuts in Medicare and farm programs, student loan programs, you cannot say that you have to get this done by the year 2002, or we will have a terrible fiscal mess, and then turn right around and say we have plenty of money for $170 billion or $300 billion of tax cuts. You cannot have it both ways. As we say back home, you cannot have your cake and eat it too. Mr. President, I would suggest you cannot have your deficit reduction and eat it, too.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am going to yield to Senator GORTON as much time as he desires. I wonder before he speaks if he would yield me 1 minute.

Mr. President, I want to make it clear once and for all. The budget that we put before the Senate is a deficit reduction budget. It is a zero deficit in the year 2002, no games, no smoke, no mirrors. The first actions of the U.S. Senate when they implement this will be to get to a balanced budget. For anyone talking about tax cuts prior to balancing the budget, just get hold of the budget resolution and read it. If there is anywhere in there that you can find that, then obviously I will not only come here and apologize but clearly, clearly it will be a budget that I did not produce. So somebody put words in that I do not understand, that I did not know were there. That is point No. 1.

Point No. 2: The way this budget is structured, you will get to balance. You will have all the laws changed that get you to balance. That is frequently called a reconciliation bill, a big bill that will change the entitlements permanently.

You will then ask the Congressional Budget Office. Is it balanced? When they say yes, and only then is the 170, perhaps 170. It might be a different number, depending upon the Congressional Budget Office evaluation of our path. There will be an economic bonus.

The American people are entitled to an economic bonus, and we say give it to them in tax cuts. But only then, and we also pass the resolution that the tax cuts, 90 percent of them, have to be for people earning $100,000 and less. All of the rest of the talk about tax cuts, I would hope everyone understands you are talking about something that is not before the Senate. And I am not suggesting you cannot talk about it or you should not. But I hope everybody knows that is not the case in this budget. Balancing the budget is the primary responsibility.

For anyone who wants to balance the budget, and then turn around and say now that you have it balanced, start spending again, it is balanced, you have it in balance, there is an economic dividend, start spending it again—have at it.

I just do not believe the American people believe that, for they will say that is just the same old thing. That is spending again. We say when you get to balance give the American people a break.

I now yield to Senator GORTON, and he will manage the floor for a while.

Mr. LAUTENBERG. Will the Senator yield for one unanimous-consent request?

Mr. GORTON. Certainly.

PRIVILEGE OF THE FLOOR

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that staff people, two fellows, Danielle Rose and Lauren Ewers be granted privileges of the floor during the debate on the budget resolution.

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

Mr. LAUTENBERG. I thank the Senator.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Would the President notify me when I use 15 minutes?

Mr. President, I must start by saying that perhaps some of the criticisms of the position of the Democratic Party that have been levied in the last few days, and even here this afternoon, may be a little bit overstated. It has been our position that the opposition to this budget resolution are totally defenders of the status quo, that they do not wish to make any changes whatsoever, that they do not care about a balanced budget. But several of them have already told us that is not true, that everything they propose will continue the balance and the resolution produced by my distinguished friend and colleague from New Mexico. Mr. President, if that is the case, the Domenici budget is already a landmark of progress for this country. And I fervently hope that those statements do turn out to be true, though I may be a skeptic until I see it proven.

Under those circumstances, the accusation of the defenders of the status quo will be appropriately directed only at the White House and at the administration.

My friend from Iowa earlier this afternoon pointed out that this yellow line describes the budget deficit for the next 5 years under figures provided by our Congressional Budget Office if we are to pass the President's proposed budget. This is what happens under the President's budget, and the proposal that was presented by Members on the other side when they offered us a huge tax increase 2 years ago to lower the budget deficit. Well, in all 5 of those years we will have that huge tax increase in place. But the budget deficit will go up each and every year.

That, Mr. President, is the status quo. That was what the administration proposed to us. That is what was defended for at least a couple of months by Members on the other side of the aisle while we strove mightily to come up with something that would put this country on this line, a line ending in a balanced budget in 7 years, exactly as promised in the constitutional amendment defeated by only a single vote.

So perhaps we have made a huge degree of progress. We have the other party repudiating this line and accepting this line.

My colleague from New Mexico has invited any Member of the other party during the course of the day to propose the President's budget, so that we all may vote on it and determine whether or not there is anyone in this body who wants to do this. And I hope and I believe that if no one from the other side of the aisle makes such a proposition, we will put it out here for debate and for a vote ourselves because its repudiation will show that great progress has been made in agreeing at least on the desirability of balancing the budget.

But, Mr. President, my skepticism remains because at the same time we are told that all of the amendments will do nothing but redistribute various functions but will continue this line, we are told, no, no, we do not have an alternative budget—not here. Now, that political party in the House of Represenatives has an alternative budget to what is proposed in the House. Do you know what it is, Mr. President? It is essentially the Domenici budget. It looks good over on the other side of the Capitol but not here. No, they say, what we will do is propose individual amendments, each of which will maintain this balance.

Now, what, Mr. President, is the difference between going at it that way and making an overall budget proposal which continues us on this line? Well, it is very simple. You can use the same money over and over and over again. Each time an amendment is defeated that would cut the defense budget in order more generously to fund one of their favorite programs or would go into the reserve fund to fund one of their favorite programs, each time such an amendment is lost, you can do it over again. You can use the same money for a different spending program.

Between the first two Senators who spoke on that side, there were eloquent demands for more money for education, for veterans, for health care, for the National Institutes of Health, less of a slowdown in the outrageous growth in the earned income tax credit, and more money for agriculture.

Now, Mr. President, there is no possibility that they could produce a budget that did all of those things in half the amounts outlined by the Senator from California without a huge tax increase. But if they do it one amendment at a time and lose one amendment at a time, they can use the same money over and over again. And perhaps, Mr. President, my skepticism is fed a little bit by the fact that that is exactly what they did in the Budget Committee. I kept notes as a member of that committee, and 14 amendments from that side proposed increased spending; 6 of them proposed actual tax increases over the present level; 5 used the reserve fund, there for the possibility of tax cuts if we do our job right; 2 others reduced those proposed tax cuts, and 3 reduced expenditures for defense below the President's proposals which themselves already call for reductions, real reductions in every year covered by his budget.

That is what we will get here, Mr. President. The one uniting factor over there is a total anathema with respect to the remote possibility that someone's taxes somewhere in the United States might be reduced.

Now, as the Senator from New Mexico said, we do not propose a tax cut directly in this budget. We propose to get to this zero figure on the deficit, and we are told that if we do so, not just in a budget resolution but by passing actual binding laws which change spending policy so that we can get to this point, the economy will react. Interest rates will be lower. We will find 170 billion more dollars because of a better economy over the course of the next 5 years.

And incidentally, Mr. President, those reductions in interest rates will knock into a cocked hat all the statements about student loans made by the Senator from California. They are based on what interest rates are going to be if you adopt the President's budget. That is the set of circumstances under which interest rates like that will be charged someone, young people or others.

So we say that if we go through this exercise, if we balance the budget, if we improve the economy, if we lower interest rates, perhaps the American people ought to get a dividend.

Now, why is it difficult to come to a compromise in cases like this? Because of the way that it is characterized. The Senator from California and others, when they talk about tax cuts, say a tax cut is taking money out of the pockets of the poor and putting it in the hands of the rich. That stems from an attitude that all the money in the United States of America belongs to the Government, and if we are good little children, maybe it will give us back something that we earned ourselves.

Our position is that the American people, when we have done our job, ought to be allowed to keep and determine the spending habits of a little bit more of the money they have earned and have less of it taken away from them and handed to someone else, and that is a very, very profound difference.

Mr. GREGG. Mr. President, will the Senator from Washington yield for a question?

Mr. GORTON. I certainly will.

Mr. GREGG. To the Senator from Washington, is it not my understanding that this budget resolution brought forward by the Republican Senate Members on the Budget Committee, for which no Democrats voted, has in it language which says that to the extent there is this tax cut as a result of the bonus that would occur to the American people by getting to a balanced budget, the dividend occurs as a result of interest rates coming down, this $170 billion tax cut—and as the Senator points out the actual bonus to the American people would be lower interest rates on everything, and it would represent billions and billions of dollars in savings to the American people. But if that happens, does this resolution state that 90 percent of this tax cut, to the extent it is instituted, should go to people with incomes under $100,000? And is that the new definition of wealthy from the other side of the aisle, people with incomes over $100,000?

Mr. GORTON. The Senator from New Hampshire is 100 percent correct. It is interesting that in its initial form that proposal was made by one of the Senators on the other side who already this afternoon in the Chamber has talked about these huge tax cuts for the wealthy. Yet, it was that Senator who, with our help, earmarked any reduction that we do get for middle-class working Americans. We felt that was a good amendment, and we felt that those middle-class, hard-working Americans ought to be allowed to keep a little bit more of what they earn and determine how to spend it themselves.

The Senator from New Hampshire's comments lead me to another point. When we speak about $170 billion in this period in savings in interest on the national debt, which we then can return to the people in the form of lower taxes, but which the other side wants to spend before we have even earned it—they are spending this dividend, and in every one of the amendments we get they will be spending this dividend before it is ever earned.

But that is only the savings on the interest on the national debt, on the Government's debt. There are hundreds of billions of dollars more that will be in the pockets of individuals because they will have paid lower interest rates on their mortgages, on their installment credit, on the money they use to begin new small businesses and the like. That is the purpose of the budget which we seek.

And I want to return to my first comments. I think we have already had a tremendous triumph. I suspect we are not going to get anyone on the other side coming in and giving us an amendment to pass this budget, and I suspect when they vote on it, they are going to end up voting against that budget. But we have already triumphed. We have already come to an agreement that we ought to be on this road here, the road to a balanced budget.

The differences will be that, with all of these huge amounts of spending, trillions of dollars in this period of time, we hope that 1 or 1.5 percent of it, if we do do our job, might be left in the pockets of middle-class working American citizens at the end of this entire debate. We think they can do a better job of spending it than can the Government of the United States.

Mr. President, I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I yield myself such time as I need to make my presentation. I ask unanimous consent that I be permitted to do that.

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

Mr. LAUTENBERG. Mr. President, with this resolution, we begin a new phase in the debate over the Federal budget.

I am sorry that the distinguished Senator from New Mexico, the chairman of the Budget Committee, is not on the floor, because I want the RECORD to reflect not only my admiration but my respect for that leadership that he has provided in the Budget Committee and, in fact, though we may disagree with several parts of the budget resolution that was produced, it was the intention of the Budget Committee chairman to do as efficient a job as he could, and I commend him for it.

The debate about whether we should move toward a balanced budget is over. There is a consensus that we should do just that. It crosses the aisle that divides us. We Democrats are committed to a deficit-reduced balanced budget in the interest of the financial stability of our country. And we have no less credentials to do that than our friends on the other side of the aisle. I hope that, during my comments, we will be able to make a clear distinction about how we get to that point.

There are differences about whether we balance the operating budget or whether we include Social Security in the budget calculation, which, astoundingly, on the Republican side it has been part of a structure to include the balances from Social Security, the surplus—and I talk to senior citizens across this country—to use their trust funds, sacrosanct, committed, reserved for the time they need it. No, we are going to do some funny accounting to get to the point that we want to.

I come from the corporate side of the business world, as do many of my colleagues. I know one thing: If I were to project sales and earnings for my company over the next 5 to 7 years and I said, ''We are going to make lots of money and here is how much we are going to make, we are doing this in revenues and here is how much we are going to do,'' and I failed to tell the public that I am going to include the employees' pension fund that my company does not own—it is the employees'—in the figures—and I said this in the Budget Committee—you would be led out with a raincoat over your head and hands tied behind your back, escorted by U.S. marshals.

So, first of all, we get to a balanced budget using some smoke, some mirrors, and some significant gimmicks. We try to remove the Social Security balance and say, let us fight for a balanced budget without that. Oh, no, that could not happen. So there are some differences.

Americans, however, want to reduce wasteful spending in both parties, Democrat and Republican, have got the message.

So, as we work on this resolution, the budget issue has changed. Now the issue is not whether we reduce spending and move toward a balanced budget. The issue is: How do we do it? Whose benefits will be cut? Who will win? Who will lose? Because this is somewhat of a seesaw. As long as we stay within the parameters of balance, when one side goes down, the other side goes up. And, most fundamentally—and I put this board up—the question is: Whose side are we on? Whose side is the Government on?

This is the issue that, unfortunately, continues to divide our two parties. We Democrats believe that Government must stand on the side of ordinary, middle-class families, on the side of senior citizens who worked to build this country, who presented us with perhaps the best half century or four decades that this country has ever seen, not by just their participation in World War II, Korea, the other wars that have come by, but at the same time building this country's fundamental structure.

The other part is children. Two sides: One is to take care of the future, invest with and in our children, but at the same time not forgetting our obligations to the senior citizens; and on the side of those who really must struggle to survive.

But the new majority has a very different philosophy, and a different constituency. The Contract With America, as it is commonly called, is a contract with the most powerful, wealthy members of our society. It would provide huge benefits to millionaires and special interests, and it would force the ordinary American to foot the bill.

Perhaps nothing illustrates the differences between our two parties more than the Republican proposal for massive Medicare reductions to pay for tax cuts for the rich. I think it is outrageous. And I intend to fight it as hard as I can, just as I did during the Budget Committee's deliberations.

Mr. President, the average Medicare beneficiary has a rather modest income and, conversely, at that stage in life, typically, they have very high medical expenses. Seventy-five percent of those folks have incomes under $25,000—75 percent, incomes under $25,000. Not much to live on, especially if you live in higher cost areas. Thirty-five percent have incomes under $10,000.

These folks cannot afford massive cost increases. And they should not be forced to give up their own doctor or to sacrifice the quality of their care.

Over the past 2 weeks, Republican leaders have tried desperately to justify huge Medicare cuts by pointing to projected shortfalls in the HI trust fund. But the argument is bogus. If we need to shore up the trust fund, that does not mean that we need to take a whack at Medicare recipients.

There are other places in the budget to find savings. It is only a question of priorities.

These are my priorities. Before we burden more of our struggling seniors, we ought to go after special interest tax breaks, we ought to eliminate funding for the space station, we ought to terminate unnecessary weapons systems, we ought to abolish special subsidies for the timber industry, the oil industry and the gas industry and the ranching interests, and we ought to eliminate an array of other wasteful or low-priority spending.

Of course, Mr. President, there can be debate about the specifics, but there should be no disagreement about this priority, this principle. I enunciate, we should not be cutting Medicare just to fund tax cuts for the rich.

In the Budget Committee, I offered an amendment to shift funds from tax cuts for the wealthy to restore funding for Medicare and Medicaid. My amendment was defeated when every Republican opposed it, without exception. We just heard from our distinguished colleague from Washington who said that there was not a Democrat that joined the Republican majority when the Budget Committee denied amendments and passed this budget resolution. But I ask, if the same speech that is made on the floor of this Senate would be made in a town meeting back home in whatever the town and whatever the State, and look in the faces of the senior citizens and say, ''Listen, we're going to make it easy for you by adding more expense to your already burdened budgets in hopes that if we give a tax cut to the rich, if we give a guy earning $350,000 a year a $20,000 tax reduction that he is going to invest it in some way that will stimulate our economy.'' We just have to hope he does not put it in some dormant tax-exempt bonds, or something like that, because that is not going to help.

To justify their opposition to some of these things, the Republicans, once again, said, ''Oh, no, not us, that's not what we want to do.''

So I pointed out that the Republican leadership in both the House and the Senate did support such cuts and did support the House bill that essentially was in the works. This was no secret. The House had passed the bill giving a $20,000 tax break to those earning $350,000 in a year.

I went a step further. I said, ''OK, if you're really not going to cut Medicare to pay for tax cuts for the rich, let's put it in writing and make it enforceable.'' So I offered an amendment that would have made it out of order to consider any bill that cut Medicare or Medicaid to pay for tax cuts for the rich.

Under the amendment, I suggested it would have taken a supermajority, 60 votes, to take up that kind of a proposal. Simple enough to say that if you wanted to offer tax cuts and decided to cut Medicare or Medicaid, that it would take this supermajority 60 votes to do so. What do you think? Every Republican on the committee voted against that, too. Why? I do not know. Obviously, they think tax cuts for the rich are more important than other priorities, the thing we were discussing on the floor here.

Mr. President, it should be obvious to everyone that the Republican Party really does plan to cut Medicare, to cut Medicaid to pay for tax cuts for the rich. But they go out of their way to obscure what is really going on. So we have developed a nomenclature for the reserve that CBO is likely to put up once this budget is believed to be balanced. It is called an economic dividend. It is called a fiscal dividend. They do not say that it is for tax cuts. Just a wink of the eye. Everybody knows it.

We have heard some of our colleagues from the Republican side who have declared their intention to run for President demand that tax cuts be included. One suggested that a filibuster would be in order on the floor of the Senate to make sure that tax cuts are in place. Our distinguished majority leader did say in a speech that he made that tax cuts are in order in terms of a budget resolution. So we ought to call it like it is. Make no mistake, the fiscal dividend is really disguised, but down deep it is simply a tax cut for the rich.

There should be little confusion about this. We know that CBO will score the indirect benefits to the Government of reconciliation. We know that these benefits can only be used under this resolution for a tax cut, and we know that the House already has passed a bill giving a $20,000 tax break for wealthy individuals in a year.

This is what it looks like. The Republican budget. The winners: The rich—$20,000 tax break, corporate subsidies protected and tax loopholes saved. The fix is in. There is a tax cut for the rich in this resolution. It is a huge tax cut financed by drastic reductions in Medicare, or increases in Medicare costs and Medicaid subsidies. Do not let anybody fool us.

Mr. President, I go back now to the larger question posed by this budget resolution. This debate, like few others, is about to force each of us to make a very fundamental decision, a decision about what we stand for, a decision about whose side we are on.

I want to take a look for a minute at who wins and who loses under the Republican proposed budget. The winners: The rich—$20,000 tax break, corporate subsidies are protected, tax loopholes are saved. The winners are clear: Rich, corporate interests and their lobbyists.

Meanwhile, let us see who loses under this resolution. First, there are the Medicare cuts. It will cost an average couple over the 7 years proposed to get us to a balanced budget $6,400, and in the last year of the 7-year cycle, we are looking at an $1,800 cost for that couple. These, by the way, are people who already pay a substantial out-of-pocket sum for health care. It is estimated that it runs about 21 percent. So if the average beneficiary is getting $16,000 a year, it costs them $3,000 more for medical care, for health care.

On top of that, there are education cuts proposed. On top of that, there are tax increases scheduled for hard-working American families. That is a substantial one, too. By eliminating the earned income tax credit, the Republicans not only will increase taxes on working Americans, but they will reduce needed incentives for people to move from welfare to work. It does not make sense. It really makes one wonder, Mr. President, how can the Republicans cut taxes for the rich, on one hand, and with the other hand turn around and increase taxes for working Americans, people making $28,000 or less?

That may be the Republicans' perspective of fairness, but it is not mine. It is just plain wrong.

But one thing is becoming quite clear, and that is the sharp difference between the two parties' perspectives. The Republican Party is willing to lay down for high-income special interests, while we stand up for the working people in this country.

So, yes, Mr. President, we are going to do a lot of fighting about this budget resolution. In most of these fights, we Democrats are going to be joined together in the fight, because while we disagree with each other about a lot of things, there is one thing that unites us; that is, our commitment to serving ordinary people, middle-class families who work hard, who struggle to keep their homes together, who struggle to keep opportunity available for their children, who struggle to take care of the elderly and the disabled—the people without lobbyists, the people without the big bank accounts and without the connections.

Most of us came to the Democratic Party because we believe that Government should stand with these people. I point out, Mr. President, immodestly perhaps, that I came out of the business sector and helped create an industry as well as a company. I am one of the people who was fortunate to be perhaps in some of the higher income brackets. But I believe that my security as a citizen, that my family's security, my daughters', my son's, my grandchildren's, that my security depends on the stability of our country, not on how much more money I give or leave my children. It depends on whether or not we have a society that believes we are all together and does not feel like the largest part is left out of the loop. So I would rather invest in our people, invest in the children who are going to lead this country tomorrow, provide the skilled work force that we need to have in order to complete; that is why I came to the U.S. Senate.

Perhaps our party has lost its way in recent years, and we can admit that up front. We were reminded about that very sharply last November. But now the chips are down. We know where the public stands. We know what people are concerned about. We know they are worried. The battle is now beginning in earnest. And there is no question—I said it earlier—about whose side we are on. That is what this debate is really about. I wish it were not so. But when you get right down to it, this budget is designed to decide who is going to be on the side of the working people and who is going to take care of those who already have a lot. It is a direct assault on ordinary Americans and a sop to the most wealthy and powerful interests in our Nation.

That is not what I stand for, it is not what the Democratic Party stands for, and it is not what America needs now.

In conclusion, we Democrats may not have the votes to win in this battle. We probably do not. But we are going to try and we are going to insist that the votes that take place here will reflect how each one of our friends on the other side, as well as on our side, feels about whose side they are on, and whether it is the veterans, or the disabled, or the women concerned about breast cancer, about research for Alzheimer's, or AIDS, we are going to be deciding now whether or not those funds that are freed up as a result of the schedule to balance the budget go to tax cuts for the rich, or whether we continue to serve the interests of the ordinary people. At least since the debate will be conducted here, the American people will have a chance to see us discuss it, to look at the RECORD after the votes are cast, to be able to say to their Senators and their Congress people when they go back home, ''What did you vote for?'' ''Why did you do it?'' and ''Whose side were you on?''

I yield the floor.

Mr. EXON. Mr. President, I think we have been moving along quite well in total cooperation. I believe Senator ABRAHAM would be next under the usual ruling. I have several Senators on this side who have been waiting and are not asking for any other consideration other than some time.

I ask unanimous consent that we would now go to Senator ABRAHAM, and following him, we would go to Senator ROCKEFELLER, who wants 12 minutes, followed by Senator KENNEDY, who wants 15 minutes. Is that agreeable so that we could have everybody know the flow?

Mr. ABRAHAM. Mr. President, we would agree to that if we can then have Senator HATFIELD, who would like 15 minutes, and Senator GRAMM who would like 10 minutes.

Mr. EXON. That would be satisfactory.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ABRAHAM. Mr. President, I yield myself such time as I may need.

Earlier this year, the Senate failed by one vote to support a constitutional amendment requiring a balanced budget. At the time, opponents told the Senate that balancing the budget did not require amending the Constitution. All we needed, we were told, was to make the tough choices and cast the hard votes.

Mr. President, the hard choices are here. The budget resolution before us makes those choices and balances the budget by the year 2002—without raising taxes and without gutting national security. It accomplishes this task by slowing the growth of Federal spending from 5 percent per year to a more reasonable 3 percent per year. In dollars, that means Federal spending, under this budget, will increase from $1.6 trillion next year to $1.9 trillion in the year 2002.

Let me repeat that. Federal spending will increase from $1.6 trillion to $1.9 trillion over 7 years.

Only in Washington would a $300 billion increase in spending be called a cut. Clearly, while the budget presents us with tough choices, allowing spending to increase 19 percent is not an impossible or even unreasonable goal. Nevertheless, some do not agree with this objective. As Labor Secretary Robert Reich said on Meet the Press earlier this year, balancing the budget is not a priority of the Clinton administration. The subsequent budget proposal only serves to reinforce that admission. According to CBO, deficits will rise under Clinton's budget from $177 billion to $276 billion in the year 2000. Under the Clinton budget the national debt will grow by $1.2 trillion over the next 5 years.

Mr. President, what does this neglect mean to future generations? Consider the consequences of adopting President Clinton's budget for fiscal year 1996. Under that budget, by the year 1999, the total debt will hit $6.4 trillion, or $27,700 of debt for every man, woman, and child in America.

In the year 2000, interest payments on the debt will be $305 billion—more than we spend on defense, more than we spend on all other discretionary programs combined, and more than we will spend on Medicare.

In the year 2010, entitlements plus interest will consume all Federal tax revenues, which means we must either slash spending, print more money, borrow more money, or enact draconian tax increases. In my judgment, they are all bad options.

In the year 2030, spending for entitlements will consume the entire Federal budget. That means nothing will be left for defense or any other discretionary program, including those targeted at children and the poor, and it means we would not even be able to finance the interest payments on the debt.

On the other hand, balancing the budget is not just an exercise in good government. Eliminating the deficit will pay big dividends to Americans in the form of lower taxes, lower interest rates, higher economic growth, and the bottom line, a higher standard of living. Here are some of the projections:

Most economists agree that balancing the budget will result in significantly lower interest rates, thereby saving the average homeowner up to $500 per month on their mortgage payments.

According to the CBO, these lower interest rates will result in a so-called fiscal dividend to the Treasury of around $170 billion between now and 2002. I believe that this dividend should be returned to the American people in the form of tax cuts. I will support efforts on the floor to do so.

Finally, according to the GAO, if we balance the budget by 2002, the average American will enjoy a real growth in their incomes of 36 percent by the year 2020.

Given the costs of doing nothing and the benefits of taking action, I believe it is obvious that balancing the budget is in everyone's interest. That leaves the question of how we get there. The budget before us shows the way.

At the beginning of the budget process, I set out five priorities that I hoped would be embraced by the Senate budget resolution:

First, privatize; second, eliminate waste and duplication; third, return the operation of various Government functions to the States with block grants; fourth, eliminate outdated programs; finally, fifth, reduce Government bureaucratic overhead. I am pleased to say this resolution includes all five.

First, it assumes we will privatize those areas of Government that are better left to the private sector, including the naval petroleum reserve, the Uranium Enrichment Corporation, and the Alaska Power Marketing Administration.

The naval petroleum reserve is a good example of why we need to privatize. The reserve was created to ensure that we had sufficient supplies of oil in the event of a crisis. As President Clinton recently acknowledged, however, that is no longer the case. As the President stated, the reserve's function of producing and selling this oil is a commercial, not a governmental, activity.

Mr. President, there are many other naval petroleum reserves out there. This budget identifies them and moves them out of the Federal Government.

Second, the budget consolidates Federal departments and agencies that are duplicative and wasteful. The GAO reports that the Department of Commerce alone shares its mission with at least 71 other Federal departments, agencies, and offices. In other functions, the Federal Government operates 163 separate job training programs and has at least 10 agencies devoted to promoting international trade.

Obviously, there are savings to be made by ending this wasteful duplication and focusing these efforts. This budget takes advantage of those savings.

Third, we need to return government to the States. We need to revive the 10th amendment which says ''the powers not delegated to the United States by the Constitution, nor prohibited by it to the States are reserved to the States respectively, or to the people.''

In my own State of Michigan, Governor Engler is out in front on important issues like welfare, Medicaid, and education reform. I know Governors from other States are equally as innovative.

This budget takes advantage of the tremendous talents outside the beltway by utilizing block grants, to replace the hundreds of Federal welfare, housing, and education programs.

These block grants will provide Governors with the resources and the freedom they need to carry out these reforms. Returning these programs to the States is both an exercise in good government and a means of reducing costs and increasing efficiency.

Fourth, this budget eliminates outdated programs. Programs like the Interstate Commerce Commission, the honey program, even the Department of Commerce are targeted. All told, 59 programs, 25 statutory boards and commissions, and 63 agencies are soon to be terminated under this budget.

Let me just cite some more of the program terminations assumed in this budget: The Small Business Administration tree planting program; the Swine Health Advisory Committee; the Board of Tea Experts; the Technical Panel on Magnetic Fusion; the Dance Advisory Panel; the honey program; the Fastener Advisory Committee.

Mr. President, some of these programs might be useful, but we simply cannot afford them, given our exploding national debt.

Finally, we have reduced overhead. The President stated that over 100,000 Federal jobs have been eliminated toward the goal of trimming the Federal bureaucracy by 250,000 positions. A vast majority of the personnel reductions come out of the Department of Defense. Other areas of the Federal bureaucracy have barely been touched. This budget addresses this imbalance by reducing Federal overhead accounts by 15 percent, eliminating hundreds of political patronage jobs, and expanding the ability of Federal departments to work with less expensive private contractors.

Having focused on what this budget does, it is just as important to focus on what it does not. First, this budget does not abandon Medicare. In their 1995 annual report, the Medicare trustees announced that the Medicare trust fund will be insolvent 7 years from now. The trustees conclude that the ''HI program is severely out of financial balance and that the trustees believe that the Congress must take timely action to establish long-term financial stability for the program.''

This budget embraces the call of the trustees to action by addressing both the short- and the long-term insolvency of the Medicare program. First, it allows Medicare to continue to grow at a 7-percent rate per year. This reform enables Medicare to pass the trustees' short-term solvency test while still growing at twice the rate of inflation.

Second, the resolution includes a call for a special commission to address the long-term stability questions facing Medicare and to advise Congress on how to keep Medicare's promise for future generations.

Another group this amendment does not abandon is the American taxpayers. As I previously mentioned, balancing the budget by 2002 will, according to the CBO, provide $170 billion ''fiscal dividend" from lower interest costs.

Senator DOMENICI has stated that this dividend will be used to pay for tax cuts. I believe that we should enact tax relief for the middle-class working families of this country and tax incentives for savings and investment. We can and should balance the budget and provide American families with real tax relief.

Mr. President, if we look at Federal outlays of the span of this budget, the Federal Government will spend in excess of $12 billion between now and 2002. A significant portion of that amount constitutes a redistribution of dollars from those who work and pay the taxes, to those who are elderly, sick, homeless, and have low incomes. Federal programs targeted at the poor and the needy are the result of a truly compassionate society, and we should continue to support them.

I resent the implication that is often made here on the floor, and made occasionally during our committee hearings, that somehow we are not a compassionate Nation. This budget will spend $12 trillion largely for the purpose of helping people who are less fortunate in our society. That is 2½ times the average GDP of America. I think that is an important investment, and hardly one to be described as lacking in compassion.

Now, based on that, it is my opinion that if, after we go through this process of bringing the budget into balance, and if, after we go through the process of spending $12 trillion over 7 years on so many important programs, that any fiscal surplus created by this budget should go to those who have made the surplus and our compassionate programs possible—the hard-working taxpayers.

Moreover, the surplus or dividend only constitutes 1½ percent of the $12 trillion we will spend over the next 7 years. To me, it only seems fair to allow those who pay the taxes to keep this tiny surplus or dividend so that they can invest it in their families and in our Nation's economic future.

Finally, this budget also avoids the ever-present temptation to gut defense. Real defense spending has declined by

37 percent since 1985, and while I believe there are many money-saving reforms possible within the DOD, I believe the savings should stay within defense to provide for our substantial security. No other responsibility of Government is as important.

This budget recognizes the importance of our national security by maintaining the current level of spending and establishing protections against using defense cuts for other spending proposals.

In conclusion, Mr. President, I should point out that without the assistance of the minority, Republicans have stepped forward and proposed the changes necessary to cap out-of-control Federal spending. In successfully reporting this budget resolution, the Senate Budget Committee has taken a historic step toward reducing the deficit and balancing the budget.

Before the Senate today is a resolution that makes the tough choices, slows Federal spending and brings the Federal budget into balance by the year 2002.

Many people doubted it could be done, and it is a credit to Senator DOMENICI that he set this goal and stuck with it. If we are successful in moving this budget through the entire budget process, I believe there is no better present we can give the future generations than a debt-free Government.

The benefits of balancing the budget far outweigh temporary effects caused by reducing the growth of Federal spending. This is truly a long-term approach to fiscal sanity, and I thank Chairman DOMENICI for giving me the opportunity to make my first budget a balanced one.

Mr. President, we will hear much talk during this debate and the hours remaining over the winners and the losers and so on when we debate this budget resolution. But it is my strong belief, and as I have traveled through my State during both the campaign last year and in the days since the content of our revolution has become a matter of public debate, I find that people from one end of my State to the other believe strongly that what we have to do here in the Senate is finally step up to the plate and accept responsibility and handle this budget deficit now.

They understand that if we continue to wait, if we continue to say that every program must continue to grow at the speed and the pace that has America $4.5 trillion into debt, we are not just saddling our children with even more debt and indebtedness, we are setting the country on a course that absolutely will lead to a crisis we cannot reverse in just a few years—15 years to be specific, according to the Entitlements Commission.

For that, only, I look forward to working, certainly, with Senator DOMENICI and with anyone else who is committed to the notion that we should bring the spending giant in Washington under control. I believe it is the most important thing I can do for my small children, for the children of Michigan and the children of this country.

I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). Under the previous order, the Senator from West Virginia is recognized for 10 minutes. Is that the amount for which the Senator from West Virginia asked?

Mr. ROCKEFELLER. Mr. President, under the order I believe it was 12 minutes. I was trying hoping to slip it up to 15 minutes.

The PRESIDING OFFICER. The Senator is recognized for 12 minutes, and if he is in control of the floor he can yield himself additional time.

Mr. ROCKEFELLER. Mr. President, I cannot help but note for the Presiding Officer in the chair, in the last week even, the bipartisanship which has reigned on this floor. The Presiding Officer, the distinguished Senator from Washington, and this Senator and other Senators from both sides of the aisle worked together to craft a product liability tort reform bill which was slim, disciplined, and effective. People said it could not be done. It was done.

Last night the Senator from Massachusetts, Senator KENNEDY, this Senator, Senator CHAFEE from Rhode Island, Senator DOLE, and Senator PACKWOOD—there was quite a flap about a very important but not necessarily attention-grabbing subject called Medicare Select; whether it was to be expanded from the present 14 States to 50, for how long, and who would decide and all of this. And this Senator objected to its being taken further, so there was a climate of momentary controversy. But then both sides came together and worked out a bipartisan compromise which was passed. And that was very heartening. It was important; heartening.

Now we are at a very different stage and it is saddening to me, but it is terribly real because I do think it has come to where we define what these two different parties that sit in this Chamber stand for.

Mr. President, I will be offering tomorrow, an amendment on Medicare and long-term care to the Republican-sponsored Senate budget resolution. The amendment will take $100 billion in funds reserved for tax cuts for the wealthy and put that money back into vital health care programs.

The Senate Republicans have proposed the single largest Medicare cut in the history of the program, $256 billion over 7 years. The House Republicans have proposed an even larger cut, $288 billion over 7 years. House Republicans need to cut Medicare more because they have an even larger tax break for the wealthy that they have to pay for. The House tax cut totals $345 billion. Money reserved for the Senate tax break totals $170 billion.

These Medicare cuts would not be necessary—would not be necessary—if Republicans did not need to pay for their tax cuts. The Contract With America tax cut would provide a $20,000 tax break to the wealthiest 1 percent of the population.

The amendment I will offer tomorrow, along with my colleague from New Jersey, who will join me in that, and the Senator from Massachusetts, Senator KENNEDY, will take $100 billion out of the $170 billion the Republicans have reserved for tax cuts for upper-income Americans and shift it to Medicare and Medicaid—very simple. It is a simple amendment. What is it about? It is about setting priorities. It says we are not going to balance the budget by whacking health benefits that seniors depend upon. It says we are not going to increase what seniors have to pay out of their own pockets ad nauseam for health care so we can put more money into the pockets of the rich. It is simple—clear. The difference between the two parties.

The Republicans have argued—will argue that the $170 billion they have reserved for tax cuts is their special dividend, their own pot of gold. I find that a particularly offensive statement. It is not their money to spend. It is the money of the taxpayers. They want to spend taxpayer money on more breaks for the rich.

Democrats, through this amendment and other Democratic amendments that will be offered later on in the process, say let us keep our priorities straight. We have already committed those dollars to the Medicare Program.

Instead of worrying about the effects of such tremendous Medicare cuts on seniors, I was significantly struck by what Bill Kristol, who speaks for the Republican Party, had to say earlier this week. And what he basically said was that since—not what he ''basically said,'' what he said—that since the elderly tend to vote for Democrats, it just was not a constituency that the Republicans needed to worry about.

Again, straightforward and simple. And, again, the difference between the two parties. Frankly, I find that statement cynical and dangerous but not surprising from the same person who advised the Republicans last year to oppose, sight unseen, any health care proposal that came from this side of the aisle.

We have heard a lot of talk over the past few months from the Republicans about the solvency of the Medicare trust fund. Republicans are desperately, in this Senator's judgment, trying to disguise their huge Medicare cuts as a way to save the Medicare Program from bankruptcy. We have heard a lot about that. They plan to cut $256 billion, by hiking Medicare premiums and beneficiary cost sharing and cutting reimbursement rates to hospitals and doctors.

It is a very interesting phenomenon. I just got off two radio talk shows this morning where people were phoning in questions to me. I had five hospital administrators from two States call me. I only represent one State. They were all scared to death about what was being proposed here because they said the only way to do that would be to shut down services. In some cases they talked about increasing prices, which of course would exclude some, laying off people and the rest. All of them talked about closing the emergency room.

The Republicans say they are going to improve trust fund solvency. Yet there is nothing in this Senate budget resolution that would guarantee even one more additional year of solvency.

Over the past 2 weeks we have heard health experts, health economists, physicians, and hospital representatives testify before the Finance Committee about the consequences of putting the Medicare Program in a budget straitjacket.

Dr. June O'Neill, the new Republican-appointed head of the Congressional Budget Office—why do I say that? Traditionally it has been a bipartisan appointment. This year it was not a bipartisan appointment, it was a Republican appointment. I resent that. I think it is dangerous for the country, not because she is a Republican but because it is not bipartisan. Anyway, Dr. June O'Neill, the new Republican-appointed head of the Congressional Budget Office said that quality will suffer. That is what Bob Reischauer also said before her: Quality will suffer.

She said seniors will have to pay more to maintain the current quality of their health care.

Dr. Reischauer disputed Republican promises headlined in the New York Times a few weeks ago that, cuts in Medicare ''will be huge but painless.'' He testified that cutting Medicare in the short run is not painless and improvements in quality will be slowed down.

The president of the American Hospital Association testified that ''Americans believe deeply that Medicare is Social Security. That sentiment cuts across all age, income, geographic and gender boundaries.'' He is right. Medicare is part of the Social Security law.

> Those proposed spending reductions may in fact be reductions in the rate of growth and not cuts in the spending, but let us be very clear. To people who rely on Medicare for their care and for people who provide their care, the spending proposals being considered are very likely to translate into cuts, cuts in services, cuts in personnel, cuts in quality. To the people to whom we provide care, these slowdowns in the rate of spending translates into real cuts.

Over the past year, during debate on the balanced budget amendment, and now on the Senate budget resolution, I have tried to get my colleagues to focus on the consequences of budget cuts. I really do believe in that. I think budget cuts simply are not done for numerical reasons. They are done for the condition of the country as a whole, and within that condition of the country of the whole are many factors to consider, and some of those are the effects on people. I come from the State of West Virginia, and I cannot do anything—nor will I ever do anything—without considering the effects on the people that I represent.

To think about the people that will be directly and immediately affected by these budget actions, we need to move beyond the strictly mathematical. But for those people who like math, I have a simple addition problem for them.

Millie Wolfe lives in Preston County, WV. She is 83 years old, and she lives alone. She still drives a car. She lives on her monthly Social Security check of $593 a month. She spends $175 a month on rent, $93 on her medigap policy, $8.30 cents on her heart medicine. That leaves her with a little over $300 a month to pay her phone bill, her heating bill, her electric bill, gas and maintenance for her car, to buy groceries, and any and all other living expenses.

She is worried she may no longer be able to drive herself to the grocery store and to the doctor's office and might soon need help with transportation. And at 83 she has a right to begin to worry about that. But she is very, very worried and very upset about having to pay $700 to $900 more per year in Medicare costs as she would under the proposal that lies before us. She is already, Mr. President, paying $1,200 a year out of pocket for her medigap coverage and her heart medicine, not counting the $46 that is automatically deducted each month from her Social Security check for her Medicare part B premium.

People who live on fixed incomes like Millie Wolfe will have to subtract what they can spend on other essential living expenses in order to pay for the increased costs of health care that will be required under this budget resolution.

Millie Wolfe lives alone, but she is not alone in West Virginia. She is not alone in this country. There are 9 million seniors who live alone in this country. A lot of seniors in West Virginia live on fixed incomes. Rarely does one run into a senior in West Virginia, as the Senator from Massachusetts would know, with an income that might be more than $10,000, $12,000, $13,000 or $14,000 a year.

Asking those folks to pay more than they already are paying for health care in order to save the Medicare trust fund is, frankly, offensive to me. Why? Because it directly hurts them. When you say everybody should pay more, I take you back to Millie.

Mr. President, over half of the seniors in West Virginia live in rural areas. That makes them even more vulnerable to the severe consequences of the Republican budget that is before us. Rural seniors will not only have to pay more under the budget resolution, but they may wind up losing their access to health care altogether. Medicare cuts of this magnitude will severely threaten the solvency of many rural hospitals, as I have indicated, forcing many of them to close their emergency rooms, if they have them, cut back on other services, and, yes, as has happened before in West Virginia, some will shut their doors.

We will hear protests by the Republicans that if we do not act right away, there will not be a Medicare Program. Mr. President, I can guarantee you that if they implement their budget plan, there really will not be a Medicare program. Benefits will disappear, quality will deteriorate, and access will be hard to obtain, or will become nonexistent for people in my State, who I will fight for.

One word about Medicaid and I am finished. They are going to cut $160 billion to $190 billion out of Medicaid. You see, people do not care as much about Medicaid because they say that is for the poor, and, therefore, it does not get the attention. Well, it gets the attention from this Senator. The likely impact of the budget resolution cuts on Medicaid, will mean that 5 to 7 million kids will lose health coverage, 800,000 to 1 million elderly and disabled beneficiaries will lose coverage, and tens of millions will lose benefits. For example, all preventive and diagnostic screening services for children, home health care, and hospice services would be eliminated as well as dental care if the $190 billion were cut.

There is a difference between the two parties. There was not last night. There was not within the past week as we worked out our differences. On this one, our differences are going to be very hard to work out because there are fundamental priorities and principles at stake here.

I do not intend to be shy in defense of the people I represent from the State of West Virginia. They work hard. They have had few breaks, and they need help where help is justified.

I, along, I suspect, with many colleagues from this side of the aisle, and I expect none from the other side of the aisle, are going to do everything we can to help them. I regard this as a moral issue.

I thank the Chair, and I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Massachusetts is recognized for 15 minutes.

Mr. DOMENICI. Mr. President, I ask before the Senator starts his comments if I could make one observation. It will take me 1 minute.

Mr. KENNEDY. I withhold, Mr. President.

Mr. DOMENICI. I thank the Senator.

I note that about 4 years ago, for insurance policies for Americans working for various companies the premiums were going up 14 percent a year. Then they went to 11. And, lo and behold, today they are down to something like 3.5 percent. I would just ask, for all the people whose premiums have gone down because there is competition and modernized delivery system, I wonder if they are all out in the streets without health care. I wonder if the hospitals which treat them are closing up because there is no money to treat them. I think quite to the contrary. They are getting the same kind of services they got before. It is just costing people less for the same kind of services.

I do not know that is impossible for seniors in America. I hope it is possible. For otherwise we cannot afford the insurance, and we cannot afford to cover them in the future. I just lay that on the record.

We will have a lot more to say about Medicare. We choose now to let everybody speak, and we are delighted there are so many on our side. There are more. We have three listed. If there are more Senators, start giving us your names.

I thank the Senator from Massachusetts for yielding.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, my response to my friend from New Mexico is the premiums are going down, but what he is not saying is what is happening in terms of the copayments and the deductibles, because the copayments and the deductibles are going up, and the Senator has not commented about the coverage, about whether there has been a reduction in coverage.

These are the kinds of issues that we ought to be talking about, not just these massive figures, about how many billions of dollars more we are going to spend on people. That is the question, that premiums can go down if your copayments and deductibles go up, if you are reducing the kinds of coverage and the range of services.

So if we are going into full debate about what is going to happen in terms of real health care costs, we would welcome that debate and how we are going to get a handle on it. I would agree with my good friends from West Virginia and Minnesota, and others that the only way we are ever going to get a handle on health care costs is within the totality of the health care system rather than just a quarter of the health care system.

I wish to commend the Senator from West Virginia and also the Senator from New Jersey on an excellent presentation on the importance of trying to preserve the Medicare system in our country. It is a part of Social Security, make no mistake about it.

We will have more chances to talk about it. The direct payments under part B of Medicare are right under the Social Security system. When you see a reduction in terms of the Consumer Price Index, reduced as in the formula of the budget, you are going to see further reductions in terms of the recipients of Social Security. We will come to that at another time.

I commend the Senator from West Virginia, talking about Medicaid affecting children. Eighteen million children in this country are covered under Medicaid. Medicaid is primarily for seniors, long-term care, and people with disabilities, but there are also 18 million children covered under Medicaid. And as the Senator points out, 5 to 7 million of those will lose under the proposal of the budget resolution. The fact is, of the 18 million, half are children of working families. We have heard all about trying to have a system that is going to be fair and equitable. But here you are, saying to the sons and daughters, the children, we are going to be cutting back on that program—there is no protection for them in this program.

The Senator was quite correct in stating the terms of what is happening. Never mind the millions of other children, the 14 or 15 million other children who do not have health insurance. And the increase, as a Carnegie report has shown, in the last 15 months of an additional million poor children not covered by health insurance. Those numbers are going up. They are increasing dramatically.

I wish to ask my friend, just taking a few minutes here this afternoon, because there are many others waiting, as we are talking about the whole issue of Medicare, to review with me exactly where we are as an institution and where are our senior citizens. I have a chart here. We hear the question of fairness. I am talking now about the health care for Members of Congress versus the health care for senior citizens.

The Senator from West Virginia has pointed out that over the next 7 years, Medicare couples will pay out $6,400 more, and then that will go up at $900 a year.

Let us look at where we are as a base as Members of Congress, as the Senator pointed out. The average senior citizen is making $17,700. The average Member of Congress, $133,000. The monthly Medicare part B premium per individual: here it is $46.10; Member of Congress: $44.05. So senior citizens are paying more under Medicare on the part B. The deductibles: Members of Congress, $350. That includes the doctors and hospitalization, $350. Theirs is $816—more than double. These are the people who are making $17,000 a year. Their deductible is more than double ours. Hospital care: Member of Congress, unlimited. Theirs, the senior citizens, is limited. Prescription drugs: We are covered, small deductible, about $50. They are not covered. The program does not even apply to prescription drugs. Any Member of Congress who goes into any senior citizen home and asks: How many of you are paying $50 a month or more for prescription drugs? Sixty percent of the hands will go in the air. You ask them how many of you are paying $25 a month for prescription drugs. They all laugh. They are amazed. They wonder why you do not know that 85 or 90 percent of them are paying more than $25 for prescription drugs.

We are covered, Members of Congress are covered. But they are not covered.

On the dental care, effectively, we are covered; they are not covered.

On the preventive services, screenings for cervical and prostate cancer, some benefits are covered.

And look, out-of-pocket limits: $3,700 for Members of Congress, none for senior citizens.

Does the Senator from West Virginia and the Senator from Minnesota remember all those wonderful speeches we heard at the start of this Congress: We are going to have equity, fairness; the laws that apply to the country are going to apply to Members of Congress. We all lined up and we all said yes. That was something that was initiated by the Democrats in the previous Congress, blocked by the Republicans in the other Congress. We all supported it. We heard speeches about that.

What we did not hear from our Republican colleagues, all our newer Members that came to the Senate, ''We are getting a good benefit package for health care and we want to make that available to the American people.'' We have not heard that.

We ought to be debating that issue, but, no, we are talking about making what our senior citizens pay more equitable, make them more equitable with the Members of Congress. We are undermining and making their benefits cost more, $6,400 for a couple—more. And $900 a year annually after that—more.

What is the answer that we will hear for that? Well, Senators, we will hear it in the course of debate, I expect. Do you know what we are doing? We are capping the Members of Congress now, to go up at the Consumer Price Index rate. I remember when we were talking about a cap last year. That was price fixing. That was the heavy hand of Government fixing prices and costs.

The Senators from West Virginia, Minnesota, and Washington remember: We will never tolerate that; we will not go along with that.

Nonetheless, that is going to be the answer. And they are fixing it to benefit us, to protect us. We are basically putting billions and billions of dollars, in additional out-of-pocket expenses on our elderly. For what? For the tax cut. For the tax cut.

It was going to be difficult enough to try to bring about some changes in the Medicare system, to try to encourage preventive health care, to try to provide prescription services for our senior citizens, to try to provide home care, to try to provide community care for our seniors, and to try to strengthen the quality of health care. We proposed some changes and adjustments in the Medicare system last year. And after the seniors had a chance to review it, they basically supported it with its expanded choices.

Not under this program. Not under this program. And the Members of Congress ought to be ashamed of themselves, to come out here and say we are saving the Medicare program by all of these cuts and at the same time providing and utilizing those savings, or $170 billion of those, in order to provide tax cuts for other individuals. At the same time they are not even addressing the kind of inequity and unfairness that exists. All of these statements are being made here by Members of Congress who have their benefit package all set; we have ours. And we are back in a regrettable situation where we are going to administer to people who are not in this body, the senior citizens of this country. That is basically wrong and unfair and unjust.

Mr. President, I would like to be notified when I have 3 minutes left of my 15, if I could, please.

Mr. ROCKEFELLER. One of the things, I would say to my good friend from the State of Massachusetts, we heard this constantly during the health care debate was, ''You can lose your right to pick out your own doctor.'' But now what is it that the budget resolution and the whole course of events is doing for senior citizens in Medicare? We are talking about managed care, more and more managed care for Medicare.

And so all of the sudden my colleagues on the other side of the aisle are saying, this terrible fee-for-service system which we have for Medicare, and it is only for Medicare, only they have a fee-for-service system, so we have to move to managed care. And what happens then, of course, is they do not have the chance to choose their own doctor. But if they want to choose their own doctor, then let them pay more.

Mr. KENNEDY. The Senator is exactly correct. They will say we are enhancing choices but effectively, given the financial burden, there will be none and seniors will be forced into managed care. The cost for the fee for service will be so expensive it will be out of reach. It will not even be there as a possible choice.

And yet, I am sure, in the course of the debate, we are going to hear, ''Oh, well, we are providing these range of services.'' It is going to be very important for the American people to listen and listen carefully about this.

So, Mr. President, it is important, as we are going to hear all of these speeches about how we are really doing our senior citizens a favor, people ought to be asking—I hope our senior citizens are going to ask—''Well, just do for us what you have done for yourself. Don't do us any other favors.'' That is a pretty good question.

It always troubles me, when we try to do that, that our colleagues vote it down and then take advantage of their existing coverage. And this coverage, which is for Members of Congress, and available to 10 million of our Federal employees, but is not available to the senior citizens, our Medicare recipients. And they are the ones that are going to get shortchanged.

Mr. President, just this final thought. As we are addressing this budget, I think it is appropriate for American people to understand that working families are paying for the GOP tax cuts for the wealthy. What we are going to see, as I mentioned, under this budget, is some $6,400 more that they are going to pay over the period of the next 7 years. That is, effectively, as has been pointed out, a tax. The working families, will pay some $1,400. That is the increase with elimination of the earned income tax credit. Out there, for men and women who are playing by the rules every day, going to work, trying to provide for their families, they will get an increase in their tax. That is included in this budget. They get a tax.

And then there are the students of America. Those are the sons and daughters of working families that are going to our schools and colleges. They are the hope of our future. The way that program has been reported out of the Budget Committee will mean anywhere from a 28- to 45-percent increase in the amount of the interest that they pay. That is the equivalent of about $3,000 for those who are going to college. It will be more if they go to graduate school. They are going be paying.

And that does not even get into the costs of the reductions in Head Start, the title I programs, or the cutback in the help and the assistance to local schools in the area of technology, as we are going to an information age. It does not even include those kinds of programs which are going to be further attacked.

Mr. President, the first amendment that will be offered is an amendment by Senator LAUTENBERG from New Jersey and Senator ROCKEFELLER dealing with Medicare that just cries out for support.

We hope that the American people will pay attention to this debate and to this discussion, and let us know how they feel. I believe we are on their side. We need to hear from them and I hope they will let us know what their good judgment is on this issue.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Twenty-four seconds.

Mr. KENNEDY. Mr. President, I see my friend from Minnesota. I yield him whatever time I have left.

Mr. WELLSTONE. Mr. President, might I inquire—I am not trying to get the floor—are we rotating, I ask my friend from New Mexico?

Mr. DOMENICI. We are rotating, but not one on one. Your side has had a number of speakers in succession and the unanimous consent was—Mr. President, maybe you can say it—I think it was Senators HATFIELD and BOND on our side and then back to you.

The PRESIDING OFFICER. Under the previous informal order, the next person who would be recognized who is now on the floor is the Senator from Missouri.

Mr. WELLSTONE. I thank the Chair.

Mr. DOMENICI. Do we have only two Republicans, or three in a row?

The PRESIDING OFFICER. There was no order for how many.

Mr. WELLSTONE. Might I inquire, do you have any other names listed on that unanimous consent?

The PRESIDING OFFICER. There are no other names listed at this point.

Does the Senator from New Mexico yield to the Senator from Missouri?

Mr. DOMENICI. How much time would the Senator desire?

Mr. BOND. Twenty minutes.

Mr. President, I am happy to yield to Senator HATFIELD.

Mr. DOMENICI. Mr. President, as I understand it, our informal agreement was actually that Senator HATFIELD would proceed if he were on the floor and then Senator BOND and then back to the Democrats.

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. DOMENICI. I yield 15 minutes to the Senator HATFIELD.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I thank the chairman of the Senate Budget Committee for yielding for a few moments of presentation.

I would like to begin today by reiterating some of the remarks that I made during the debate on the balanced budget amendment. I think the American people elected the Republican Congress with the expectation that we would show leadership and a willingness to make difficult decisions. In my view, the public shares the point of view that Government has grown bloated, ponderous, and too expensive. The programs of the New Deal and the Great Society put safety nets in place for those who are in the greatest need, but those nets now strangle the Federal Government by tying up precious funding in a knot of regulations and poor management.

I believe that a balanced budget can come only through leadership and compromise. This compromise must come from each one of us. More importantly, it must come from those we represent. In the end, there is no easy answer. If there is a political will to create a balanced budget, we will create one, and if there is will to avoid one, we will avoid it.

Senator DOMENICI, the chairman, and the Senate Budget Committee members have proven that this Congress is willing to make difficult decisions and that there is a political will to balance our Federal budget. It was an enormous task to construct this budget resolution and I congratulate the Senator from New Mexico and the committee for its work, and the work of the extraordinarily competent staff that they have assisting them.

Like others, I think that the budget resolution cuts in the wrong places, targeting programs which are an investment in our future, such as medical research and educational assistance to our college students. When we look at the data related to the National Institutes of Health, particularly, we have convincing evidence that every Federal dollar invested in biomedical research yields $13 in cost savings and productivity to society. Few other Federal programs can claim a similar track record.

Mr. President, at the same time that we see substantial cuts in investment programs, we continue to see other portions of the budget continue to grow at alarming rates. In comparing spending in 1995 with the proposed spending in 2002, we see that nondefense discretionary spending will decrease almost 11 percent, defense spending will remain flat—and I will believe that when it happens—and entitlement spending will grow 45 percent. These numbers show that Congress must continue to review the entitlement programs of this country to ensure the long-term solvency of the Federal Government.

Let me spend just a moment on the issue of our national investments. This budget presents us with a tragedy in the making regarding our ability to provide a high quality of life to all Americans. The Senate budget resolution represents the worst of three terrible options for the future of the National Institutes of Health.

Option No. 1—the President's budget request calls for reduction in the NIH funding by 10 percent, beginning in the year 2000. I call this death by water torture.

Option No. 2— the House budget resolution calls for an immediate 5 percent reduction from 1995 levels for the NIH for the next year and then level funding for the next 5 years. This is death by the hangman's noose.

Finally, option No. 3—the Senate budget resolution calls for a 10 percent reduction in 1995 levels for NIH for the next 7 years, a total reduction of nearly $8 billion, $1 billion in 1996 to begin with.

In addition, the Senate resolution protects certain agencies from budget cuts. In other words, they have seen to it to exempt within NIH certain programs, the Centers for Disease Control, the Indian Health Service, the Substance Abuse and Mental Health Service Administration, and all AIDS-related programs.

These exemptions mean the actual cuts to all other NIH programs will be around 16 to 20 percent, not 10 percent. This is death by the firing squad, and it means the end of our growing medical research enterprise as we know it.

Let me give you a couple of examples. We are now halfway through on the decade of the brain. Mr. President, we have in the first 5 years of that commitment spent a proportion of that time necessary to bring together over 130 great and tested scientists in this common, integrated, and united effort. It did not happen overnight. And as a consequence, if you start taking a 15- to 16- or 20-percent reduction in that kind of neurological and brain-related disease, you are not only reducing the funding levels, you are destroying the infrastructure. Let me analyze that.

The Presiding Officer at this moment is my colleague from the State of Washington. We both have a very major timber economy in our States. You take a small sawmill, or any sawmill, and if there is an interim of no supply of timber resource, that sawmill closes. You lose the chief sawer, you lose the greenchain people, you lose all these technological people necessary to make a sawmill function, and then you get a supply a month later. It will take an inordinate amount of time to reconfigure that team of technology that is required to operate a sawmill.

Now look at what it means in terms of high technology, the high specialization of a brain strategy to conquer the diseases of the brain. You lose that team, you lose that kind of an infrastructure and you do not rebuild it 6 months later or the next budget period.

Bear in mind, I believe that every dollar we have appropriated for AIDS is fundamentally required, but we cannot afford to get into this business of playing one disease against another disease and which one has the greatest political clout gets the most money. And that is what we are embarked upon.

Why exempt AIDS? What about cancer? What about heart disease? What about Alzheimer's? What about all the other diseases that we are concerned about in our overall strategy of war on disease? It is a dangerous precedent to make that exemption and start playing these advocate groups one against the other.

I think as we move to balance the budget, we should not randomly cut programs in our midst. We must cut judiciously, but at the same time safeguard our long-term investment programs. Through the promise of medical research we will find the treatments and cures we need to eradicate disease and disability.

Let me take another example. I think it is very interesting that Substance Abuse and Mental Health Services Administration has been exempt. These are the services coming out of the mental health programs and commitments. Mr. President, at the same time that we are going to continue these services at presently $2.1 billion, we are cutting $630 million of fiscal year 1995 out of mental research. Now how can you sustain a service program delivering the best quality of mental health services if you have cut off the research part of it or you have crippled it or you have brought it to such a place where they lose their personnel, and so forth?

I think we know that only through the promise of medical research will we find the treatments and cures to eradicate disease and disability and reduce our health care costs. Medical research is a central mechanism for controlling the costs of health care in this country. That is, a cure and better treatment. After all, a cure is the ultimate in cost control.

We found that fluoridation saves the country approximately $4.5 billion each year in preventing dental cavities; psychoactive drugs which actively reduce hospitalization for mental illness saves us $7 billion a year and allows patients to return to productive lives; a $20 million investment in influenza B vaccine resulted in a savings of over $400 million a year by preventing cases of childhood meningitis.

In other words, Mr. President, all of these things concern me so much that I intend to offer an amendment during the course of debate on the budget resolution to restore the cuts, at least in major part, for the National Institutes of Health.

I expect to be joined by a bipartisan group of colleagues, all of whom believe that severe cuts in this area are shortsighted at best. We are not alone in this task. Public opinion polls have shown massive public support for making health research the No. 1 Federal science priority.

At the same time, I think it is interesting that we have frozen at current levels the research in the energy budget, and that has a major focus on nuclear matters of research.

Mr. President, this gets us down to a priorities problem again, and a value problem. I believe it is more important to protect people from disease by finding the solutions and the preventive actions to take rather than to protect our bombs. That may not be the value system that others hold but, in my view, I would hate to go home and explain to my constituents how we are going to cripple the research for spinal meningitis or for Parkinson's disease or for many of the other diseases that everybody, agewise, will face one way or the other and say, ''Oh, but we have sustained our commitment to the research requirements to protect our bombs.''

I want to make sure that I add this point: That any type of restoration of $1 to this budget resolution has to be offset, and we are working on a bipartisan level now, working with the chairman of the authorization committee, the chairman of the Subcommittee on the Labor-HHS of the Appropriations Committee, we are working with our Democratic colleagues to try to come up with the offsets to deal with the restoration that we seek for the NIH budget.

I wanted to also say, I know of no person in this body who has a greater commitment to medical and health problems that we face in this country than Senator DOMENICI, the chairman of the Budget Committee. I imagine that he has probably lost more sleep than any of us at this point in crafting this budget resolution. So lest anybody attempt to make a personal matter out of this disagreement, I want to certainly disabuse them of that. We want to work with Senator DOMENICI's staff, we want to work with the Budget Committee in proposing this amendment, but I have to say, we are determined—we are determined—to save the future of this Nation's medical research and its infrastructure that is required to find the solutions to these diseases.

As we continue with this debate, it is important that we remember that long-term fiscal responsibility should not only depend upon cuts in spending. It demands a radical transformation in the way we do business as a government. I know as an appropriator I will focus on how the American people can get more out of fewer federal dollars. That is the goal of the private sector of our society, and it should be the same of the Federal Government as well. I hope that the authorizers will also look to the innovators at the State and local level to see how they are making limited resources go further. I think each one of us can look to the local governments and advocates to glean ideas of how to make success government's goal, as opposed to an obsession with paperwork and feeding the bureaucracy. I hope this Congress takes the fact of fewer Federal dollars and turns it into an impetus to allow the innovators to rise to the top as shining examples of Government at its finest.

I would also like to take this opportunity to ask my colleagues from the other side of the aisle to join in this effort in eliminating the budget deficit. We have all come to the floor time after time to discuss the impact that continuing budget deficits have on the economy and the allocation of Federal revenue. In 1995, 15 percent of all Federal revenue will go to paying the interest on the debt, and that amount will continue to grow if this problem is not addressed. I think many Americans will be surprised that even if we balance the budget in the year 2002, the Federal Government will still spend $279 billion in that year to pay interest on the debt. Imagine what that amount will be if we do not make those tough decisions now.

As a Member of the Senate that believes that the Federal Government can still play a vital role in addressing societies' needs, I can think of a number of ways to allocate that $279 billion in the year 2002, rather than simply paying interest on the national debt. Our Federal budget deficit is a national problem which deserves bipartisan attention. Bipartisan negotiation, leadership and compromise have been the cornerstones upon which we have built all effective decisions on tough issues since the formation of our government. I hope the Congress does not miss this opportunity to address the real issue of balancing the budget, and that is the issue which is before us in this Budget Resolution.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, the Senator asked if he might propound a unanimous-consent request. I will be pleased to listen to it.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I ask my colleague from New Mexico, might I first congratulate, if you will, sing praise of my colleague from Oregon. First of all, I very much appreciate his remarks and want to be a part of this effort.

I know last night my colleague from Oregon was given recognition that he richly deserves from the Parkinson's community for his work in introducing the Morris Udall legislation, and as the son of two parents who had Parkinson's disease, I would like to thank my colleague from Oregon for his work and also for, I think, a very eloquent statement. We want to make sure one group of people struggling with a disease is not pitted against another group.

Mr. President, I ask unanimous consent that after my colleague from Missouri is finished with his remarks, that I then be able to speak for 15 minutes, followed by my colleague from South Carolina, Senator HOLLINGS, for 15 minutes as well, and then I understand we will rotate back.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. How much is the Senator going to use?

Mr. BOND. I will need 20 minutes.

Mr. DOMENICI. So that will be 20 minutes, to be followed by 15 and 15.

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

The Senator from Missouri is recognized for 20 minutes.

Mr. BOND. Mr. President, I thank my colleague from New Mexico who has presided over a very difficult, but a very, very important effort in the Senate Budget Committee. I think the tremendous effort he made deserves a great deal of praise and thanks not only by us, but by future generations and a lot of people who may not really understand the full impact of what Senator DOMENICI has led us to achieve for the health of our economy and for future generations.

In the next few days, we are going to have the historic opportunity to move through Congress a budget plan which will actually get this Government's books to balance. How many times have we talked about it? Everybody decided that it was the ''holy grail,'' that we could never get there. Well, through Senator DOMENICI's leadership, we have come up with a plan. Nobody said it would be easy. With his leadership and the willingness of Members to stand up and vote for action instead of just talking a good game, this Senate can take that first step.

Make no mistake, the step is a big one. For the first time in 25 years, the Congress has an opportunity to pass a budget which will get us into a surplus rather than keep adding to our debt. The budget is tough. It sets priorities and recognizes that Government cannot do it all. It makes a statement that the time has come for leaders of today to start paying attention to the economic devastation that is being created for tomorrow's generations because we cannot live within our means. We have heard many speeches about the need to cut spending, reduce the deficit, and get our Nation's books into balance. Everyone who looks at our nearly $5 trillion debt recognizes the need to do something so that we do not keep piling on that debt for our children and grandchildren.

Over the next few days, the American people will have a rare opportunity to see exactly what the political leadership's visions for our country's future are. I have a chart, and you have seen it before in different colors, with the same message. The vision of this Domenici budget shown here in blue is that by taking us from $176 billion on a glidepath to 2002, we can reach a surplus by 2002. It is a bold plan. It scrutinizes every program in the Federal budget from agriculture to welfare, and already the dollar has strengthened because we did something.

The Washington Times reported last Friday that on Thursday, May 11, the dollar jumped in its biggest 1-day advance in 4 years. That was the same day that the House and Senate Budget Committees approved our plans for reducing the deficit to zero by 2002. It is no coincidence that the dollar strengthened the same day we made an effort to restore fiscal sanity to the Federal books.

Earlier this year, by contrast, when the Senate failed, by one vote, to pass the balanced budget amendment, we showed that some were willing to sacrifice U.S. global competitiveness for short-term political gain. The message was heard loud and clear in the global markets, and the dollar fell to record lows against the Japanese yen and the German mark.

Why is that important? Well, Mr. President, it is important because the international monetary markets can tell a country when it is sick. They told Mexico it was sick because the peso started declining and nothing was done. Mexico got in big trouble. The international markets were taking a look at our fiscal policy, our inability to control our spending and saying that the United States is sick. And when we failed to pass the balanced budget amendment, they recorded their votes in the way that is most effective. They placed their convictions with money behind their views. They said we are in danger of going downhill.

The dollar devaluation does not just impact big banks and big industry. It has an affect on each and every American. The dollar's low value means that U.S. assets are less valuable, imports are more expensive, and that the threat of foreign competition and lost jobs is greater than ever.

Passage of this budget resolution, which would get us to balance by 2002, is critical to the health of the dollar and to the American economy. Bold changes are in store. We have proposed dramatically to restructure several Cabinet agencies and the programs under their jurisdiction. We propose the elimination of programs, new and old, which will outlive their purpose or are too expensive for the supposed good they do.

We have heard very passionate speeches, sincere speeches, on this floor, about how we need to be spending more in all of these areas. That is precisely how we got into this fix. We did not get into this fix spending too much money because we were spending it on things that were low priorities. We wanted to spend more on everything. That is what has led us to the fix that we are in today.

What we are seeing, in essence, in this budget is that we cannot spend more on everything. We have to make some choices and we have to slow the growth. We have told agencies they have to buy smarter, travel more cheaply, and squeeze out the last nickel in their operating budgets.

Let me deal with one particular charge, or one particular allegation, that I am afraid was based on misinformation. One of my colleagues, earlier today, was told by NIH that if funding was cut by 16 percent, the researchers would not get any new grants. There was talk of the success rate. Currently, the success rate for health research is one in four. That means one out of four new applications for research gets granted. The NIH apparently told my colleague that under this plan only 1 out of 100 new grant applications would get NIH funds. Our staff looked into it and we found out that that was totally unsupportable.

First, NIH got the numbers wrong. The budget resolution assumes a 10 percent cut in NIH; NIH assumed a 16 percent cut. They came up with some figures that were not the figures we used and took totally different assumptions. So, No. 1, their overall figure was wrong.

No. 2, NIH decided, in that classic of all Washington moves, to ''close the Washington Monument.'' They were going to hit the thing with all of the cuts that are most important, and that is the research dollars. The ''Washington Monument syndrome'' is when any agency's budget is cut, they shut down the most visible thing that they do. They said, ''That cheap Congress would not give us the money to keep it operating.'' So NIH said that 70 percent of the cut would come from research grants. If I were a researcher out looking for grants, I would ask the folks at NIH: How come you do not want to cut money out of the overhead, the bureaucracy, the buildings, the Washington, DC, efforts? I think that is a pretty good question. In any event, they gave us that assumption.

Finally, NIH assumed they would take all the money from new grants. NIH gets 34,000 requests for new grants each year, and they assume they would cut all the money designated for new grants. In fact, this resolution would cut NIH funding by $1.1 billion. The Senate Budget Committee staff asked the NIH if they distributed that 10 percent cut equally among the bureaucrats, Washington researchers, new grants and existing grants, what would they get? First of all, NIH had two responses. They said they would do it differently. That is cause for us to worry. They said, ''If the cuts were distributed equally, one in six researchers would get new grant money''—in other words, one out of six instead of the current one out of four. Not one out of 100. This, I think, is important to set the record straight. This budget plan is not going to gut NIH.

In addition, this budget is going to say that we are going to save Medicare. Medicare is broke; it must be fixed. The public trustees are right. The people who were appointed as public representatives and the President's Cabinet members said that Medicare, part A, is on the verge of collapse. It will go into the red in 1997 and start spending more money than it takes in and, by 2002, the trust fund will be broke.

If the trust fund is broke, then under the terms of the law, no more money can be paid. In other words, the system shuts down. I do not think it is responsible to walk away from that.

The President has decided to sit back and make a political game out of Medicare. Worse, he is talking out of both sides of his mouth and saying, ''You cannot claim to protect Medicare when it is cut.'' But he has no plan for saving it.

The fact that Medicare part A is on the death spiral was revealed by the President's own Cabinet members. The President knew back in February when he said there would not be one penny cut out of Medicare, that Medicare was on the path to first insolvency and then bankruptcy. He set up a status quo budget with no changes, no plans for saving Medicare.

We stepped to the plate to fix the crisis, and he says that we are trying to kill Medicare.

Second, the President conveniently forgets that he proposed similar cuts in Medicare himself. When the President, in 1993, needed to finance his Government-controlled, top-down health care plan, he proposed spending reductions in Medicare and Medicaid to pay for them.

He said Medicare and Medicaid are going up three times the rate of inflation, and all we propose to do is let it go up two times the rate of inflation, and he said that is not a cut. When he said specifically that is not a cut, how come it gets to be a cut now when we propose to save Medicare by doing about what he proposed to do in 1993?

Mrs. Clinton, the First Lady, has said that she is confident we can reduce the rate of increase in Medicare spending without undermining the quality of Medicare recipients. We know we can get savings. That is what she said. Perhaps the best evidence of the political game that is being played here comes from the architect of the Clinton health care plan, Mr. Magaziner, who said, ''Slowing the rate of growth actually benefits beneficiaries considerably because it slows the rate of growth of the premiums they have to pay.''

It seems to me that those great arguments of a couple years ago cannot be ignored when they come out and try to attack our efforts to save Medicare now.

Under the Senate budget resolution, Medicare will still be the fastest growing part of the Federal budget. Solvency would be guaranteed for 10 years. Medicare spending will continue to grow at more than twice the rate of inflation well into the next century. That is just the first step.

Let me move now, Mr. President, to one other example of the kinds of reforms that this budget tackles. That is, reforming the Department of Housing and Urban Development. I happen to be the chairman of the subcommittee that handles the HUD appropriations. We are responsible for trying to stop the train wreck.

This year, we began holding hearings to get at the funding crisis at HUD. This is a crisis that not only threatens the programs which millions of people depend on for the very roof over their head, but threatens to squeeze out needed dollars for other important programs.

We have found in our hearings and in our investigations that HUD is a dysfunctional agency that requires a complete reevaluation of its mission and a major reform of its program and program operations.

The Department has grown from an agency responsible for about 50 programs in 1980 to well over 200 programs now. It has neither the capacity nor the political will to administer all these programs.

Frankly, we have got to make some serious changes. It is this crisis that led me to advocate and propose a dramatic restructuring of HUD, which is to be incorporated in this budget plan. That is why I argued so strongly for the passage of the rescission package which begins the major surgery HUD so desperately needs.

In particular, the budget anticipates the creation of block grants for public housing. It assumes that the actual projected costs of section 8 contract renewals, that some of this assistance should be given in block grants to the States. The States would get broad latitude to redesign their programs so that they could use State housing finance agencies to manage their program to contract out the responsibilities and to get that program under control.

Unfortunately, when the President indicated he would veto the disaster relief supplemental bill with the rescissions in it, he not only took the money away from the California earthquake and the victims of the Oklahoma City bombing, it also took over $6 billion in cuts for future year spending from HUD.

Let me make this point again. The bill that we passed out of the conference committee the President said he would veto provides vitally needed funding for disaster relief. The House and the Senate also passed and we passed by an overwhelming majority in this body, a measure to cut spending in HUD so that we will face not quite as serious a problem next year.

We still have a funding problem for HUD that is unbelievable. The President's budget asks for $20 billion in budget authority and $14 billion in outlay increases for HUD over the next 5 years. Even those first are suspect. We have to have the rescission bill to cut off the authority now or we will add more commitments to HUD that they will have even greater trouble funding in the future.

Now, to me, that effort for fiscal responsibility is one of the first and most important steps we can take. The President has come out with some kind of gobbledygook, saying that this bill that we pass contains pork.

Does he want more cuts or does he want less cuts? Items that he objected to in the rescissions bill were items that had been passed by Congress and signed by the President in past years. Now he objects because we have not cut the right things? What does he want Congress to cut?

We stepped up to the plate and gave him some cuts that were carefully worked out in this body and in conference with the House. He wants to veto that rescission bill.

Two things happen if that veto goes through and it is upheld: No. 1, we do not have the money for the emergencies; No. 2, the money that is not rescinded, the budget authority that is not rescinded, will go into effect. We will be on an even steeper incline in our rate of spending, and it will be more difficult.

The President told us back in 1993 he wanted to see us end the deficit. What happened? Did he forget what he said in 1993? He raised taxes to start what he said was the process. He said the second step is cutting spending. Where has he gone?

Frankly, after the President raised taxes and cut defense, he has decided that that was enough. So what if the deficit goes up every year on his budget reaching $276 billion by the year 2000. So what if another $1.2 trillion are added to the debt?

Well, I think there are some serious consequences. No. 1, it will hurt our economy right now. It is going to be a real problem for those who are making a living in our economy today. We are going to see the potential of inflation coming back much more strongly. That is what happens when the value of our dollar falls. We are going to see our costs of goods go up. Most of all, we are going to see debt added to the credit cards of our children and our grandchildren.

Can we afford to say that we are for our children, we are concerned about children, when we want to walk away from fiscal responsibility and add another $1.2 trillion to the $5 trillion we have already put on their backs? Mr. President, I do not think so.

Mr. President, we have heard a lot of fancy speeches and we will hear a lot of fancy speeches, but when it comes right down to it, this is what we say back in Missouri: ''Show me'' time.

Are we for cutting spending? Do we want to balance the budget? Or do we want to leave that spending machine going full throttle? I think we will get a fairly clear indication, because when the votes start, we will find out who really is serious about the financial stability of our economy today and the total economic security of our future generations.

Do we have the political will? Are we willing to stand up to face the music and to vote for a tough budget? I believe we will. I will urge my colleagues to support the effort to get the budget deficit to zero and move it into surplus in the year 2002, because it is essential for our economy now. It is essential for the well-being of future generations.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. GRAMS). Under the previous order, the Senator from Minnesota is recognized.

Mr. DOMENICI. I wonder if the Senator will yield for 1 minute to the Senator from New Mexico?

Mr. WELLSTONE. I would be pleased to.

Mr. DOMENICI. Mr. President and fellow Senators, I do not want anyone to think that we already have ruled out a vote for tonight. Senators asked, are we going to vote tonight?

Frankly, we have to use 10 hours of this budget resolution up tonight. We started at 12 clock and we are working to see if we cannot accomplish that, but clearly we would like to enter into an arrangement where we would vote tomorrow, at least on a Domenici amendment and on a Democrat amendment. But I have no agreement, nor does the majority leader, that we are not to move one of those up to tonight unless we can arrange somehow to get 10 hours out of today's work. Because we still have 30, and that would be 30 for the days of Monday, Tuesday, and Wednesday, and our leader has said we are going to be finished on Wednesday, which will mean very long hours next week.

I want to compliment Senator BOND, not only for his remarks today, which I think were right on point, but actually you cannot get a budget resolution out on the floor without a lot of Senators helping you and a lot of Senators voting for it.

The Senator has been a staunch supporter and formidable proponent of the balanced budget. I want to thank him here in front of all the Senate.

I yield the floor and thank the Senator for yielding.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, when I come to the floor sometimes I just like to respond to what my colleagues have said. Sometimes that ends up being debate. And then sometimes we come back to it later on.

My colleague from Missouri is a friend. I think I enjoy working on the Small Business Committee about as much as I enjoy working on any committee. But when my colleague said the attitude in Missouri is, ''Show me,'' and he talked about children, I would remind him and I would remind my good friend from New Mexico that we have not had a lot of discussion about children yet. I am going to have several amendments on the floor eventually. But in talking about the health care cuts, there has been more of a focus on Medicare and less of a focus on Medicaid.

My understanding—and maybe these numbers are a little bit off—but my understanding is that with the proposed Medicaid cuts, we would be capping the per capita growth rate for expenditures under that program at about 1.4 percent. That is compared to a growth rate of about 7 percent projected for private expenditures? Am I wrong about these figures?

Mr. DOMENICI. I do not know what the 1.7 is. I do not know what that is.

Mr. WELLSTONE. The per capita growth rate for Medicaid expenditures—after the proposed cuts—would be about 1.4 percent.

Mr. DOMENICI. For Medicaid? I would not know that. I have not figured it that way.

Mr. WELLSTONE. OK. I ask my colleague, at some point in time during the debate it would be helpful to get those numbers.

Mr. DOMENICI. Fine.

Mr. WELLSTONE. The reason I mention that is that there are, I think, today in our country about 11 million children who have no health care coverage whatsoever, I say to both of my colleagues. And, every year since 1987, employment-based health insurance coverage has been dropping.

Do you know what has filled the gap? Medicaid. That is what has filled the gap. I think in Minnesota—I say to my other colleague who is presiding—there are about 200,000 children or thereabouts who are covered by Medicaid. I have to say, as long as we are talking about children, when I see these kinds of dramatic, I think draconian, reductions in reimbursement I have to wonder what the effect will be on those children. That is my first point.

My second point, and we can come back to it in debate, but I think it is a point well worth making because these statistics all mean something. My colleagues know this. I am not intending to be self-righteous. I am just saying we need to understand the faces behind the statistics.

The second point about Medicaid is that I have heard some discussion about the power of the senior citizen lobby. The majority of Medicaid expenditures in Minnesota, and I am sure other States as well, go toward nursing homes, covering nursing home expenses for elderly people who by definition are in nursing homes because they are frail. Many of them are struggling with diseases and illness. They are hardly powerful. I would say to my colleagues, I do not quite know what we intend to do with the dramatic, draconian cuts in reimbursement, Medicaid-wise.

I met with a good number of people from southeast Minnesota last Saturday and there was one man who runs a hospital nursing home in one of our smaller towns in southeast Minnesota. He almost had tears in his eyes. Maybe this is melodramatic. His question was, ''What is going to happen to these people? Will the State pick up the costs? What is going to happen to them?'' That is just a question that I raise.

As long as my colleague from Missouri was talking about children, let me make another point, and I would like to commend Senator MOYNIHAN from New York for his powerful voice dealing with the issues of race, poverty, gender, and children in America. As I understand it, in this budget proposal we are talking about something like $20 billion in reduction for food stamps. I would not want any of my colleagues to believe, if they do believe so, that by going after fraud—and there are some, I am sure, abuses that take place—that is how you get a $20 billion reduction.

I ask my colleagues, Democrats and Republicans alike, not to be ahistorical and to understand that we had a lot of exposes, a lot of studies on these issues. There was a Field Foundation study. There was a CBS ''Hunger USA'' documentary. And what did those studies point out? What did we see on television? What we saw was that in the United States of America there were children who were suffering from scurvy and rickets, distended bellies, malnutrition, and hunger. As a matter of fact, the expansion of the Food Stamp Program, which is one of the really true safety net programs, led to a dramatic reduction in that malnutrition and hunger among children in America. Are we now going to turn the clock back? I would like to know where the evidence is that says that we can have those kinds of cuts in a major food assistance program without having a serious effect on children, the poorest of the poor in America.

So many of my colleagues keep talking about, ''for the sake of children in the future.'' How about the children now? Every 30 seconds a child is born into poverty in America. One out of every four children—poor; one out of every two children of color—poor. What about those children now?

I just mentioned two programs with dramatic reductions, draconian reductions. I know we will have time for debate. I have not seen anybody stand up yet. I know that we will have this debate and it should be substantive debate. We respect one another. Tell me how we are going to do that without harmful consequences to those citizens; in this particular case I am talking about children.

We ought not to be doing deficit reduction based upon the path of least political resistance, that is to say targeting those with the least amount of political clout.

Second, and maybe last point, because I only have 15 minutes today. When I heard my colleague from Missouri—and I am sorry he is not here now for purposes of debate—talk about some of the comments that the First Lady made and Ira Magaziner made about how we could reduce Medicare costs, that is true. But that was in the context of overall health care reform and cost containment systemwide.

I say to my colleagues, there are not only consequences to the words that we utter, the words that we speak, there are also consequences to the proposals that we lay out here on the floor of the Senate.

I can explain very briefly why in fact the Medicare Program, which is a benefits program passed in 1965, which has made the United States of America a better country, and not just for the senior citizens but for all of their children and their grandchildren, has had increasing costs. I can explain why.

We have to invest a significant amount of resources into financing Medicare because a larger and larger percentage of our population are over 65, and a larger and larger percentage of the over-65 population are in their eighties. With that comes more illness and higher health care costs. That's why it is important to look at per capita numbers when we are talking about cuts. We finance it as a nation because it says a lot about who we are.

That is what Senator Humphrey from Minnesota meant when he said the test of our country and our society and our Government is how we treat people in the dawn of their lives, the children; the twilight of their lives, the elderly; and those in the shadow of their lives, disabled people struggling with illness, and of course the poor people. I do not think this budget meets that standard laid out by the late, great Senator from Minnesota, Hubert Humphrey.

Mr. President, I heard some reference to comments of the President and others about health care reform. But the first thing I would say to my colleagues is this will not work. If you single out one sector, one group of people, you can talk to any of your providers and they will tell you out front and up front that they will shift the cost. They have to. It is a shell game.

We should have learned this in the debate on health care last time. And by the way, I say to my colleague who is now presiding, that in Kings County, NY, Medicare pays $646 per month per enrollee to an HMO, whereas in Hennepin County, MN, HMO's get $362 per month per enrollee.

What will happen is, if our reimbursement is already rock bottom low, especially for those States that have done a good job of keeping the costs down, then the providers have no other choice but to shift the cost. They then shift the cost to the employers and the private insurance companies that then raise the costs, and then it gets shifted back to the employees, and more people are forced to drop their coverage because it's unaffordable.

Mr. President, it will not work if we just shift costs. Talk to people in rural America, not just senior citizens. Talk to the care providers, talk to the nurses, talk to the doctors, talk to the public health people. It will not work.

Mr. President, the essential problem with some of these proposals is, A, they do not meet the standard of fairness; B, I do not believe that they are fair just in terms of where the most vulnerable citizens fit in or do not fit in to this equation, and on the Medicare front and the Medicaid front, as public policy, they do not work. Welcome to health care reform.

Tomorrow, when we have our amendment out on Medicare, we will have an opportunity to really debate this at great length.

Finally, Mr. President, as a former teacher, I really do believe it is extremely shortsighted to make a lot of these cuts. As a matter of fact, I think what I might do in the course of the debate is bring out the Kasich budget which was passed by the House of Representatives so we could have a vote on that on the floor of the Senate since I think it does an even more draconian job when it comes to cutting higher education. But I would just argue today that it is myopic, it is shortsighted not to invest in young people and not to invest in their education.

I could boil it down to the following kind of analysis in less than 2 minutes, I hope. If you want to have real welfare reform: A good education, a good job, and decent health care. If you want to reduce poverty: A good education, a good job, and decent health care. If you want to reduce violence: A good education, a good job, and decent health care. If you want to have a stable middle class: A good education, a good job, and decent health care. If you want to compete in the international economic arena: A good education, a good job, and decent health care. And if you want to have a representative democracy with men and women who can think on their own two feet and understand the world, the country, and the community that they live in, what they can do to make it a better world and a better country and a better community, keep your focus on a good education, a good job, and decent health care.

This budget moves us precisely in the opposite direction. It is profoundly mistaken for our Nation.

I yield the floor.

Mr. HOLLINGS addressed the Chair.

Mr. DOMENICI. I wonder if the Senator will yield for 30 seconds.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Thank you very much. Could I ask unanimous consent that following Senator HOLLINGS, Senator BENNETT be in order for 15 minutes?

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

Mr. EXON. I certainly agree to that. I ask after Senator BENNETT, could we have Senator MURRAY recognized for 15 minutes?

Mr. DOMENICI. Could we have Senator SANTORUM immediately following Senator MURRAY? That would give us five.

Mr. President, I so request.

The PRESIDING OFFICER. Senator BENNETT, 15 minutes; Senator MURRAY for 15 minutes; and Senator SANTORUM for 15 minutes, following the Senator from South Carolina.

Without objection, it is so ordered.

The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished chairman.

Mr. President, in the brief moment that I have, I would like to voice a note of sobriety with respect to this debate, and to agree for starters about the bigness of Government.

I have played this budget game for 35 years. As Governor 35 years ago, I balanced the budget in the State of South Carolina, and earned a triple-A credit rating. Some 27 years ago, in 1968, I worked with George Mahon, then chairman of the Appropriations Committee, and we balanced the budget.

Mr. President, when we hear the hue and cry to get rid of big Government, we ought to focus on what it is about government that is really big. In 1968 when President Lyndon Johnson balanced the budget, he faced gross interest costs on the national debt of $14.6 billion. That is after almost 200 years of history. Through 36 Presidents, Republican and Democrat, the Revolutionary War of 1812, the Civil War, the Spanish-American War, Mexican, all the wars, World Wars I and II, and Korea, a good part of the war in Vietnam, the mandatory spending of interest costs was only $14.6 billion.

If my colleagues listen to nothing else, let them listen to this fact. According to the Congressional Budget Office in February of this year, the mandatory spending of gross interest costs is estimated at $340 billion.

Oh, boy, has the size of Government increased. How did it grow? Let me go right to the heart of the matter and quote none other than the chairman of President Reagan's Office of Management and Budget, David Stockman. I quote:

> The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability. A noisy faction of Republicans have willfully denied the giant mistake of fiscal governance, and their culpability in it ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of antitax venom while pretending that economic growth and spending cuts alone could contain the deficit.

Mr. President, we are watching history repeat itself as Republicans today make the same mistake of insisting that the deficit can be conquered through spending cuts alone.

Lord knows, I have tried. I have worked in a bipartisan way for a balanced budget. As chairman of the Budget Committee 15 years ago, I worked closely with Henry Bellmon, then the ranking Republican.

In 1980, contrary to what some of the weekly magazines would have you believe, Senator Bellmon and I presented a balanced budget. In 1985, Senator GRAMM, Senator Rudman, and Senator HOLLINGS presented a balanced budget, planned over 5 years rather than 7 years. We were supposed to have balanced the budget by 1990, but then Congress pushed back the goalposts and eventually repealed the fixed deficit targets.

I worked with Republican Senators Boschwitz and Danforth on a value-added tax, 5 years ago. In the Budget Committee, some eight members voted for a value-added tax. Why? Because we needed it. But unfortunately today, the charade continues.

The truth of the matter is that cutting taxes as they say by some $350 billion over 10 years, actually increases the interest costs or taxes on the gross debt. It has been said that there are two things in life that you cannot avoid, death and taxes. Actually, there are three things, death, taxes, and interest taxes on the national debt.

So when they talk in a blasphemous fashion about cutting taxes, it comes time for the sober truth. They can try to get away with this charade, but the fact is that they are increasing taxes.

Now, there are two-ways, Mr. President, to approach this problem. One is a balanced plan of freezing spending, cutting spending, closing tax loopholes, and increasing revenues.

But the other way, of course, is the Vietnam approach—destroy the Government in order to save it. It gives you the image, it gives you the headline, it gives you what they are talking about, a balanced budget.

But I ask the Members to turn to page 7 of the Senate budget resolution. There it plainly says that in the year 2002 we will have a deficit of $113.5 billion. That is just the real deficit. If we turn to page 9 where the annual increases in the public debt are listed, in fiscal year 2002 the debt increases $177.7 billion. The distinguished occupant of the chair on the other side is a very successful businessman. He knows. Look at page 9. Fiscal year 2002, the debt increases $177.7 billion.

So, yes, President Clinton has a budget where the deficits go up as far as the eye can see. The Republican budget now that we have before us, unfortunately, has deficits of $177.7 billion as far as the eye can see. That is the truth. Those are the facts.

We hear a lot of talk about reducing the deficit, but if we want to fathom the true depths of their sincerity, we ought to turn to page 74 of the resolution.

I am reminded of the story about the days when we had the literacy test. Poor black men would come to the polls to vote and would be given the Chinese newspaper. They would be told, ''Boy, read that.'' The black man would take the paper, look at it one way then turn the paper around and around. When he would finally be asked what it said, the man would reply, ''It says ain't no black gonna vote in South Carolina today.''

Now, I read this one on page 74, five little words: ''For legislation that reduces revenues.'' Do you know what that means? It means we are going to allow for a $350 billion tax cut, just like they are doing over on the House side.

You have to know the tricks of the trade. The real problem is that those tax cuts are going to be written in stone. The spending cuts will never occur. Part of them will occur. But the bottom line will be we will be up, up and away with deficits and increased spending for interest costs.

We need to cut out this total fraud that you can do it with spending cuts alone. We have to get serious. You could eliminate all of the nondefense discretionary programs—all $275 billion of them—and we would still be in the red because of the $340 billion that we have to spend on interest costs. It is Alice in Wonderland: To stay where you are, you have to run as fast as you can. To get ahead, you have to run even faster.

The ox is in the ditch. We have to get to work seriously here and cut out the monkeyshines with Social Security, as they did during debate on the constitutional amendment, and as they do now. The provision that John Heinz and I put in the law, section 13301 of the Budget Enforcement Act, says: '' Thou shalt not use Social Security trust funds for the deficit.'' We asked them to obey it in the Budget Committee and, to my shock, 12 Republican Senators voted against that law in the Budget Committee.

Now, if I had Hollings Enterprises as a business and I went to file my annual statement to the Securities and Exchange section, and I was using my pension fund to mask the size of my deficit, I would be in jail. They would haul me off to the hoosegow.

We need to stop, look, and listen and get away from this gamesmanship. Republicans talk now as if they are the only ones interested in the deficit. Perhaps they have forgotten that President Clinton came to town and cut it $500 billion through a balanced approach of spending cuts and tax increases. He followed that up with an effort to reform Medicare and Medicaid that fell upon deaf ears as Republicans claimed that there was no health care crisis. Now, all of a sudden they are sounding the alarm and citing the need for decisive action to save the HI trust fund from bankruptcy. How ironic that the Contract With America calls for taking $25 billion out of the Medicare trust fund.

Mr. President, they are playing games with you. They talk as if they are so interested in this year's report from the Medicare trustees showing that the fund would be in the red by 2002, but last year the very same report showed that Medicare would be bankrupt by 2001.

And now they say, ''We never knew this. We have to go to work.'' Last year, they said there was not any trouble with health care; Medicare was fine.

Can you imagine, $256 billion out of Medicare? We cut $56 billion the year before last. The President offered another $125 billion last year which you called fantasy. And now you come along with $256 billion and say you need a commission to find it? That is what I call passing the buck. That is punting.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. Senator BENNETT, under a previous order, is recognized for 15 minutes.

The Senator from Utah.

Mr. BENNETT. Mr. President, I am interested in the various references that are made from time to time on this floor about business practices; comments such as, ''Why, if we did this in a business the way we are doing it in Government, we would go to jail. We can't do that on a filing for the SEC.''

Mr. President, as you may know, I have run a business, run several. I have filled out forms for the SEC. I have signed 10 Q's, I have signed 10 K's. I understand the requirements of honest accounting. And I assure the Chair and this Senate that what I am about to say is honest accounting. I am not trying to mislead anybody as to what we are facing as a Nation. I am not trying to make rhetorical points on fine shavings of definitions within committee language. I am trying to be as direct and straightforward as I know how.

I will start out with a chart that we have seen before and we will no doubt see again but which we need to keep in front of us throughout this whole debate.

The information, Mr. President, on this chart comes from the Entitlements Commission which shows that if we listen to all of the rhetoric that says, ''Why, you can't do this. This will hurt this group. You can't do that. It will hurt this group,'' which ends up being ''You can't do anything,'' the present trends are simply not sustainable.

I remind the Chair and the Chamber, once again, that if we do nothing, we let things go as they are going, within 10 years, by the year 2006, we will be in a circumstance where the cash outlays and the cash revenues of the Government comes to the condition that everything we spend as a Government will have to be borrowed.

That which we do not have control over in the budget, which is in the red bar—entitlement spending and interest—we have no control over that. We are contractually obligated to that. The entitlements, by law, have to go out. The interest, by law, has to be paid. That means everything else—which includes the Defense Department, includes building highways, includes everything else the Government does—will have to be borrowed. This is the reality with which we live. It is real.

I see the distinguished chairman of the Entitlements Commission on the floor. I thank him for his work and his courage.

This is the situation in which we find ourselves. Let us not kid ourselves by saying, ''Oh, this particular phrase of the budget document does not apply here and we will look at this.'' This is cash outlays.

I have managed a business. I will tell you the most important way to manage a business is on cash flow. You may have a balance sheet that says you have a whole lot of money, but if that money is all tied in inventory and receivables and you do not have the cash with which to pay your bills, you are in trouble. And you can go to the SEC all you want and say, ''Oh, this is the way I keep my books.'' You pay taxes, you pay wages, in cash. And this is the cash picture of what happens if we do not do anything.

Now, we are told, ''Oh, we can't hurt this group. We can't hurt that group. Look at these terrible cuts.''

I give you the second chart prepared by the Budget Committee on the terrible cuts that we are talking about in this budget.

What are the terrible cuts we are going to inflict on Medicare? Well, actually, you know, Medicare is going to go up by $105 billion.

I am a businessman. In my vocabulary a $105 billion increase is not a cut. I had to come to Washington to learn the definition of ''cut.'' It means you spend more this year than you spent last year, but you just spend less than somebody else promised you would in some previous year. That is the Washington definition of ''cut.''

All this reference to business; I am a businessman. This, to me, is an increase. Put it on a per capita basis right now, Mr. President, and we are spending per Medicare recipient per year just under $5,000. That is today's figure, 4,900 and-some-odd dollars.

Under the budget proposed by the Budget Committee, by the time we get to 2002, that number will be $6,450. So we are going to punish the Medicare population by raising their per capita expenditures from $4,900 to $6,400. That is how we are going to punish them. To me, that is not a cut.

Now, we talk about trends. ''Oh, but the Medicare population is growing. The Medicare population is so big we have to spend more than that. That will not work.''

As I say, that is a per capita number, Mr. President, from $4,900 to $6,400 per capita.

But what is the overall number?

Here is the chart I used in a previous statement I made on this subject. Medical expenditures, where the distinguished minority leader had said, ''You know, our problem is that public funds are growing at the same rate as private funds,'' and I said, ''No, that is not true.''

I got the information from the Congressional Reference Service of the Library of Congress. Here are the trends. The dark figures are the percentage of increase in public expenditures for medical activity. This is combined Medicare and Medicaid. The light figures are for the private rate of increase.

Here we are, the worst year, 1990, public expenditures in health care went up 13.2 percent that year. The private rate of increase was 10.6. Still unsustainable. In the private sector, they went to work on that, brought it down, cut it in half the next year, in 1991. Public expenditures came down from 13.2 to 12.6.

The following year, they could not hold it down on the private side. It came up to 9.9, then 7.2, and then last year, 1994, brought it down to 5.3. The public expenditures came down from 12.6 to 10.8 to 8.5, and last year, 7.8.

That is the level, Mr. President, at which this budget calls for it to stay—a 7-percent annual rate of increase in Medicare is what this budget is talking about. We have done it in 1994. Can we not do it for the next 5, 7 years?

I will say, this combines both Medicare and Medicaid and, therefore, that overall figure is misleading and it is not proper for me—I said I am going to be honest in my accounting—it is not proper for me to say that applies directly to Medicare because Medicare at the moment is closer to 10 percent and Medicaid is the lower figure, and that is why the average is there.

But that is the target we have to have, that is the target we do have in this budget and that is the target I believe we can meet.

The Senator from Wisconsin says, you cannot do it to our older population, you cannot balance this by attacking one segment of the population, you cannot single out one sector. And then he talks about education, you cannot single out education. And pretty soon, if you follow that logic, you end up with no sector at all that can be cut.

I go back to the other chart. I referenced this before strictly on the Medicare side pointing out that we are talking about a $105 billion increase in Medicare. We are also talking about $146 billion increase in Social Security, a $36 billion increase in Medicaid, a $51 billion increase in other mandatory programs. The only thing that gets cut is domestic discretionary spending. Defense remains the same in this budget. Interest has to go up because the debt is coming up.

But what is the total? Nearly $1.9 trillion. I am reminded of the cartoon that appeared in the paper where the Republican was writing on the board the budget for 2002, $1.9 trillion, and the other person said: ''Is that all?''

Mr. President, I have been involved personally in the challenge of downsizing a company. I grant immediately this challenge is vastly greater, but the principles are the same. Time and again, I would say, ''We have to take something out of the overhead of this company.''

People would come in to me and say, ''I agree, we have to take something out of the overhead, but don't cut my department'' for this reason or that reason and how vital it was.

Finally, I had to get their attention, and I said: All right, I won't cut your department, I won't cut anybody's department. I'll let everybody walk out of here feeling comfortable, happy and wonderful right up to the point where you file for unemployment, because the company is going broke.

Oh. Well, now, you explained it to me. Maybe I can find something in my department to cut.

That was the company equivalent, Mr. President, of this chart. This is the chart I began with, this is the chart I come back to. This is the situation we are facing. Do we have the courage to recognize this is the situation we are facing and do what has to be done?

Mr. President, we celebrated this year a number of anniversaries relating to the Second World War. I am one who is old enough to remember the Second World War. I did not fight in it. I was just a little kid. My brother went over in the Second World War. He was in Okinawa when President Truman decided to drop the bomb.

Mr. President, may I inquire, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 7 minutes 30 seconds remaining.

Mr. BENNETT. Thank you. The President of the United States came to the American people and said, ''This is the situation we are facing. If we do not do something about it, we are in serious trouble,'' and he demanded sacrifices from the American people. He was up front with them. He made no bones about the difficulties that we face.

How disrupting was that experience in the lives of Americans? Hundreds of thousands of them lost their lives. Millions had their lives disrupted. They did it because they recognized that there was a purpose for doing it and that their Government was being honest with them.

For far too long in this Chamber, our Government has not been honest with our people and, therefore, of course, they do not want to sacrifice, of course, they do not want to have their lives disrupted. I do not want to have my life disrupted. I want everything to go on as good as it has been going, but the time has come to recognize that we are facing a long-term crisis as severe as any we have faced, and we have to be as honest as we have ever been.

So I say, all right, you do not want to do this by restraining the growth of Medicare, even though the rate of growth of Medicare is not sustainable either in this circumstance or, frankly, by comparison to what is going on in health care in the private sector with this circumstance. All right, you do not want to do it with that one? What do you want to do it with?

This budget says we do it with everybody. This budget says we do not single out a single sector to balance the budget on the backs of any particular group. We say to everybody, the time has come to recognize the crisis with which we are dealing and deal with it evenhandedly.

I would say to those who are complaining about this budget, then give us your alternative that is equally evenhanded that deals with all political groups with the same courage with which this deals with political groups and let us get forward. But do not tell us we cannot adopt this budget because it disturbs this or that or the other sector in terms of their status quo because that kind of circumstance, Mr. President, is simply not being honest with the American people, and the time for honesty is here.

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

Mr. DOMENICI. I was here and listened to all of the remarks. I want to congratulate Senator BENNETT. I believe he made an eloquent statement. I am sorry that he did not have more time tonight to talk about the realities of what we can afford as a people versus the wishful thinking and exaggerated promises that we have been used to making to the public of America, to our people.

I compliment him for it and thank him for his excellence, both in understanding and hard work and knowledge of matters such as this.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. Under a previous unanimous consent order, Senator MURRAY is recognized to speak for 15 minutes, followed by Senator SANTORUM, of Pennsylvania, for 15 minutes.

The Senator from Washington.

Mrs. MURRAY. Mr. President, when I first came here, the Federal budget deficit stood at nearly $300 billion, and for 3 years in a row, we worked with common sense and clear purpose to reduce that deficit. I was not here when this deficit was run up, but I was not elected to bring home the bacon, and I know that politics as usual will not sell anymore. We must reduce the deficit. But I say to my friends, there is a right way to cut spending, to streamline Government and to reduce the deficit. I think the correct path was the one we started down in 1993.

On the other hand, there are radical approaches which might be effective at slashing spending and cutting programs, but we have to ask the question, at what cost?

The American people deserve a sound budget. They deserve proposals that meet their urgent needs and reflect their spending priorities. They deserve investments in our future. They deserve security for themselves and for their families, and I firmly believe that taxpayers deserve to get something back from the system that they are paying into.

I look carefully and critically at this Nation's budget to make sure that it adequately deals with investments in our basic American quality of life. Our children must be prepared for tomorrow. The health of our citizens must be secure and our neighborhoods and towns must be safe.

That is how I begin this process every year, Mr. President. I start from the premise that as Americans we have special rights and responsibilities, and this body must acknowledge them both. I believe in personal responsibility. I believe we must take charge of our own lives and live up to the obligations that citizenship in this country brings with it. But some Americans, some members of our society cannot make it on their own. There is a great deal of insecurity and a bitter loss of self-confidence out there. I saw it in the faces of my friends and neighbors when I was home in the State of Washington. I would hear it around my kitchen table every night: The middle class, average Americans feel that they are not in control of their own destiny. Machinists at the Boeing Co. tell me they feel their jobs are not secure in these days of corporate downsizing, and they feel there is nothing they can do about it.

Parents tell me they are worried about their kids' safety and violence in the streets, and they feel powerless. My own two teenagers and their friends, the so-called generation X, our future leaders, talk with me about poor job prospects, about never receiving Social Security, not being able to afford to go to college, and the sad and unyielding spread of AIDS. They feel they cannot make the future brighter.

Today, information flows through our society at such a rapid pace, technological innovations seem to be outpacing daily life. Average Americans feel overtaken by it. Bankers and economists warn me that in our interdependent world the dollar falls to record lows and derivative investments threaten our financial security and soundness. They feel the economic solution is beyond their control. Doctors and nurses and administrators in hospitals and community-based clinics tell me that entitlement programs do need reform. But so does the entire health care system.

If the severe Medicare and Medicaid cuts are kept in this budget, they will not be able to deal with the growing caseload of those who need help and have no means to pay for their own medical care.

Mr. President, imagine the hopelessness of a young family with a newborn baby diagnosed with cystic fibrosis. First, one parent has to quit their job to care for that child and their income drops dramatically; insurance runs out, and the young family is forced to spend down in order to get health care—Medicaid—for their child. That is the family I speak for in this budget process. That is the family I think of when I remember the simple truth our parents taught us: ''There, but for the grace of God, go I.''

That family could easily be mine or yours, Mr. President. I am raising two kids at home. I have elderly parents who are not always in the best of health. Like so many Americans, I am squeezed between my kids and my own parents. That is why I share with many Americans the grave concern about the Medicare cuts. How will the program be reformed? Many people have come to me recently and have told me they are afraid that these cuts will result in higher out-of-pocket payments for seniors who are already struggling. They believe cuts will result in limiting choices for seniors.

My parents have had the same doctor for years in Washington State; they do not want to lose their doctor because of a budget plan imposed on them from Washington, DC. From the rural eastern part of my State, I hear the rumbling of concern. Many Medicare beneficiaries live in these communities which often share a single hospital.

These cuts to the Medicare program have the potential to cause some of the hospitals to close—or to shift—a great amount of their costs to local taxpayers.

Mr. President, this brings me to a major concern. By simply cutting funds to Medicare, we are passing on the cost of care for our seniors—our parents—to the hospitals around the country, and those hospitals will pass on the costs to working families across this Nation.

I refuse to stand here on the floor of the U.S. Senate and talk about the budget as if it is just a bunch of numbers. There is a senior citizen and a child and an American family behind every number in this budget. I am afraid that in this time of great uncertainty, in this time of anxiety, we will be telling average American families, ''You are on your own.''

We in the Senate have a choice. We can build self-confidence, we can inspire hope, and we can restore trust in our Government and its ability to work for average Americans. And we can do this at the same time we reduce the deficit, if we do it with common sense. That is the right way.

(Ms. SNOWE assumed the chair.)

Mrs. MURRAY. Or, Madam President, we can feed into the Social Darwinist thinking of survival of the fittest. Serving the special interests who are up here writing legislation. Giving Goliath an advantage. And that is the wrong way.

I am hopeful that we will be able to work on a budget over the coming days, which keeps us on the right path.

I look across the aisle to Members of your party, and I see true champions of certain causes, and I have been pleased to support many of them in their efforts.

The distinguished chairman of the Budget Committee, the Senator from New Mexico, has always been a forceful advocate for funding mental health programs, and he has always looked out for Federal workers.

Madam President, I am proud to serve on his committee with Senators who have provided real leadership and hope to the American people on many issues.

I know that my friend from Maine, who is presiding over the Senate at this moment, has been stalwart on women's health issues. Senator GRASSLEY from Iowa has spent years defending the family farmer. My friend from Missouri, Senator BOND, has displayed real leadership by keeping programs like HOPWA from the rescissions axe. These are my Republican colleagues on the Budget Committee, and I am proud to serve with them. I have supported all of these efforts in the past, and I will continue to do so in this Congress.

So I hope that some of our colleagues on your side of the aisle, Madam President, will look with favor on programs that are important to me, especially the education of our children, both in their early years and in gaining access to college and vocational programs.

For my State, there are other important budget issues before us: The cleanup of Hanford Nuclear Reservation and the funding of the Eximbank; impact aid for educating the children of our men and women in uniform; help for fishers and timber workers who have been dislocated, and all programs that ease anxiety and restore hope.

Madam President, I know firsthand how much hope is needed out there. I know firsthand how much harm this budget will do to average Americans.

I am one of the millions of ordinary Americans who is worried about her elderly parents. I am one of the millions of average people who wants her children to be able to go to college. I am one of the people out there driving to work every day and just trying to juggle the pressures of everyday life for myself and my family.

But, Madam President, this budget adds to the pressure. It does so much harm to working people—I find it incredible that it cuts the earned income tax credit so severely. I find it incredible that this budget raises the taxes on our working families. Let average Americans make no mistake about it—Republicans are increasing taxes on working families.

In Washington State alone, this budget means an average tax increase of $1,400 over 7 years on nearly 180,000 working families.

I am a product of the Western United States. I was born in Washington State. I grew up there. I am one of seven children who learned from our parents that we should always pull ourselves up by our own bootstraps. But this budget steals our shoelaces.

So I plan to offer amendments on the floor, Madam President, that move this budget in restoring some common sense.

I will offer one amendment on impact aid, and I will offer another one to protect children from drastic cuts in Medicaid.

And, Madam President, let me make this clear, these are not frivolous amendments. They have been drafted carefully and I hope that they do pass. It is not my intention to embarrass anybody. My amendments are sincere attempts to improve this budget, and they reflect my highest priorities, for I believe we have the chance today to outline clearly our priorities for this Nation.

Each of us was sent to the Senate to serve the country and to articulate the specific concerns of our friends and neighbors at home.

So let me conclude here with just a few words of caution. No one doubts the need to put our fiscal house in order. But what I fear the most is that it will be done with an eye only toward today, without considering the consequences for tomorrow.

Deficit reduction is not an economic policy in and of itself. And under today's cut, cut, cut mantra, I cannot allow us to forget the word ''compassion.''

I worry that slash and burn politics will override common sense and fairness, especially for our children.

We are looking here today at the Wizard of Oz budget: No heart, no brain, no courage, and no home. And there is too much at stake.

At a fast and furious pace these days, polls tell us what Americans believe about an issue before they have even had time to really make up their minds about it.

I caution my friends—before you impose draconian Medicare and Medicaid cuts on the most vulnerable members of our society—do not be too hasty to legislate based on the shifting sands of current political popularity.

Let us keep things in perspective, Madam President, and let us remember the little guy.

Let us talk about priorities and plans, not just cuts and contracts. Let us use this budget process to restore hope, to ease anxiety, and to make the future brighter for average Americans. I look forward to this debate.

Thank you, Madam President.

Mr. EXON. Madam President, I would like to take a moment on my time to congratulate my friend and colleague from the State of Washington. Here is a teacher, a mother, someone that is really dedicated to the cause that we are trying to espouse on this side of the aisle. I thank her for her excellent remarks.

I yield the floor.

UNANIMOUS CONSENT AGREEMENT

Mr. DOLE. Madam President, I ask unanimous consent that prior to the close of business today, Senator DOMENICI be recognized to offer a substitute amendment, the text of which is President Clinton's budget; that no other amendments be in order during the pendency of the Domenici amendment; that a vote occur on the amendment at 10:45 a.m. on Friday, May 19, 1995, without any intervening action or debate; and that the time between 10:15 a.m. and 10:30 a.m. be under the control of Senator EXON, and 10:30 a.m. and 10:45 a.m. under the control of Senator DOMENICI.

The PRESIDING OFFICER. Is there objection?

Mr. LEVIN. Reserving the right to object, Madam President, and I will not object, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator may state the inquiry.

Mr. LEVIN. If the substitute offered by Senator DOMENICI is agreed to, is the resolution as amended by the substitute further amendable?

The PRESIDING OFFICER. Only with the amendments that are mathematically consistent.

Mr. LEVIN. So that the numbers may be changed.

The PRESIDING OFFICER. That is correct.

Mr. LEVIN. I have no objection.

Mr. DOLE. I add further, if the substitute is adopted, I will be out of work.

Mr. LEVIN. Was that a parliamentary inquiry?

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

Mr. DOLE. Madam President, I further ask that following the disposition of the Domenici amendment, Senators LAUTENBERG and ROCKEFELLER be recognized to offer an amendment relative to restoring the Medicare funds; that no amendments be in order to the amendment; that no amendments be in order to the language proposed to be stricken; and that a vote occur on the amendment at 3:15 p.m. Monday, May 22, without any intervening action or debate.

Mr. DOMENICI. Reserving the right to object, and I will not, do I understand that neither of these consents waive any Senator's right to make a point of order?

The PRESIDING OFFICER. That is not correct. They would indeed waive the right to make a point of order.

Mr. DOMENICI. On either?

The PRESIDING OFFICER. On either.

Mr. DOMENICI. I do not know whether there would be a point of order, but I usually make this proposal before every amendment, and I just forgot this evening. Nobody is waiving the right to the point of order. It is not that urgent, let it go.

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

Mr. DOLE. I thank the Senator from South Dakota for his cooperation.

Let me just explain to my colleagues, then, the Senator will lay down the amendment tonight, and it is my understanding at the end of the day there will be 40 hours left in today's session.

Then hopefully tomorrow we will be in long enough to take 10 more hours, and after tomorrow there will be 30 hours left. So we start Monday with 30 hours. We would like to complete action on this bill on Wednesday so we can take up the President's request on the antiterrorism bill and pass that before the recess.

So there will be one vote tomorrow. And first vote on Monday will be at 3:15. There may be votes after that vote on Monday.

So I urge my colleagues to not leave on the assumption that there will only be one vote on Monday. There could be several votes on Monday. I assume after the disposition of the Lautenberg-Rockefeller amendment, there will be an amendment offered on this side. I assume we are going to rotate back and forth.

So there could be several amendments, because again we will be in session at least 10 hours on Monday, maybe longer.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the minority leader.

Mr. DASCHLE. Madam President, I share the understanding of the distinguished majority leader with regard to the schedule for the next couple of days. Even though there is only one rollcall vote tomorrow, we have a very important debate that will begin immediately after that vote. It will be on the issue of Medicare. And I urge my colleagues to use this time to the fullest benefit. That time will be lost, if we do not use it tomorrow. It is very important that all of our colleagues appreciate the time that we have available to us tomorrow and Monday to debate this important issue.

So I encourage our participation, and certainly hope that you will take full advantage of the hours that are available to us following the disposition of the first vote at 10:45 in the morning.

We will have another vote on Monday. It will be on the Medicare amendment, and between now and then I would hope that all of our colleagues will fully avail themselves of the opportunity that we now have to debate this amendment to the fullest extent possible.

So I think this is a good agreement that gets us off to a good start. I would certainly hope that between Friday morning and Monday afternoon we have no quorum calls, and that we use every moment available to us to participate in the debate on the Medicare amendment.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Madam President, I ask unanimous consent that following the conclusion of the remarks by the Senator from Pennsylvania that the Senator from Kentucky, Senator FORD, be recognized on this side for 20 minutes, and then we will continue the usual process of going back and forth.

I do not know who is scheduled. Senator LOTT will be scheduled after that for 15 minutes. Following the conclusion of the remarks by the Senator from Kentucky, Senator LOTT will be recognized for 15 minutes. Following that, Senator BUMPERS on this side will be recognized for 20 minutes. And then, if there is a speaker on that side, they will be next following Senator BUMPERS on this side, and Senator KERREY will be recognized after that for 15 minutes.

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

Mr. DOMENICI. I wonder if the distinguished minority leader might just engage in a little discussion with me about amendments.

We already are asking Senators on our side to submit amendments to me as floor manager to just see where we are. I know for many it seems early. But, frankly, time is going to be really moving. I think it would be helpful to all of us the sooner we knew. I am not asking for details. But the sooner we know, more or less, where we are, we will finish at a point certain, at a time certain. Everybody knows that. If there are amendments that we have debated, they will get a vote, if they want one. But there will be no discussion. The sooner we know maybe the sooner we might accommodate in some realistic way the Senators who desire to have a little time to speak.

Mr. DASCHLE. If the Senator will yield, the Senator is correct. I think it would be very helpful for all Senators to share with us their intentions with regard to amendments as soon as possible. We already have a list we are compiling. We would be happy to share it with you. I think it is our intention following the amendment relating to Medicare to offer an amendment relating to education, and following that an amendment relating to the EIPC. There will be an amendment relating to Medicare, and EIPC, and education.

So the order for our side will be that, and we will be able to give you more information as we go through the list.

Mr. DOMENICI. Thank you very much.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 15 minutes.

Mr. SANTORUM. I had the opportunity, Madam President, to be on the floor for just a few minutes when the resolution was laid down, and spoke about what a historic time this was for our country, and that a majority of Senators from the House and from the Senate—the House having passed their budget resolution earlier today—had the courage to come forward and present a budget resolution that brought our Federal budget into balance.

That is not an easy thing to do. If it was an easy thing to do, it would have been done at least 25 times over the last 25 years, but it has not been done once.

I give a lot of credit to the Senator from New Mexico for his tremendous work on crafting the legislation; the Congressman from Ohio, JOHN KASICH, for the work he has done on the House side; and to all of the Republicans who are standing shoulder to shoulder to push this effort forward for the future of this country.

This is a historic time. This is a great opportunity for America as a country to face the realities of the future, to stop the endless political games of promising what we cannot deliver on, and letting other generations of Americans pay for our political expediency.

I am excited. I am excited to be here during this time. I think this will be one of the great debates in history. I think this will be one of the great defining moments of our time.

It is just unfortunate, it is truly unfortunate, that at one of these defining moments where the country can really face the future, it is going to be done without the Chief Executive Officer of this country. He has decided that he is going to take absence without leadership, AWOL on this issue. He has decided that he does not want to participate in the process. He has decided in debates with himself that he is not relevant to this process, and that he is going to sit on the sidelines and throw whatever he can at those who are trying to move this country forward to balance the budget.

It is a great disappointment to me and I know to many Americans that the Chief Executive Officer, the President, has decided to take this course.

What I have decided to do is to remind everyone here of the President's action or inaction on this effort. Starting today, the first day in which the budget resolution was laid down here on the Senate floor, I am going to bring this chart to the floor every day between now and October 1 of this year, when the next fiscal year starts, and going to tell the American public how many days it has been since the Republicans laid down a balanced budget resolution to get this country to balance, and how many days it has been since Bill Clinton has decided to leave town when it came to this issue.

The Senator from Massachusetts, in the last election for President had the rallying cry of ''Where's George?'' Well the question today is ''Where's Bill?'' I guess on day one, the answer is, as the Senator from Kansas the majority leader has said, he is AWOL. Absent without leadership.

Today is day one. I suspect, although I hope it is not the case, that over the next 135 days between now and the end of September, that I will be putting up day after day, numbers on this chart to show that the President truly is not serious about leading this country, about moving forward in a direction that will preserve this country's not just financial future but future as a society.

I am actually fairly sad to have to come here and do this. I think it is in a time of great courage that we are seeing in the Congress, a very sad state of affairs that we have a President who has decided not to participate.

By the way, this is the same President who in 1993 he and his budget directors and many on the other side of the aisle, were clamoring about how the Republicans were not putting up their plan.

Where was their plan in 1993 to reduce the deficit? We are not talking about just reducing the deficit here. We are talking about getting to a balanced budget. Something which the President's plan does not do.

I want to quote the President in February of 1993. The President's demand to the Republicans in Congress, ''Not hot air, show me where.''

Well, Mr. President, ''Not hot air, show me where.'' If the President wants to lead, lead. That means the President has to propose, just for some instruction. The President has to propose something in order to lead somewhere.

The situation is the President being absent from this debate is not unusual when it comes to the budget this year. We have a President who has refused to put forward a balanced budget resolution, has refused to put forward anything that is going to reduce the rate of growth in the deficit. In fact, according to the numbers of the President, modest numbers he wants us to use, his deficit goes up over the next 7 years up to $267 billion by the year 2002, according to the nonpartisan Congressional Budget Office of which the President said we should use in determining his numbers.

And his first chance this year, his first chance this year to put a downpayment on the deficit, is a $16 billion rescissions bill, which yesterday in the Washington Post he said that he was going to veto; a $16 billion rescissions bill.

There is a President who simply wants to preserve the status quo, and all you will hear over the next 5 days are people who created this Government here in the Congress and who want to defend every program, and if we touch a hair on one of them, the sky will fall, the Earth will erupt, and life will never be the same again here.

Well, let me just suggest that, if we do not touch some of these programs, literally thousands and thousands of programs, if we do not start consolidating, eliminating, reducing the rate of growth of some of these programs, truly the sky will fall and the Earth will open up because we simply will not have a future for our children. We will leave nothing for them.

So I would suggest that when you hear the gnashing of teeth that you will hear, you will hear about how hopeless things are in America—the previous speaker was talking about, the Senator from Washington, talking about how hopeless people are if not for some Government program that is going to help them through their hopelessness, or how fearful people are, if it was not for the Government to take care of them.

I would just suggest that our job here in Washington is to provide opportunity and hope for people, to give them the chance to succeed.

I will tell you the best way that I believe you can give people a chance to succeed is by letting them keep the fruits of their labors, but not taking all of it from them, and when I hear this debate, it absolutely blows my mind. I do not know what budget they are working on. I hear all of this debate all day long, and from the White House how we are cutting Medicare, cutting all of these programs to pay for ''tax breaks for the rich.'' I know a lot of you heard this. A lot of you have heard this.

Let me tell you what the budget resolution says. This budget resolution—I do not know what budget resolution they are talking about. It is not this budget resolution. It is not this budget resolution. In this budget resolution is a provision that 90 percent of all tax cuts must go to people under $100,000; 90 percent.

I do not know. We may be redefining wealthy in America; and, that is, that people under $100,000 are wealthy. People who make under $100,000 are wealthy. Those are wealthy. But when you have 90 percent of any tax cut provision in this budget as it appears on the floor of the Senate today, going to under $100,000, I do not know how you make that statement. I do not know how you make the statement the Senator from South Carolina made a few minutes ago that they are going to cut taxes now, and the spending cuts will not come until later. I do not know what budget he is looking at.

This budget, almost all of the cuts in taxes that occur come the last 3 or 4 years after we have shown that we can get on a glidepath, after we do cut spending first. Why does that come about? Why do we get this $170 billion? It is a very important point. Why is it that the Congressional Budget Office gives us a bonus of $170 billion? Let me explain why. It is very simple.

Because they believe, as I am sure every economist in this country would believe, and you can see it by what is happening already to the dollar and how the dollar is rebounding since we have introduced this resolution, how interest rates are coming down since we have gotten serious about balancing the budget here in this Chamber—the Congressional Budget Office believes accurately that, if we have in place a mechanism to balance the budget over the next 7 years, interest rates will come down; therefore, the cost to refinance the debt will come down, inflation will come down, and the economy will grow faster.

Those are all assumptions the Congressional Budget Office made in calculating this bonus of $170 billion of which we were going to take that bonus and return it to the people who work very hard to pay those taxes.

Think about this. Getting to a balanced budget will create more growth. That means more jobs. That means for opportunity, lower interest rates, which means lower payments on mortgages, more affordable housing, and other programs, lower debt costs which means lower deficits. This is what we are focused on, growth, low inflation, low interest rates. But that is a pretty good plan. That is how we get the deficit even further reduced.

What we are saying is that once we have established the plan to get us to zero, if we do get that bonus, if we do get that savings, then we are going to give you the dividend. You, the taxpayer of America, boy, I will tell you. By the way, 90 percent of that will go to people under $100,000.

I do not know, folks. I do not know what budget they are reading over there. But if that is cutting Medicare to pay for tax breaks for the rich, tell the Congressional Budget Office because that is getting it right, balancing the budget, causing positive effects on the economy and letting people who work their tails off in this country keep some of the money they worked hard for.

You would think that the only people who care in this town are people who want to take your money and give it to somebody else to help them; that those of us who believe caring sometimes can mean letting you keep some of the money you worked hard for. No. That is not caring. That is tax breaks for these bad people who work; or these people who succeed.

I happen to think that rewarding people for doing what we all, everyone in this Chamber, want people to do in this country—work —is a good thing. It is a good thing.

So when you hear about these nasty things that we are going to do about, you know, helping the wealthy, substitute every time you hear ''wealthy'', substitute ''taxpayer.'' If you are a taxpayer, you are the one they are after. They do not want to give you any relief up there. No, no, no. Those of you who pay taxes, you are bad. We have to make sure that you give us the money that you worked hard for so we can spend it, where we, of course, know best. That is just absurd. It is even an absurd statement here in Washington DC.

This is a good budget plan. This is a fair budget plan. I will talk over the next few days about how we are doing. I went to town meeting after town meeting after town meeting in the last 4 or 5 years. I was in Congress before being in the Senate this year. And every place I went, the comment I got was whether you want to get to a balanced budget but do not single out anybody, do not single out any group, spread it around. You know. Make it fair. We are willing to take our share. We understand we have a problem. We are willing to pitch in. This is America. When we have a crisis in this country we are willing to step up to the plate. We are not going to run and hide. ''Oh, no don't hurt us. Don't touch us.''

That is what the other side would have you believe. We have a bunch of people who are not willing to sacrifice or put forward their piece to solve the problem. Of course, they are. Of course, you will. Do not let these people appeal to your weaker side. Appeal to the better angels of your nature. Appeal to the side that says America is a great country, if we all pull together and we stand shoulder to shoulder to solve problems.

That is what this budget does. It bridges us all in, everybody. It says let us all pull together. And we are not talking about radical stuff here folks. We are not talking about enormous pain here.

We are not talking about enormous pain here. We are talking about Government growth at 3½ percent a year, increasing at 3½ percent a year. Under this budget resolution, spending goes up 3½ percent a year. Some pain. Three and a half percent a year, that is just draconian; it is horrible. Again, the sky is going to fall if the Government only goes up 3½ percent a year.

This is the right medicine. It is absolutely crucial medicine. It is absolutely crucial that we pass this resolution and that we move forward to put this country back to where my grandfather, who came to this country back in the 1920's, before the Depression—he lived in a company town, in the hills of Appalachia, in Pennsylvania. He was a coal miner. And he came here not because he did not have a good job. He had a great job in Italy. That is where he came from. He had a great job. But he left there because he wanted freedom. He wanted to be able to collect the fruits of his labor, and most importantly he wanted to leave his sons and daughter better off than he was.

That has been the dream of every American who came on our shores. They came here because they wanted to leave the next generation better off and with more opportunities than they had.

We are sitting here and standing here as Members of the Senate, and we are looking at a future that will do just the opposite if we do nothing. If we fail, the next generation will not have what we have, will not have the opportunity to succeed. As I look around and see people in the gallery with their children, I know their one hope is that those children will be better off than them; that they love them so much.

Well, folks, love them enough to do the right thing. Love them enough to set this country straight and balance this budget so they can have a better future.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Under the previous order, the Senator has 15 minutes.

Mr. FORD. I think we are swapping back and forth. I have 20 minutes and then the Senator has 15 minutes. I think that is correct.

The PRESIDING OFFICER. Under the previous order, by a unanimous-consent agreement, the Senator from Kentucky is recognized for 20 minutes, and then the Senator from Mississippi for 15 minutes.

The Senator from Kentucky.

Mr. FORD. Madam President, while the Senator from Pennsylvania is still in the Chamber, I would like to make a couple remarks.

I have been in this Senate for 21 years now. In all of the hot debates, in all of the effort that is made here, I have never heard or seen the office of the President of the United States degraded like it has been here today. Never in 21 years have I heard Gerald Ford called Jerry, Jimmy Carter called Jimmy, Ronald Reagan called Ron, George Bush called George, and I have never heard a First Lady called by her first name. I think it is time we have some respect for the office if we do not have respect for the individual who holds it.

Now, when the Senator says ''Bill'' here, we have never done that. The Senator can smile if he wants to, but there is some decorum by people who have been here for a long time. This is an institution that has respect for the office if not for the individual. I would hope that the Members on the other side would be a little careful about the remarks they make and how they put forward their effort in this debate.

So I just call attention to the Senate that I hope from now on it would be ''the President.'' I have never heard the majority leader in the Chamber refer to his party's President by his first name. I never heard him refer to the Democratic Party's President by his first name. It has always been ''the President.'' So I would hope that we would refrain from using the First Lady's first name in the Chamber and that we be very careful about that.

Madam President, I hope that I say this constructively because I do respect the office of the President, even though another party from my choosing would be the occupant. I felt it important that I say that.

Madam President, what a difference 6 months has made. And I go back to November 6, 1994. ''President Clinton and Vice President Gore are resorting to scare tactics, falsely accusing the Republicans of secret plans to cut Medicare benefits.''

That was from the majority leader of the U.S. Senate, quoted in the Washington Post of November 6.

> The outrage, as far as I am concerned, is the Democrat's big lie campaign that the Contract With America would require huge Medicare cuts. It would not.

Haley Barbour, Republican National Committee Chair, CNN's Late Edition, November 6, 1994.

The GOP budget speaks for itself. The GOP Senate budget plan includes

$256 million in Medicare cuts. We go back to what the chairman of the Republican Party said, and he has been in the meetings here. He has attended the meetings when this budget was developed and the statements were planned. He said it is a big lie campaign. Six months later, it was the truth.

The GOP House budget plan includes $286 billion in Medicare cuts, and the House budget includes and the Senate budget provides funds for GOP tax cuts that would give $20,000 a year to the wealthiest Americans.

I heard the distinguished Senator from Pennsylvania say that this will reduce interest rates; that things are going to get better.

Well, in 1993, we struggled, and if I recall, after we passed that budget bill without a Republican vote, 50–50, in the Senate, and the Vice President broke the tie, the Fed had to increase interest rates six or seven times in order to cool off the economy because we reduced the deficit by $600 billion. We reduced or eliminated 300 programs. And how many Republican votes did we get? None. Zilch. Zip. None. And we did pretty well.

When you say that we have not done the right thing, I think you have to go back and look at the 1993 votes. And if you also want to say something about 6 months later, there was a Congressman in the House that said it very well. ''If we had come out with this budget in our contract, they wouldn't have voted us in.'' You would not have been elected. At least, he was honest. He was honest in making his statement.

Madam President, last year, the Census Bureau reported the widest rich-poor gap since the Bureau began keeping track in 1947. Business Week magazine suggested that ''If this trend persists, it could tarnish America's image as the land of opportunity.'' In fact, it was a Republican strategist who said, ''This stratifying starts to make us into a different country. It goes to the American notion of fairness.''

And that is exactly why, when Democrats hammered out an economic plan last Congress, we made sure it not only dramatically cut the deficit, but also helped create an environment for strong growth, proven by the interest rates that we were called on to pay and increased by the Fed. We provided resources so all Americans—and I underscore ''all''—could obtain the skills necessary to compete in a global economy. We accomplished those goals amidst the first investment-led recovery with low inflation in 30 years.

Today, Senate Republicans have put forth a budget that also looks to eliminate the deficit. But the similarities, Madam President, stop there. While Democrats sought to put in place an economic plan to further empower the hard-working families of this country and their children, the Republican plan appears to be driven almost entirely by the desire to cut taxes for America's most well off.

Middle-class Americans understand that balancing the budget requires the Henry Clay tactic—compromise, mutual sacrifice, negotiated hurt, as Henry Clay would have said. But while they are being forced to accept the biggest rate hike in Medicare history, those Americans making $300,000 or more are walking off with a $20,000 a year tax cut, low-income Americans are being forced to pay more taxes.

While low-income Americans are being forced to pay more taxes when the earned-income tax credit is slashed, those millionaire Benedict Arnolds spit on the flag, renounce their citizenship in the United States—we tried to prevent it and we could not because the votes on the other side would not let us—so they can get out of paying U.S. taxes. As we say down in western Kentucky, ''Something about that ain't right.''

And while middle-class Americans are being forced to pay thousands more to send their children to college, loophole after loophole remains intact for America's richest.

There is not a single Senator here who supports the status quo—not a single Senator. But on this side of the aisle, we do not want to see America's image as the land of opportunity tarnished. We want a budget that is balanced, not one that sends middle-class Americans home emptyhanded so that the richest Americans can pocket a $20,000 a year goody.

While the 1 percent of Americans are trying to figure out how to spend their extra 20,000 bucks, middle-class Americans are trying to figure out how to care for their elderly, sick parents when Medicare is slashed by over $250 billion. While the 1 percent of Americans are trying to figure out how to spend their extra 20,000 bucks, middle-class Americans will be trying to figure out if their dreams to send their children to college are impossible to obtain. And while the 1 percent of Americans are trying to figure out how to spend their extra 20,000 bucks, those hard-working families struggling to become middle class will try to figure out how to do so now that the earned-income tax credit that they enjoy is slashed and their taxes are raised.

Medicare: What are the cuts really for?

Madam President, there are 585,000 Medicare beneficiaries in my State of Kentucky. I hope many of them will follow this debate, follow it closely, so we can consider the Republican proposal to cut Medicare by $256 billion over the next 7 years. I hope many of them will try to figure out what those cuts are really for. Why are they in this budget? Why $256 billion?

There are $170 billion in proposed tax cuts in this Republican budget, although they have tried to hide them in something called a tax reduction reserve fund. If these tax cuts are anything like we have seen from the House of Representatives, we know that they will primarily benefit well-off Americans with high incomes.

Our colleagues on the other side of the aisle deny that Medicare cuts are being used to offset these tax cuts for upper income Americans. They have suggested that the Medicare trust fund is going broke and that we have a crisis. They have also suggested they do not know what specific steps should be taken to make the trust fund solvent, and that we should set up a commission—a commission—to recommend changes in the Medicare program to make it solvent.

I hope Republicans are prepared to answer the questions the 585,000 Medicare beneficiaries in my State have for them.

First, if we cut Medicare by $256 billion, how much longer will the trust fund be healthy? Answer that. We have yet to hear the answer. If we are truly reacting to a crisis, then what will $256 billion in cuts do to affect the crisis? If the proponents of these $256 billion in cuts do not know the answer, this would appear to be further evidence Medicare cuts are being made to offset tax cuts for upper income Americans.

Second, and more puzzling, if Republicans are cutting Medicare to avoid a crisis in the trust fund, and if Republicans do not know yet what specific steps to take until a commission tells us, then how do they already know the specific amount to cut? If we need a commission to tell us how to make the trust fund solvent, do we not need to add up the changes they recommend before we know the total amount of cuts?

How can we know that $256 billion in cuts are needed to make Medicare programs solvent? It sounds suspicious to me and a lot of Americans. Either Republicans already know what Medicare changes they will make and they will not tell us, or $256 billion is simply the number they needed to offset the tax cuts.

I hope the 585,000 Medicare beneficiaries in my State will hear answers to some of these questions. Madam President, we have a Medicare crisis today and we had an even greater Medicare crisis in 1993 and 1994. The Medicare beneficiaries in my State want to know where the Republicans were then.

In 1993, the Medicare part A trust fund was projected to go broke in 1999, only 6 years out. Let us not forget how tough some of those decisions in the 1993 deficit reduction package were. More than $1 out of every $5 in deficit reduction in 1993 went to shore up Medicare. We cut $56 billion in spending for Medicare over 5 years in the 1993 deficit reduction package. These cuts included $23.3 billion in payments to hospitals, $15.7 billion in payments to doctors, $9.1 billion in payments involving both hospitals and doctors. These were tough cuts, and we did not get a vote from the other side of the aisle to make those cuts.

We also lifted the cap on wages subject to the payroll tax which funds

Medicare part A, and increased the amount of Social Security benefits subject to taxes on those making over $44,000 a year. A tough choice, but we dedicated every penny of increase of revenues to Medicare. They went to Medicare. These were painful changes, hard votes. We made them; they did not.

Consider together they shored up the Medicare Program by more than $100 billion over 5 years, and how many Republican votes did we get to help shore up Medicare? Not one. Zilch. Zero.

In 1993, when Medicare was projected to run out of money by 1999, how many Republicans said, ''There's a Medicare crisis?'' Not one. Zilch. Zero.

In 1994, when health care reform was being considered and Medicare was projected to run out of money by 2001, how many Republicans said there was a crisis in Medicare? None.

In fact, last year, many went out of their way to stress that there was no crisis—no crisis—in health care. More than $1 out of every $6 spent in this country in health care comes from Medicare. In fact, over 40 percent of health care expenditures nationwide comes from the public sector, and this is primarily Medicare and Medicaid.

When the Medicare trustees' report came out earlier this year, it actually extended by 1 year the projections of when the Medicare trust fund would run out of money.

Yet, my Republican colleagues, none of whom recognized the Medicare crisis in 1993 and many of whom denied the existence of any health care crisis last year, seized upon the trustees' report to justify now a crisis, a crisis worthy of $256 billion in Medicare cuts.

I have 585,000 Medicare beneficiaries in my State. They should look behind these numbers. There are a lot of unanswered questions. How do we know from reading the trustees' report that $256 billion in cuts are needed?

Let us take a look at what the report says. Part A pays for inpatient hospital care, skilled nursing facility care, home health care, and hospice care. Most Americans 65 or older are automatically entitled to part A protection. There are over 36 million beneficiaries nationwide, and Medicare part A is financed by the Federal hospital insurance trust fund. According to the trustees' report, at the end of 1995, the part A trust fund will have an all-time record balance of $134 billion, which will grow slightly in 1996. However, the balance will decline, thereafter, to the point where the fund becomes dangerously close to being insolvent by the year 2002.

The trustees also reported on Medicare part B. Part B of Medicare is voluntary. It pays for doctors' services, other medical and health services, like laboratory and outpatient services, and some home health care services not covered by part A. Part B is financed by the supplemental medical insurance trust fund.

According to the trustees' report, this part B trust fund will have a balance of $26 billion in the year 2002, even larger than the balance today and an all-time record. So if there is a trust fund crisis, it is in part A.

Yet, we do not know where the $256 billion in Medicare cuts in the Republican budget will come from. Do our Republican colleagues view a crisis in part B, as well? How will the $256 billion in cuts be allocated among part A and part B?

Madam President, I do not know what we need a commission for, but if we are to have one, this raises even more questions:

What will the instructions to the commission be? Could the Medicare crisis commission recommend tax increases, raising the current payroll tax used to fund part A? If so, are our Republican colleagues saying they will support those tax increases? What if the commission recommends less than $256 billion in Medicare cuts? Will Congress be required to cut $256 billion from Medicare anyway to offset the tax cuts for the very rich and the Benedict Arnolds in the Republican plan? Madam President, how do our Republican colleagues know that $256 billion in Medicare cuts are needed?

They are very precise in this budget. They are very precise. Our Republican colleagues tell us Medicare is in a crisis. They tell us it needs to grow by 7.1 percent per year—not 7 percent, not 8 percent, but 7.1 percent per year.

They tell us we need to cut Medicare exactly $12 billion next year, then $22 billion, then $27 billion, then $36 billion, then $44 billion, then $53 billion and, finally, $62 billion in the year 2002.

These are very precise levels of Medicare cuts year by year, yet we need a commission to tell us what to do about Medicare.

Let me talk a minute, if I have any time left, about education.

The PRESIDING OFFICER. The Senator's time has just expired.

Mr. FORD. I was pretty close to it then, was I not, Madam President? I will have another day and another time, and I want to talk about education and the cuts in that. I hope I will be able to have maybe 10 minutes then just to talk about what the Senator from Pennsylvania was talking about, our children. We want our children to be educated, and if they are not educated, they will never make the middle class.

So I yield the floor, and I thank the Chair for her patience.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi. Under the previous order, the Senator is recognized for 15 minutes.

Mr. LOTT. Madam President, I am very pleased to rise in support of the concurrent resolution on the budget for 1996, and I would like to begin by congratulating the distinguished chairman of the Senate Budget Committee, Senator DOMENICI, of New Mexico, for all the hard work he has done and all of his staff work that has been involved in putting this package together.

It is large, it is complex, and it is a very complete document. Also, I want to commend the Budget Committee members because there were a lot of meetings, a lot of discussion, a lot of give and take. But in the end, we came together, worked together, and produced a budget resolution that, in my opinion, is a very critical document.

It will take the Federal Government to a balanced budget by the year 2002. Frankly, I had my doubts that we would ever bring a budget resolution to the floor of the Senate that would do what we said we would do, and that would be to get us to a balanced budget. But this document does it.

Is it perfect? Probably not. There never will be such a thing. Obviously, I would like to add some additional tax relief for the American people into this budget resolution. But this budget resolution does take us to a balanced budget in the next 7 years.

Let me respond just a little bit to some of the comments we have heard in the last few moments.

First, I think we should emphasize that it does not matter which party presents a balanced-budget plan, as long as it is done. The American people want us to get on with the job of controlling deficit spending and, some day, some day maybe even deal with the debt of this country. They want us to think about the future of our children and the future of our country. They understand that we cannot continue to have this profligate spending forever, without somebody paying the price, and they know that somebody is going to be our children.

Now, we have tried it other ways. I have been in Congress for 22 years. I have seen Republican Presidents, Democrat Presidents, Democrat Congresses, lots of those, and a Republican Congress, finally. Well, both parties have failed in allowing these deficits to go up year after year after year. But it is time for us to bring that to a stop.

(Mr. FRIST assumed the chair.)

Mr. LOTT. The American people do not want the status quo. They want us to get the budget under control. I will say this: This budget resolution shows the fundamental differences between the two parties. Oh, yes, we had a budget resolution in 1993 that not a single Republican voted for that the Democrats passed. Do you know what that budget resolution was? It was little more than monstrous tax increases.

This is a budget resolution that gets us to a balanced budget by cutting spending and by controlling the growth of programs throughout the Government. Surely, that is the preferred way to do it. The American people do not want us to raise taxes on them anymore. They want us to control the growth of Government, control spending—and, by the way, even let them keep a little bit of their hard earned tax money—their money. In Washington, when the people are allowed to keep their money, it is called a tax expenditure. The Government is giving it away. Well, to the people that is their money that is being taken away by the Government.

One of the things that happened in that 1993 budget that I still have not gotten over—and the distinguished Senator from Kentucky mentioned it a while ago—was that it had a provision that raised taxes on Social Security recipients, and not just the wealthy. At one point, I think it was all the way down to $19,000. We forced it back up to a little higher level. It raised the Social Security earnings threshold on people who are not wealthy, middle-income retirees, and moved the money over into other programs. The explanation was that this would help fund the inadequacies of Medicare.

Well, my colleagues, we all know that Social Security and Medicare are not the same. They are two different programs. When you raise the taxes on Social Security, it ought to go for Social Security if it is taxes are to be raised—and they should not be raised at all. At least the money should not be moved over and put into other programs.

The point was made in the past few minutes here about this terrible rich-poor gap. Well, why has something not been done about it? The party of the Senator who was speaking has been in control of the Senate for all but 6 of the last 40 years. Their party has been in control of the Congress. Obviously, their programs have not worked. They have failed. The rich-poor gap is there, it is bad, and we need to do something about it. But what we have been doing has not worked. It has failed. It is time for change. That is what this budget resolution will help move us toward.

One final thing. Gripe, gripe, gripe. Not this, not that, not mine, not yours, nobody's, do not cut this or that. I have heard everything about this budget resolution. You cannot cut this, you cannot touch that. We do not like your budget. I have been through that Kabuki dance before. We have been guilty on occasion where we have said, ''We are not going to offer our budget resolution; we will just attack yours and offer amendments.'' And we were made fun of by the other side. Sometimes, though—and last year we did it—we were challenged and asked, ''Where is yours?'' Even while in the minority we said, ''Here is what we will do.'' And it was a tough, good budget.

Here is what I have to say now to those that are whining about what is or is not in this: Where is yours? Put it up. Let us see what your approach is. Well, we know. It is just to raise taxes. Well, we tried that and it does not work. It just makes the gap between rich and poor worse.

Now, Mr. President, what I really wanted to address today—except I got so fired up from what I heard from the previous speakers that I got a little off my plan—was why we need to do this resolution, hopefully in a bipartisan way. Why are we making these tough choices? I think it is because we really need to do it. We need to do it for our country, for our economy, and we do need to do it for our children. We have serious problems hanging out there that we cannot ignore.

Now, we have come up with a plan here to balance the budget, without touching Social Security or raising taxes. We limit growth in spending and cut needless Government waste.

We limit growth in spending. I keep emphasizing that. We have found a tough, but fair, course that takes us toward zero deficit. When I go home, people say, ''When are you guys going to get that deficit under control,'' or ''When are you going to do anything about the debt?'' Well, this does it.

If you look at this chart that I have here, spending versus revenues, 1974 through the year 2004, as a percent of gross domestic product, you can see that we have had a chronic problem of what we spend exceeding what we take in. This cannot continue. Yet, it will unless we do something. The gap between what we are taking in and what we are spending is going to continue to grow. Every businessman, every individual, rich, poor, middle class, you cannot live like this—not even the Federal Government. This is the problem and this is what we are trying to address.

We must balance our books. It is that simple. This should be at the top of our agenda, along with returning resources and power back to the States, communities and families, ending useless programs, and fixing those important programs that need fixing.

Now, I know you are going to hear, ''You could have cut some of these programs out in the past.'' Yes, maybe we could have or should have, but we did not. Now we have another chance. This is a time we should come together and make the difference. The problem is overspending that saps our country's strength and harms our families. If we do not stop spending, the problem will get worse. This budget resolution is the way to fix the problem. It will stop the Nation's slide into insolvency and preserve the American dream for us and our children.

We are in the last generation—and maybe this is the last Congress for a while—that can really make the changes we need to make. It has been a generation since this country has had a balanced budget. In the 1960's, deficits averaged about $6 billion a year. In 1969, I think almost by accident, we had a balanced budget. In the 1970's, deficits averaged $38 billion a year. Now, in the 1990's, deficits are averaging $259 billion a year. Again, we have gone from zero balance to hundreds of billions of dollars in the red within a generation.

Why do we have this problem of deficits? What is the Government spending all this money on? It is not defense. We are going to have a tremendous debate on that. ''Cut defense more; that is the solution.'' No, defense has been cut. Defense spending has been halved—cut in half—over the last 30 years and has been going down every year for the last 10 years. Domestic discretionary spending has declined, too. It is not foreign aid. A lot of people think we can cut some of the foreign aid and solve the problem. There is not enough there. We do need to cut back on it even more, but it is a minuscule part of the budget.

The culprit—the culprit—is the Great Society programs—overblown, costly programs and bureaucracies that too long have been resistant to helpful change. These are well-meaning programs. They were at the time, and many of them still are. They are just not well-run. Many have outlived their usefulness and are bloated, inefficient, and they do not serve the people as well as they could or should and, without change, they will destroy our future. It is uncontrolled bureaucracy. I am talking about spending frivolously. These programs, combined with interest rates on the national debt, are a major part of our budget. This part is getting bigger, while everything else is shrinking.

In 1963, entitlements and interest were just 24 percent of the budget. Now they comprise over 56 percent of the budget.

If we do not slow the rate of growth of these programs and interest payments, Great Society spending and interest on the debt will take up 69 percent of the budget by the year 2003. And it gets worse.

Around the year 2011, all Government revenues will be taken up by just five things: Social Security, Medicare, Medicaid, Federal retirement benefits, and interest on the debt. All the revenue would go for just those programs.

That means no money for anything else. Our borders would be unprotected, our children untaught, our roads unrepaired, there would be no school lunches, food stamps, or farm programs. We have to get this under control. Even these five programs I mentioned will be in trouble if we continue to run deficits.

Clearly, we are heading down the wrong road. So we face the possibility if we do not change of only having enough money to pay interest on a huge national debt. We will not have enough money for much of anything else.

This might seem far-fetched. It might seem like we are using scare tactics, and I know we will hear a lot of scare tactics in the next few days. We do not need to make up stories to frighten parents and working people. The facts are scary enough.

We want to get the facts out to show the American people that we must change. The people said they wanted it last year. The President of the United States ran on that, and was elected in 1992—change. Now, we have a chance to really get it.

This budget resolution begins the change. If we look at this next chart, Federal budget deficits, President Clinton's budget versus Republican budget, we see that the budget resolution I am discussing will get to a balanced budget in 7 years, while the President's budget runs up deficits in the range of $200 billion as far as the eye can see.

Here is President Clinton's budget proposal for the year. It goes out to the year 2001. And here is the budget we are talking about here on a steady decline down to a balanced budget by the year 2002.

Now, the administration paints too rosy a picture. As we see in the next chart, Federal budget deficits, Clinton budget versus Republican budget, the purple line shows the Clinton budget actual, and then here is what he is claiming, and here is what the budget we are talking about here does.

The Congressional Budget Office revealed that the Clinton budget will actually lead to annual deficits of almost $300 billion. This, of course will lead to bankruptcy, and I mean soon.

Now, that is gloom and doom talk, I admit. But deficits do have an effect on our lives today, too, not just in the future. Some people will say, what do they really mean? These billions and billions of dollars seem unreal. Deficits seem like something in Washington that those guys talk about and worry about.

Here is what it does: The Nation's debt hurts personal living standards now. Each American's share of our $4.9 trillion debt is $18,500. That is what it means for each one of the American people. According to the President's budget, this debt will rise by 1999 to $6.4 trillion or $23,700 a person. That is what every American will owe if we go with the President's budgets.

Deficits have lowered family incomes. A Concord Coalition study revealed that if the United States did not have deficits or a large national debt, average family income would be $50,000 instead of $35,000. Let me say that again. If we did not have these big debts, the average American family would be making $50,000 instead of $35,000.

That is what it means to individuals. I am trying to bring this down to numbers that we deal with on an everyday basis, not the big $1 trillion debts. Because we have not controlled spending, each family in this country has lost $15,000 smokes.

Deficits raise interest rates, too, making buying a home or a car more expensive for all Americans. If we balance the budget, the prestigious Wharton School of Economics says interest rates would drop 4 percent. The average homeowner would save $500 per month on their mortgage payments. So we are talking about savings on interest.

Deficits cost Americans jobs. Maybe this is the cruelest part of all. We have lost 3 million jobs due to deficit spending over the last 10 years. Not putting that on either party, it is just a fact.

Most importantly, deficits put a penalty on our children. Our children are another reason and the main reason for reducing this deficits. The National Taxpayers Union found that a child born today will have to pay over $100,000 in extra taxes.

Mr. President, if my time is expiring could I ask for an additional 5 minutes of time?

Mrs. HUTCHISON. Mr. President, I yield 5 minutes to Senator LOTT.

Mr. LOTT. That is $100,000 in extra taxes over the course of his or her life, just to pay the interest on the debt.

Also, every new $200 billion in deficit spending, and President Clinton has that or more every year, in the budget a child has to pay an additional $5,000 in taxes to pay the interest costs. Children would have to pay 90- to 100-percent tax rates to pay this kind of deficit spending.

We cannot do it. It is not right for our children to face these deficits for what we have not done. So, now it is time for us to really do something. What we are talking about is slowing the rate of Federal growth. This is how it really works. We do this, by the way, by 2002, without touching Social Security. We ratchet down the deficit by $30 billion a year by slowing spending to 3 percent overall from 5 percent.

Spending will actually grow 3 percent a year. We just slow it down 2 percentage points. Spending will actually increase $1.9 trillion in the year 2002. I have had people ask me why do we not do it sooner? Why are we waiting so long? Why do we allow all the spending to go up? The point is spending will continue to go up even though we are controlling the rate of growth.

In this budget, we shrink bureaucracy, over 100 departments, programs, and agencies are prudently eliminated. We consolidate, terminate, and improve efficiency, and we do protect our senior citizens by preserving the Social Security COLA and saving Medicare.

I would like to allow senior citizens between 65 and 75, who would like to continue to work if they make under $30,000 a year, without having the earnings test kick in and take part of the money away from them.

This budget returns America to fiscal reality and will bring back prosperity and embolden, I think, the American people.

Let me digress by saying I think that the most egregious fear tactic I have heard employed so far on this was the suggestion that Republicans want to do damage to Medicare. Actually, the reverse is true. We want to preserve and improve and protect it. I have heard speeches on the floor that sound like speeches of a captain on a sinking ship, begging the passengers stay on just a little while longer, saying nothing is going wrong, knowing all the time Medicare has problems we have to deal with. There is a lot of hot rhetoric in this particular area.

Medicare will be bankrupt in 7 years if we do not do something about it. The President's own Medicare board of trustees have said this. And on that board are Cabinet Secretaries Reich, Rubin, and Shalala. The President's own people say that Medicare cannot sustain its spending growth of over 10 percent a year. It is growing at 10 percent a year or more.

The care that senior citizens count on will not be there in 7 years unless we do something. Workers will have higher taxes, providers will be reimbursed less, seniors have to pay higher premiums and they get fewer benefits.

This will happen if we listen to the other side and do nothing. Do nothing. We want to preserve Medicare. What we will do is to call for reforms, and we would slow the growth to 7-percent a year. Still, more than twice the rate of inflation.

So instead of growing at 10 percent a year, through honest reforms that would make the program better, I think, and give some more options to our senior citizens, they would still have a 7-percent growth. And we can save Medicare by doing that.

We have identified the problem. Deficit spending and debt. We know what will happen if we do not change—bigger debts, less prosperity, and national bankruptcy. We have identified a solution. Slowing the spending growth starting with this budget resolution.

It does not matter which party does it as long as we do. We should fix it without so much finger pointing. We should balance our budget. We have a chance to do it. Many people then will be the beneficiaries if we will get away from the status quo.

So, Mr. President, I want to conclude by saying that I urge my colleagues on both sides of the aisle to look seriously at this budget resolution. Let us come together and support it. We have a unique opportunity, one that I have not seen in 20 years or more. If we let this opportunity go by, we will not have another one probably for 10 or 20 years, and the damage will be devastating. This is about our future. It is about our children. I worry about my own mother, 82 years old. She depends on Social Security and Medicare. I care about her. But I worry more about my 27-year-old son and my 24-year-old daughter. Will these programs be there when they need them? If we do not pass this budget resolution, if we do not know what to do, what needs to be done today, then the answer is no. These programs will not be there.

We have this golden opportunity, and we should seize it.

I yield the floor, Mr. President.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, first I want to pay tribute to my good friend from New Mexico, Senator DOMENICI, chairman of the Budget Committee, who has indeed made a monumental effort to bring a balanced budget to the floor of the Senate. I consider Pete DOMENICI a good friend. We seldom vote together, but we banter back and forth in a friendly way. And what he did in bringing this budget to the floor was not easy.

If you ask the American people, ''Do you understand this budgeting process?''—the answer would be no. It is a very arcane procedure. People in the U.S. Senate do not understand it, let alone the 260 million people in America. But if you would also ask the people of America, ''What do you want more than anything else?''—they would say, ''We would like to hear a lot less partisan bickering between Democrats and Republicans. We would like to see those two parties hold hands for a change and provide a final budget.'' That is a nonnegotiable demand by the people of this country, and it is a legitimate demand.

But we have two parties. The reason we have two parties is because we do not agree.

I consider this budget to be a virtual assault on the most vulnerable, exposed people in America. It is an assault on education. It is an assault on working people. And above all, it is an assault on the elderly people who depend on Medicare, and who are terrified. When they hear us continue to talk about it, they wonder: Do they have a future? Is their health care going to be provided for, or is it not?

Before I go any further, Mr. President, I want to also say something to my friend, the junior Senator from Pennsylvania. I have never, in the 20 years I have been in the Senate, heard a Member of the U.S. Senate say, ''Where is Bill?'' ''Where is George?'' ''Where is Ron?'' I consider that to be the exemplification of the growing incivility of the people in this country towards each other, the lack of respect that people have for each other. Nobody could have disagreed with Ronald Reagan more than I did, and I stood right here in this spot. But you never heard me say, ''Where is Ron?'' The President of the United States deserves the respect of everybody. The office and the man who holds it deserve our respect. And, above all, he deserves not to be called in a denigrating way by his first name on the floor of the U.S. Senate.

He has been a good friend of mine for 20 years, and I might occasionally say ''Bill Clinton.''

But it would benefit all of us to show more respect for the Presidency of the United States.

Mr. President, I might also say to the Senator from Pennsylvania, who was saying, ''Where is Bill?''—Where was the Senator from Pennsylvania when he was a Member of the House of Representatives in 1993, when President Clinton was cajoling, begging, pleading with both Houses of Congress to cut the deficit by $500 billion which, incidentally, turned out to be a $600 billion cut? Where was the Senator from Pennsylvania? Where was every single Republican in the House of Representatives and every single Republican in the United States Senate? Well, to coin a phrase, AWOL. You could not find them with a search warrant.

They said, ''You are raising taxes.'' Everybody jumped under their desk on that side. And the Vice President had to come and cast the deciding vote. Every single one of the 44 Republican Senators voted no.

Do you think I enjoyed voting for a tax increase? I did not even enjoy voting for the budget cuts. But had it not been for the courage of President Clinton and the Democrats in this body and the House of Representatives, we would be here not debating a $1 trillion cut between now and the year 2002; we would be debating a $2 trillion cut.

Where were they?

Here we have this draconian budget which, as I say, is an assault on the most vulnerable people in America: Our youngsters who want to be educated, lower-class working people, and the elderly. Even Medicaid. Of the roughly 25 million people in this country who are eligible for Medicaid, 10 million to 12 million of them are blind, disabled, and elderly.

Oh, yes, and the Republicans are lining up the votes to cut those programs. Why? To preserve the Contract With America, in the House, which would cut taxes by $371 billion by the year 2002, and in the Senate bill, $170 billion very carefully set aside for a tax cut for the wealthiest, not for the people we are assaulting, but for the wealthiest in America, those who do not need our help.

We are always hearing what the American people want. Here is a poll by USA Today taken December 20, 1994: ''If Congress is able to cut spending, where should it go?'' Seventy percent say deficit reduction, 3 times more people than say they want a tax cut. It just shows you the American people are not selfish. They want a balanced budget. They would like a tax cut, of course. But given an option between the two they will take a balanced budget every time.

I heard the same arguments in 1981 that I have heard here all day today. In 1981, they said we will balance the budget by cutting spending, cutting taxes, and raising defense spending. And I said about an hour before we voted on that, ''You pass this and you will create deficits big enough to choke a mule.'' And I was wrong. They were big enough to choke an elephant.

Senator BRADLEY of New Jersey, Senator HOLLINGS of South Carolina, and yours truly were 3 of only 11 Senators who voted for the spending cuts and against the tax cuts.

Mr. President, we would be sitting here tonight enjoying not only a surplus but drawing interest on it if 51 people in the Senate had voted that way. The herd instinct was flowing through this body like I have never seen it before. And so what happened? We voted to double defense spending. We voted to cut all other spending. We voted a massive tax cut, most of which again went to the wealthiest people in America. And here is what happened, the deficit exploded.

At the time we debated the 1981 resolution, the deficit was $65 billion. And the Republicans said that if we would just adopt their resolution, in 1983, no later than 1984 or 1985, we will balance the budget.

That was the promise. That was $3.5 trillion of indebtedness ago. The deficit went completely out of sight. And so today we have a $4.6 trillion debt because that siren song was irresistible.

The Democrats have been criticized, and with some legitimacy, for not offering an alternative. We could offer an alternative. It would not pass. It would be defeated. But we have four important amendments. I will make an offer to that side of the aisle. You adopt our four amendments, which will still give us a balanced budget by 2002, and I will vote for your budget resolution. I will vote for that resolution. Put that $170 billion that is very carefully set aside for a tax cut, and put it back in Medicare, Medicaid, student loans, and the earned income tax credit, and I will vote for it. And I will worry about reforming everything else later on. Now, if that is not a fair proposition, I do not know what is.

I heard a Congressman the other day say we are going to give welfare recipients a chance to become productive citizens by cutting them off. You tell me how you make productive citizens out of the 20 percent of the people in this country who are on welfare and who are dysfunctional, unemployable. You think you have a lot of homeless people in Washington, DC, right now? Wait until you pass this budget. Wait until you pass welfare reform as it is being proposed here. It is a death sentence for a lot of people.

These Medicare cuts, what do they do? They fall on the people who are totally dependent on Medicare. They fall on the rural hospitals in my State, which are totally dependent on being at least adequately reimbursed. And they fall, Mr. President, on the doctors who are also going to have to assume a good piece of the hit.

We all know Medicare reform is necessary. Everybody knows Medicare is going to have to face up to reform. But to cut Medicare to make room for tax cuts is absolutely heartless. Look at the capital gains tax cuts that have been passed in the House; 76 percent of the cuts go to people who make over $100,000 a year. Is that what we believe as a people in this country, that 76 percent of a tax cut should go to people who make over $100,000 a year?

Look at this chart. Here is the average tax cut per household by income category. If you make between zero and $30,000 a year in a family of four, you get a whopping $124 a year. That is a pizza every third Friday night. If you make over $200,000 a year, you get a tidy little sum of $11,266. Who here believes that is what America is all about?

Somebody once said that a progressive tax was something Karl Marx dreamed of. Unhappily, they did not know about Teddy Roosevelt. He was the person who gave us a progressive tax system. You want me to vote for a bill that provides that kind of relief to people who make over $100,000 a year and $124 a year to people who make $30,000 a year and in the process take away the earned income tax credit from them?

I am not going to embarrass anybody by reading quotes, but the last two Republican Presidents and the majority leader of the Senate today have all said the earned income tax credit is the best program ever invented to keep people off welfare.

Do you want to save the Government $21 billion? Raise the minimum wage to $5.15 and you can cut a lot of that investment tax credit out. But this is a tax increase on people who are making $28,000 a year or less, while we give a cushy $11,266 a year to people who make $100,000 a year or more. It is heartless.

Education will take the biggest cut in its history. I would not be standing here, Mr. President, if I had not put in 3 years in World War II and gone to school on the GI bill. My father could not have afforded to send my brother to Harvard Law School, a classmate of the distinguished Senator from Rhode Island, who is standing in the Chamber tonight. He could not have sent me to a prestigious law school where the tuition would have been totally out of the question. So I am a champion of student loans and Pell grants.

The managers of the bill say, well, this does not cut student loans; this does not cut Pell grants. What does it say? You will cut a certain amount of money in these functional areas. And when you analyze that requirement, student loans and Pell grants are the only places you can find that amount of money within a particular functional area. CBO has said if you borrow the maximum of $17,000 for undergraduate studies on student loans, your fees and interest rates will probably cost you an additional $5,000. Mr. President, kids who have borrowed money to go to school are so saddled with debt they cannot breathe. Now we are going to sock another $5,000 on them.

What else does this bill not do? This bill says you may not touch defense. There is $255 billion next year that is off limits. It does not make any difference how much of it is squandered. Every person in the Senate read the lengthy article last week saying that for the past 15 years the Defense Department has spent billions and billions without knowing where it went and cannot until this day be traced—overpaid contractors without knowing what they were paying for. One of the saddest things I ever read in my life. We are not talking about $700 coffee pots and toilet seats. We are talking about checks written that should never have been written, people being overpaid, nobody knows what for.

So what will this budget do? It will cut school lunches. It is going to cut AFDC payments for the poorest of the poor, eliminate the investment tax credit which is an effective tax increase on the lowest income people in America, and there is a firewall around defense. You cannot take a penny. No matter how lousy a weapons system may be, you cannot kill it and put that money into student loans. You cannot put it in school lunches. Of course, if you want to put it in some other weapons system, that is just Jakey.

A House Member last week was quoted as saying he was not going to vote for any more foreign aid. You want to hear applause? Just say you are opposed to foreign aid and you will have people applauding. Most people just think if we eliminated foreign aid and welfare, we could balance the budget. Foreign aid is less than 1 percent of the budget. But the House Member said we give this money to Third World countries and they buy weapons and starve their own people. What are we doing, focusing attention on foreign aid when it is less than 1 percent of the budget?

What else did we not touch in this budget? Why, the space station. The biggest single boondoggle in the history of the world. We have spent over $11 billion on the space station as of this moment, headed for $100 billion—yes, $100 billion—while we cut student loans, student lunches, AFDC, investment income, raise the taxes for people who make $30,000 or less by reducing the earned income credit, and we leave the space station fully intact. The senior Senator from Texas was quoted in the paper the other day as saying, ''Yes, I am going to go for a tax cut. I am going to offer an amendment to cut taxes in the Chamber.''

We have not even begun to cut as much as we need to.

The other day I said to the junior Senator from Texas that I am not going to offer an amendment to kill the Space Station on this bill. But do not get too comfortable, because I am going to offer it later.

Mr. President I ask unanimous consent for an additional 5 minutes.

Mr. EXON. Mr. President, I yield an additional 5 minutes to the Senator from Arkansas.

Mr. CHAFEE. Mr. President, I wonder if the Senator could keep it to a couple of minutes.

Mr. BUMPERS. I say to the Senator, he has not waited nearly as long to take the floor as I did.

Mr. CHAFEE. You go ahead.

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

Mr. BUMPERS. So the space station, which costs $160,000 per job, is safe and secure. It is only the most vulnerable, the elderly, the blind, the disabled, and the children, they are the only ones who bear the brunt of this.

What else was not touched? Why, mining laws. In 1988, I started trying to revise the mining laws of this country to keep the U.S. Government from selling billions of dollars worth of gold for $2.50 an acre and here it is 1995 and they are still selling America's land for $2.50 an acre that has billions of dollars worth of gold and platinum under it. And what do the taxpayers of America get out it? Zip. Not a penny.

Whoever is tuned into C-SPAN in America tonight would not believe that. It is a fact.

The Secretary of the Interior as recently as 6 months ago was forced by the courts to deed $11 billion worth of gold to the Barrick Mining Co. for the princely sum of $9,000. It is not mentioned in this budget. You talk about corporate welfare.

I can remember 3 years ago when the mining companies would say, ''We might be able to afford a 2 or 3 percent net royalty,'' even though to private land owners that they mine on they pay 18 percent. They might find it in their heart to voluntarily pay 2 to 3 percent on Federal lands. That was when gold was $333 an ounce. That was when platinum was $354 an ounce.

And in this day, 1995, gold is $384, $51 an ounce more than it was then. Platinum is $427, almost $75 an ounce more than it was when they said they would pay 2 to 3 percent.

Today, guess what the argument is? They will still go broke if you impose a royalty on them.

Mr. President, that is the worst, egregious form of corporate welfare I have ever seen in my life. And yet I never get more than six Republicans to vote with me to stop the most outrageous practice going on in America.

The people who are assaulted by this budget cannot afford $1,500 for a ticket to Washington, DC fundraisers. Do you know who they depend on because they cannot afford the 1,500 bucks? They depend on me. They depend on you. They expect you to be concerned about them. They expect you to see that they are treated fairly.

Why do we not drop this $170 billion nonsense called the tax cut for the middle class which goes to the wealthiest people of America and keep faith with the people who sent us here to do their business?

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. Under a previous order, a Republican Senator was to be recognized next.

Mr. EXON. Mr. President, I ask for 1 minute.

I just wanted to take a minute's time to compliment the excellent remarks, right on the point, by two of my best friends in the U.S. Senate with whom I have had the opportunity to serve with as a former Governor of Arkansas and a former Governor of the State of Kentucky. Governors, who have been through these difficult decisions of balancing budgets, should be listened to more than they are sometimes.

I just want to say to my friend from Arkansas and my friend from Kentucky, well done, well stated, and I hope that the American people are listening.

I thank you, Senator, and I thank you, Senator FORD, who will be back on the floor in a very short period of time.

I yield the floor.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I yield 3 minutes of my time to the distinguished Senator from Rhode Island, Senator CHAFEE.

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

Mr. CHAFEE. Mr. President, I thank the distinguished Senator from Wyoming for yielding me 3 minutes.

Mr. President, the challenge facing the Senate over the next few days is whether we will be able to muster the courage—there has been a lot of talk about courage out here tonight—but the question is whether we will have the courage to pass a budget resolution that, for the first time in three decades, 30 years, will bring the Federal budget into balance. It is a monumental debate involving the single most important step we can take this year to markedly improve this Nation's future.

We cannot continue on the path we are currently on, which is spending more money than we take in and sending the bill to our children.

Think of it. Of every dollar the Federal Government spends, 13 cents is borrowed. That is what is going on right now in this Nation of ours. Our current deficit, what we are budgeted for this year, is $200 billion more—$200 billion more—spending than we are going to take in. And this debt, this deficit, unless we take dramatic steps, will not stay at $200 billion a year. It will grow to $400 billion a year 10 years from now.

Because of the horrendous $5 trillion debt our Nation has, 15 percent of our budget is solely devoted to paying the interest on the debt. Fifteen percent of all the expenditures, taxes, that are raised in this Nation go to pay the interest on the debt. Not a penny of that for principal, all of this for interest.

Interest currently constitutes the third largest expenditure in our budget. First is Social Security, second is defense, and third is interest on the debt. And that last item, interest on the debt, is going up steeply.

The resolution before us represents a fundamental shift in the manner in which the Federal Government is going to run its finances. Seven years from now, as a result of this budget, if it is adopted, we will end the practice of pushing the cost of today's Federal spending onto the backs of our children and our grandchildren. They are the ones that are going to have to pick up the tab.

I commend the chairman of the Budget Committee, Senator DOMENICI, for what he has done and for his excellent work. This budget does what he said he was going to do. It balances the budget by the year 2002, in 7 years. There is nothing dramatic about steep declines. We have 7 years in order to bring this thing into balance. Senator DOMENICI has done this without resorting to any tricks or gimmicks. The Senate and the whole country owe Senator DOMENICI a deep debt of gratitude.

And I want to congratulate him for standing firm against any tax cuts.

There has been a lot of talk, the Senator from Arkansas was talking about the cuts, tax cuts that we are providing.

In this resolution, there are no tax cuts. This budget provides a mechanism which allows us to consider tax cuts only after we have enacted a viable and enforceable balanced budget.

I personally believe we are in too deep a hole to even think about embarking on any sizable tax cuts. If we do realize an economic benefit that comes from balancing this budget—in other words, there is going to be lower interest rates in the future; if, and most economists agree, this budget is adopted, that will occur—then we ought to use that to pay back our debt. Why use it for a tax cut, in my judgment, of any sizable nature? Instead, use it to reduce the debt.

Mr. President, I support the resolution that is on the floor that the Budget Committee has brought to us. Do I agree with every aspect of it? No, I do not. No one does, but it is very, very good in its totality. I obviously have grave concerns about the level of the Medicaid cuts that might have to occur if we adopt the rules, the duties that are imposed upon the Finance Committee. I am concerned about the cuts in Amtrak, for example.

But for those on the other side of the aisle who criticize what we are doing, come up with a better proposal. Do not just criticize what we are suggesting. Do something better.

When we debated and voted on the constitutional amendment on the balanced budget, they all said: ''We do not need it; the true test of deficit reduction is our resolve. All we need to do is balance the budget if we have the courage.''

Well, this side is showing the courage to do it, Mr. President. Here we are. We are taking these steps that are long overdue, and I am just happy to be part of this effort. I hope when all is said and done that this budget, or something very close to it, will be adopted by this Senate.

I want to thank the distinguished Senator from Wyoming for letting me proceed.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I thank my colleague from Rhode Island. At the end of this very first day of debate on the budget resolution, I come to the floor to offer a few observations. I do not think any one of us on either side of the aisle exaggerate when we say that we have the deepest respect for Senator PETE DOMENICI. I have heard my good friends on the other side say just that. We have a great mutual respect for him.

I go on to say that the budget resolution crafted by my respected friend could well turn out, in my mind, to be one of the most historic and important and statesmanlike measures voted on during my 16-year tenure here in the U.S. Senate.

The chairman of the Budget Committee is one remarkable legislator. We here have long known him for his expertise, his integrity, and his dedication to lessening the burden on posterity—our children and grandchildren. So it is a pleasure to see so many here and out in the land giving a long overdue to this man and his work, and he is one of the most hard-working men I have ever met in my time in this place.

So the measure he presents to us would bring the annual deficit of the United States down to zero by the year 2002. People say, why 2002? I answer, because we may never, ever have another chance to do this.

In the future, we could see a war, God spare us, or a recession, and then the retirement of the baby boom generation. That is where the hit comes, the identifiable hit. If we cannot balance the books during this fleeting window of opportunity, I feel very deeply that it will never be done again. We would simply be consigning our children—''kids'' is the phrase used here all day, those kids everybody is always talking about on the other side and our side all day long, the kids—the kids will receive nothing. We will not have to worry about cuts. There will not be anything. We will be consigning those kids to mounting deficits, crushing interest rates, and payments of fiscatory tax rates, payroll taxes. You talk about balancing something on the backs of someone, their backs will break from the tax load that comes if we cannot get this done.

Earlier this year, we voted on a balanced budget amendment, a very exciting debate, vigorous, spirited. Over and over in this Chamber, I heard the opponents of that amendment say, some in high-pitched endeavor, that we did not need an amendment to the Constitution of the United States; all we need is some political courage, some guts to do the job. Oh, magnificent speeches, they ring in my head.

And guess what? Now it is time to do the job, and now we shall see who has the political courage. Oh, indeed, we shall. I cannot wait for the debate.

I am very proud that the majority party in this body is coming forward and proposing a solution to this growing crisis. If you want a good definition of business as usual in Washington, DC, I would say it was the practice of assuming that the public will punish us if we did what was right and then pulling our punches accordingly.

The strategy on the other side seems to be to assume that business as usual will still prevail, to sit on the sidelines, chuckle, do high-fives, and criticize and whoop it up and hope, and, more importantly, pray that our earnest effort to solve this problem will be punished by a furious and angry electorate.

That is a depressing and cynical view of the American citizenry, I believe, and I, for one, do not ascribe to it. We Republicans are, indeed, making a historic gamble. We are betting that if we do what is right, unheard of in itself in this city, if we, indeed, move toward a balanced budget, that the shrieking, and wailing and howling of the various special interests will be drowned out by the chorus of praise—yes, praise—from the vast majority of at least thoughtful Americans who are sick and tired of seeing the burdens of debt pile higher and higher and higher on them and on their children.

And who did it? We did it; we in Congress did it. Do not blame it on Ronald Reagan. Do not blame it on George Bush. Do not blame it on Jimmy Carter. Do not blame it on Bill Clinton. Blame it on us. We have performed superbly for the last 50 years. We have acted like pack horses in dragging the money back to our districts and preening our feathers to tell our constituents: ''What did you want? We heard you and we went and got it for you, even though now it is 5 trillion bucks worth of debt.''

Columnist George Will, a very bright and articulate man, made a rather telling observation, I think it was Sunday before last, on a national television performance. He noted there seems to be a key in the word processors in the Democratic offices on the Hill that automatically types: ''We will not balance the budget on the backs of,'' and then you just leave the blank. ''We will not balance the budget on the backs of,'' and then you fill in the blank: Senior citizens, the children, veterans, farmers, teachers, welfare recipients, ''Masterpiece Theater.'' You name it, if it is affected by serious deficit reduction, and every form of spending must be, then the Democratic Party will oppose it. Guess what, folks; that is exactly why we have $5 trillion in debt.

I am one who is going to balance the budget to get the debt off the backs of the children and the grandchildren. Curious adventure. I think that is what we should do when we are talking about what is on or off the backs. The debt will crush them. Washington must really be the last place in the world where it is realized if you want to get out of debt, you simply can keep spending more and more and more. Washington is also the only town in the world where you cut spending and it gets bigger.

I come from Wyoming. We must simply use a different language out there. We call it English. In that language, a reduction means something gets smaller, not bigger. So anyone who is watching this debate needs to remember that when we are attacked for savage cuts, we are indeed talking about increases in spending only. Only increases, however, that are not as big and as demanding of your hard-earned money as those or some of those in the other party would like.

Earlier today, I saw a chart brought out by the Senator from Massachusetts, my old friend, Senator TED KENNEDY. He and I do a little facing off every day. We do not get paid for that. It is purely a nonprofit activity. We do not agree on all things, but I enjoy him very much. He brought out a chart—a powerful chart—that said ''working families pay for tax cuts for the wealthy''—a sinister preparation. Very interesting, and especially so, since there are no tax cuts in this budget resolution submitted by our colleague. There is not a tax cut in a car load, nowhere. The President, however, still wants $63 billion in tax cuts, and we do not hear too much about that.

So all that we have done is said that if we succeed in balancing the budget, and if this produces a dividend perhaps in the form of declining interest rates, then that money should go to the taxpayers and not for us to spend.

Now, I have personally come out very strongly to say ''no tax cuts'' until the budget is balanced. But I find it extremely odd that Democratic detractors believe that tax cuts are irresponsible even if the budget remains balanced. That is the most curious view of budgetary responsibility that I know. But it is historically so with some of them. But here are the facts about the budget before us. With this budget, we achieve a balanced budget by the year 2002. In which category in this budget does spending grow the fastest? In Medicare. In the budget Senator DOMENICI is presenting to this Senate, the largest growing item of spending in this budget is Medicare; 7.1 percent per year, going from $178 to $283 billion. No other program in the entire budget is dealt with more generously than Medicare.

It is astonishing that even this huge rate of growth is greeted as ''not enough'' by the detractors. This is a measure of how serious and debilitating the addiction to spending has become. Under this budget, we are the toughest on the appropriated spending matters. Shrinking it not just relative to inflation, but shrinking it outright—$548 billion in 1995 and $518 billion by 2002. This is the kind of budget discipline that America seems to have been crying for.

On the other hand, huge increases could still occur and will still occur in Social Security—$334 billion in Social Security going to $480 billion; and in Medicare, $178 to $283 billion. And in Medicaid, from $89 to $125 billion, and all other mandatory spending which includes Federal retirement, welfare, agricultural subsidies, and all the rest grows, continually grows from $146 to $197 billion. And remember, we all took Social Security off the table. I did not. The Senator who is standing across in the Chamber did not either. The two of us have presented to the American public seven bills to bring solvency to the Social Security system, and we will present that and we will have hearings on that, and we will proceed with that. It is very difficult to do what we really have to do, and it would be so much simpler. Yet, we did it out of political terrorism, that we not touch the item of the budget which is $383 billion a year revenue. I am going to leave the details of that. I do not know what my colleague from Nebraska is going to say. But I can tell you this: Senator BOB KERREY is a very courageous person, and he has faced up to these problems before by being chairman of the Entitlements Commission, the bipartisan Entitlements Commission. That is why it is a great privilege and an honor for me to join him in a bipartisan approach to bring some eventual sanity to a system which goes into terminal decline in the year 2013 and then goes bankrupt in the year 2031, and that is the Social Security system. I do not want my remarks on that tied with this budget resolution or any part of it. Sever that. But I, as a Member of the Senate, will be proceeding to do something about that system.

So we cannot do better than to repeat this over and over and over again. The rapid detractors succeed in portraying these as cuts. If the American public really swallows that, maybe the detractors are right. Maybe then the public deserves exactly what it gets—permanent deficits and poverty for our descendants, all out of political terrorism, or, as my old friend Gary Hart used to say, ''mow-mow politics.''

I join Senator DOMENICI and the distinguished majority leader, BOB DOLE, in thinking better of the American public. I believe that though the special interests will cry out, the keening wail will sound like wolves in the Yellowstone with a full Moon—the keening wail of the special interests. But I think the vast majority of Americans want this job done and now—or at least for us to start. They want everyone who is benefiting from Federal largess to take a hit. It will not be easy, and there will undoubtedly be sacrifices that will be called for from every sector of society. I also believe they have grown tired of Washington telling them that no sacrifices are necessary. We do not have to touch senior citizens or the children or anyone else to get this job done. When you take that approach, spending never slows. Always up.

(Mrs. HUTCHISON assumed the chair.)

Mr. SIMPSON. It is incredible to me that our President and some on the other side of the aisle have chosen to ignore all responsibility in this challenge. AWOL—absent without leadership.

I certainly do not intend to include some others on the other side of the aisle. As I have mentioned, Senator KERREY has faced these problems alone and in an election year before. That takes real guts. But it astounds me, and I am sure my colleague, that given everything we know with absolute certainty through the work of this commission and from the trustees of Social Security telling us about these things and the future of Federal spending, that the President would submit a budget that makes not even the slightest attempt to approach or deal with the problem, or to accept one word of the recommendations of the commission that he appointed, and then drop all reference to generational struggles that are coming in this country in the years very soon ahead.

Earlier this week, the President announced plans to veto a rescissions package of $16 billion. That is less than 1 percent of the budget, and it was too much for the President to end. How in the world are we going to make the tough decisions on entitlements and other sensitive spending if we cannot even cut 1 percent of the budget?

That rescissions package contained various unauthorized appropriations, various GSA construction projects—true pork—and we all played that one. Certainly, there must have been spending in there the President favored, but I find it impossible to believe that this spending is so important that he would delete even the headway we would make on 1 percent of the budget.

It is a terribly strange way to take a stand, to defend every last bit, even that last 1 percent of pork-ridden discretionary spending. And we were all in that one. But that is not my idea of leadership.

There are many examples of what have been presented and what will happen. Let me tell you one exaggerated one, and I am going to wind up. Others are here, too. I was thinking how someone maybe in this administration might have conducted themselves in a cabinet meeting or something at various previous periods in our history—perhaps if in office at the time of the secession of the Southern States in 1861, can almost hear advisors turning to the President and saying, ‘‘Now, Americans might get upset if we ask for sacrifices, so better let the Congress institute a military draft and then we will criticize them for it because that would be better politically.’’ That is obviously a little exaggerated example, to be sure, but I think some appropriateness there.

This is a historic tune for this President to be the President who led the Nation out of debt and on the path of responsibility and solvency, again. He has a Congress also, even eager to do the job, but the best he can do is to hope that there will be a political cost, a deep political cost associated with the effort.

Let me say to the detractors, there is still the opportunity to contribute to this effort and to be part of the solution instead of part of the problem. I have heard criticism from some Democrats that this budget does not really balance the budget by 2002 because it only balances the unified budget, the one that includes Social Security.

Very well, then. Democrats wish to offer an alternative budget, balances the budget without counting Social Security, I would consider giving my support to that. While we have yet to see such a budget presented, criticism from the other side is about several million cubic feet of hot air.

We Republicans took a lot of guff last session because we did not vote for the President’s budget. Of course, events since then have vindicated Republicans because the President’s own budget forecast $200 billion deficits as far as the eye can see. Clearly, that budget did not do the job, just as we said it would not.

At least at the time we proposed our own alternative budget to do the same job, that alternative reflected our differences with the President. We would have done it via spending cuts instead of tax increases but we did present an alternative.

Those of the other faith appear to have forgotten that. They have no alternative to offer that does the job as thoroughly as our own budget. The President’s budget does not even try. It just allows deficits to climb and the debt to pile up ad infinitum.

I do not believe that that is good politics for the minority party. But do not take that advice from me. Undoubtedly, there will be political opposition to the measures we have to take to balance the budget, but once we do, I think Americans will see, once we do it they will see that the benefits will be coming to them. Declining interest rates, they will see the benefits of restored confidence in the market, in the investment in our economy, in the dollar itself. They will come to congratulate Members for the work we have done.

Perhaps even more importantly, we will then have a fighting chance to deal with the retirement of the baby boom generation when it does begin. There is absolutely no way we will be ready for that if we are still running the deficits in the hundreds of billions that those on the other side seem to advocate.

So we have a moral obligation to pass a form of this balanced budget this week. Future generations will not look kindly on Members if they fail. We should reach together on reaching a consensus on the best form of a balanced budget resolution. I pledge to do that.

I know my colleague from Illinois is here on the floor. I am yielding the floor in just a moment, but will say that I thoroughly enjoyed working with her, Senator CAROL MOSELEY-BRAUN, on the Entitlements Commission. It was a great eye opener for all Members.

I wish, in many ways, I had not been on it because it reminded me of that old movie, ‘‘The Man Who Knew Too Much,’’ because we learned too much. We learned where we are headed. Had a lot of good people from both sides of the aisle helping. If we can get through this necessary political posturing, which I am doing a good bit of myself, and we all have to do this. This is very therapeutic. Then we will settle down and get something, because we all know what the stakes are, and we all know what the numbers are.

That has never happened before. It has happened because the Entitlements Commission and the great work of Senator KERREY and Senator DANFORTH. It has happened because the Social Security trustees have said exactly what is going to happen to the systems of Medicare, which will go broke. That is not something that floated in from the west coast. That is the Social Security trustees saying it. The Social Security trustees are Donna Shalala, Robert Rubin, Robert Reich, the Commissioner, and Democrat and Republican citizens of America saying it will go broke.

In the year 2016, the disability insurance fund will go broke. In 2031, the Social Security system will go broke. That doomsday date used to be 2063. It is now 2031. It moves up 3 to 5 years every year.

There it is. Fun and games all we want. I am ready to play it. I love it. So does the senior Senator from Nebraska who came here with me, and in who there is no more spirited and engaging men than Senator JIM EXON, and the Senator in the chair, and the Senator from New Hampshire.

We will do this, and then we should sit down after the shot and the shell and the smoke, because there is no smoke and mirrors in this budget. Everyone who has been here as long as I, 16 years, 10 years, 15 years, now know, no smoke, no mirrors. All hard tough votes. I cannot wait for the debate. We never needed a balanced budget amendment. Just need to cast those tough votes.

Well, hop in and get wet all over.

Mr. SMITH. Madam President, I thank the Chair.

(The remarks of Mr. SMITH pertaining to the introduction of S.J. Res. 34 are located in today’s RECORD under ‘‘Statements on Introduced Bills and Joint Resolutions.’’)

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER (Mr. SMITH). Under the previous order, the Senator from Nebraska is recognized to speak for up to 15 minutes.

Mr. KERREY. I thank the Chair.

Mr. President, first of all, let me begin this by saying that I believe that the Senator from New Mexico, Senator DOMENICI, chairman of the Budget Committee, has made a good-faith effort to produce a budget resolution that frankly few predicted was likely to occur. It reduces the deficit over the next seven years by $961 billion, reduces spending, and at the end of that 7-year period, if you exclude Social Security, you have a balanced budget.

It results in a significantly smaller Government. It gives us the potential of having lower taxes as well. I must say, Mr. President, again, I believe this is a solid and a good-faith effort. I regret, as I have listened to the debate today, that it has been considerably less than the sort of civil debate that I would have thought was possible given some discussions that are going on right now between a number of us on the Democratic side that would like to participate in supporting this budget resolution.

And I say that because what has happened is the dynamic has really changed. We are engaged in looking at an alternative that we I hope can get consideration to, I suspect sometime next week by the time it is all done. And we begin with somewhere in the neighborhood of $700 billion of cuts over a 7-year period. That is a substantial shift. The President's budget, as has been commented on several times, contains no significant deficit reduction. Suddenly, you have under the leadership of the distinguished Senator from New Mexico and the distinguished Senator from Nebraska, the ranking Democrat on the Budget Committee, a big shift in the Senate and I think large numbers, well in excess of 60, who would vote for a budget resolution that got us to a point 7 years from now where the deficit would be zero.

I have come here this evening to identify a couple of problems, and I hope I identify the problems in a constructive fashion because, as I said, I would like very much and hope very much that the Republican chairman and Republican leadership will favorably view, as I said, a significant number of us who would like to participate in voting for a resolution that does approximately what the distinguished Senator from New Mexico is attempting to accomplish.

Let me say for those who doubt the power of deficit reduction, the most impressive number in all of the 7-year forecast is that net interest stays the same. Net interest has been the most rapidly growing line in our entire budget, and under the budget resolution before us net interest would flatten out. As an expenditure, Mr. President, it certainly benefits bond holders, but it does not benefit American taxpayers at all. It is a payment that goes out, that buys us nothing other than the capacity to service these bonds. It is the most impressive number and one that I think we should pay attention to as we look to try to develop some alternatives.

I begin in describing some concerns that I have about this sort of evaluating its impact upon me. Earlier today, I heard the distinguished senior Senator from Iowa talking about the fact that this budget resolution freezes congressional salary over, I believe, a 7-year life of the budget. I am impressed that that is in this budget resolution, but, Mr. President, I do not really feel for someone in the $136,000 or whatever it is plus salary that is a comparable shared sacrifice. I am not one who comes to this floor and says that the problem in America is that rich people are somehow manipulating and abusing poor Americans.

I do not believe that at all. But I do believe if we are going to have $1 trillion worth of deficit reduction over a 7-year period, it should be shared sacrifice, and it is reasonable to look at some alternatives, whether it is capping the deductions at 28 percent, which the Entitlement Commission recommended would get $80 billion or $90 billion over a 7-year period, or have me and others with incomes over $100,000 having to pay a little bit as a consequence. Some would come up and say, oh, gee, that is a big tax increase. I do not view it that way at all. It is just an attempt to say we ought to pay a little bit in order to get this thing to go away.

It is not, Mr. President, just because there is a need for shared sacrifice, at least from my standpoint. It is also a consequence of coming and saying I am a little bit troubled, looking at some of the things that we are asking Americans to do because it seems to me, at least from my standpoint, I as one individual American am saying, well, gosh, now that I have mine, I want everybody else to do things that I did not have to do when I was in trouble or needed help. I have perhaps more than most kind of a schizophrenic attitude toward government. I have had it save my life. I have had it save my business. I have had it almost take my life and almost take my business. It can do both, Mr. President, but I have to say in the main, if I look at the 51 years of my lifetime the Government of the United States of America, though it can be a menace from time to time, has enable me to do an enormous amount.

Yes, individual initiative is important and my family has been important and my friends have been important, but there are many key points along my lifetime, Mr. President, where I have been given a great deal of help and I have been given opportunity in education, been given opportunity in health care, been given opportunity in my own business, and I cannot in good conscience come to the floor and say that as a consequence of my own experience I feel that I am participating very much in the shared sacrifice needed, that we are all conscious of what is needed in order to get this deficit eliminated.

So I begin with that, Mr. President. I hope again that the Republican leadership and the distinguished chairman of the Budget Committee will look to those of us who intend, if we can, to reach agreement, which is not easy to do. If we get an alternative, I hope it is given good, solid consideration. I hope the chairman of the Budget Committee will say that this is a big victory; we started off the year, nobody believing we could get much in the way of deficit reduction, Democrats really not very enthusiastic about it, according to at least what you would read, and now all of a sudden we have Democrats moving a long ways in our direction willing to accept—I think we will end up with close to $700 billion over 7 years in real cuts, asking only that we look to ways for all of us to share a little bit in this thing over the course of the budget.

There is a second problem, Mr. President. I do not know if it can be done in this budget resolution. I recognize the constraints of the Budget Committee and the Budget Enforcement Act really does not perhaps allow the Budget Committee to deal with these issues and maybe it has to be dealt with later on in the year. Earlier, the senior Senator from Wyoming [Mr. SIMPSON] commented upon it. But the Entitlement Commission—and I have heard a number of people talk about it—has identified what I think is a serious problem.

I am actually borrowing a chart from Senator BENNETT, the Senator from Utah, who had this chart up. But this really does describe the problem that the Entitlement Commission identified which is that mandatory spending and net interest are growing so rapidly that sometime around the year 2012, something like that, it is consuming all revenue that the Government of the United States is taking in. That revenue has stayed relatively flat. It is about the only thing that has stayed constant. We have collected about 19 percent of the GDP except in World War II and Vietnam; during those times it went higher. Most of the time it stayed about 19 percent. And unless we change that pattern of growth what happens is domestic discretionary continues to get squeezed down.

I appreciate the fact that Social Security was not addressed or retirement not really addressed in this budget resolution. I think it needs to be, not because there is a short-term budget problem. I am not arguing that we ought to look at retirement because it contributes to deficit reduction in the short term. But it unquestionably contributes to deficit reduction in the long term.

That is the problem we have. Some may say, gee, that will be good news, if we can get rid of all Government functions and turn the Federal Government into an ATM machine. I do not think that is good news. I believe not just in defense but as I hope I indicated earlier all of those things that have helped me have been in the domestic discretionary account. Everything I have received from the Government has come from domestic discretionary, unless you count the U.S. Navy, which was an enormous benefit to me as well. I leave out the world's largest and most powerful Navy. That was a wonderful experience, too.

All of the rest I have benefited from have come from this domestic account. I am troubled by the budget resolution because it allows that mandatory account to continue to grow. It slows it down somewhat, but the mandatory accounts continue to grow and continue to take larger and larger percentages of domestic discretionary. It must be understood the budget resolution improves the current trend, makes it somewhat better, but I do not believe—

and I must say honestly I have not extended it out beyond the 7 years, so I do not know exactly what it looks like out there 10, 15, 20, 30 years from now but looking at the 1996 and 2002 trend line, that appears to be the case. For emphasis, the one big change that has occurred is that net interest has flattened out, and that is a huge benefit to us.

So to solve this problem of mandatory spending, we have to look at the long-term situation, not the short term.

That is why I say it maybe that the Budget Committee, in looking at a budget resolution that deals with a 7-year period of time, may not have been able to address this mandatory problem.

Senator SIMPSON and I today introduced a piece of legislation that would complement the Budget Committees work. Maybe it cannot be considered as a part of this resolution, but it certainly, I hope, gets consideration. And I suspect, whether it is 54 Republican votes or whether the Republicans accept the alternative and we end up with Republican and Democratic votes, I do not know, one way or the other, we are going to get a resolution that requires committees to do a lot of reconciliation.

There are two things that I hope get considered. The first is one that Senator SIMPSON and I introduced today. What we say with Social Security, again, is that we have a long-term problem. The Social Security trust fund builds to 2012, then it goes down to about 2029 when it is completely depleted.

You may say, what is the big deal? Well, the big deal is our generation, the baby boomer generation, starts to retire around 2008, the largest generation in the history of the country, reducing the number of workers per retiree from about five down to about three. And we have big problems out there. The adjustments we would have to make are rather substantial if we postpone it, unlike what would have happened in 1983.

What Senator SIMPSON and I do is we change, for the most part, future benefits. We make some adjustments to CPI minus 5. I think the budget resolution is CPI minus 2. In the House resolution, we adjust it by .6 on the House side. We make the COLA more progressive with the cap reduction. We do some other things in our proposal that are short term. But most of them, including the extension of the normal eligibility age and the early eligibility age, most of those are pushed off into approximately the year 2030.

Those changes strengthen Social Security, Mr. President, because what it does, it says to all generations, every living American—every living American is a Social Security beneficiary at some time; they may not be eligible today, but they will be at some time.

So you have a 20-year-old and they look at the current situation. They scratch their head and say, ‘‘Gee, I don’t think there is going to be anything there for me.’’ Under the legislation Senator SIMPSON and I introduced today, they would look at the thing and say, ‘‘There will be something there for me,’’ because we bring the Social Security balance up to 350 percent of the annual payment and stabilize it there for 75 years. So every generation, every American would say, ‘‘OK, we now know that Social Security is going to be there for us.’’

The second thing that we do—and it has a big impact, I think, on this whole debate. One of the things we very often forget is that the deficit reduction action, one of the most powerful things about it is that it increases national savings. Deficit financing is an act of dissavings. Deficit reduction is an act of savings.

It is a fair argument to make that the distribution of it may not be terribly equitable. That is one of the reasons I am concerned about, as I said, what I am having to pay in this budget resolution and what I am required to contribute, because there is great inequity when you do deficit reduction. It does not necessarily benefit all Americans equally. You have to understand that.

If I own stocks and bonds, the deficit reduction looks pretty good to me. But if you do not own stocks and bonds, you may say, ‘‘Gosh, in the sort short term, there is not a lot of good there for me.’’

The second part of the Social Security proposal that we made today would also increase national savings, as does the Deficit Reduction Act, by establishing a 2-percent account for all Americans. It reduces the employee payroll tax by 2 percent, a $40 billion a year tax cut, Mr. President. But not just a tax cut, a tax cut with the purpose of establishing for all 137 million American workers a real personal investment plan, similar to what we have in the thrift savings plan for Federal employees. It would increase saving over a 9-year period in excess of $1 trillion, matching this deficit reduction.

This Deficit Reduction Act increases savings by almost $1 trillion over 7 years. Our proposal would add another trillion to that, but not just add a trillion, it would add a trillion in savings spread across 100 million American households.

So the next thing that must be done, in addition to addressing retirement, if you want to control the cost of mandatory spending, if you are not troubled by the fact that we are squeezing domestic discretionary—Mr. President, I ask unanimous consent to speak for 5 additional minutes.

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

Mr. KERREY. The next thing you have got to do—and this gets, I know, right back into last year’s argument—you have to reform health care.

Now the budget resolution addresses Medicare and attempts to begin the process of health care reform but, Mr. President, I do not believe it does enough. In particular, it does not get at that long-term structural problem that will continue to plague us even if we were to bite the—I would not call it a bullet. I would call it more of a howitzer round of this budget reduction. But even if you bite this howitzer round, you are still going to be left with pretty substantial increases in health care costs when the baby boomers retire. So there is still going to be a need for us, if you want to control the cost of entitlements and stop this rapid increase, there is still going to be a need to get at health care reform and do more than this budget resolution would allow.

Again, I hope very much that it is possible for those of us on the Democratic side that would like to vote for a budget resolution to get full consideration by Republicans to have shifted the argument of full consideration to two facts. One, we are not really sharing the burden. It really is not an equitable sharing of the burden.

All you have to do is ask yourself, as a Member of Congress at $136,500, or whatever the number is, ‘‘Gee, what is it going to do to me over the next 7 years?’’ The only thing you can really say is it has frozen your salary for 7 years. And I do not think you would really get an audience out there paying more for Medicare, getting less for Medicaid, having college loan restrictions, and many other things going in this budget, I do not think you will get a lot of sympathy from Americans saying, ‘‘That’s right. You guys have really put your shoulder to the wheel here and shared the burden of sacrifice.’’

That is No. 1. I think that there are ways for us to make it much more equitable, much more fair, if you do not mind using that word.

And, second, Mr. President, I believe whether we do it in this budget resolution or we do it after the budget resolution, we still have a problem of mandating spending. We still have a problem of mandating spending, that if you do not want to convert the Federal Government into an ATM machine, you have to address retirement and you have to address health care and you have to do more than just reduce the size of the deficit and increase national savings, as a consequence.

Mr. President, as I indicated, I watched the early part of this debate and it seemed to me to be going in the wrong direction. It was very uncivil and very partisan and very unfortunate. I do not mean that about the distinguished Senator from New Mexico or the distinguished Senator from Nebraska. I thought their opening comments were, you know, quite calm and quite reasoned. But it deteriorated in a hurry into accusations from that side of the aisle, from some who say, ‘‘Gee, you Democrats don’t want to do anything.’’

Not true. There are a lot of us who are willing to do an awful lot.

And I heard on this side, as well, some accusations that Republicans are heartless and they are trying to cut the heart out of the American family, on and on and on. I think, in fact, our rhetoric was in excess as well.

I do not know, Mr. President, if we are going to be able to reach a point where we have a Republican and a Democratic resolution here. I sincerely hope that we are able to do it, because I will predict to my Republican friends on the other side of the aisle, once we get to the tough task of reconciling these numbers, you are going to say, ''Oh, my gosh, will you guys help us? Will you stand with us and lead this country in the right direction?''

Because it will not just be a vote, Mr. President. We have got a lot of leadership to exert if we are going to take this country in a different direction than the one that it is currently headed.

So, again, I thank both the Senator from New Mexico and the Senator from Nebraska, who I think have made a good-faith effort. Both of them I know are deeply troubled by the deficit financing this country is doing. I sincerely hope that between now and Wednesday or whenever it is that we vote on final passage that we are able to reconcile the obvious differences that we have between our two parties and put together a bipartisan budget resolution.

Mr. President, I yield the floor.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER (Mr. JEFFORDS). Who yields time?

Mrs. HUTCHISON. I yield 5 minutes to Senator FRIST.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, my message is a brief one. If we are to restore the American dream, we must change the way Washington does business, and we can change the way Washington does business by passing the first balanced budget plan in almost 30 years.

The plan has been laid out over the course of today, and it is before us here. This chart shows Federal budget deficits by year—1995, 1996, out to the year 2002. In red is the Clinton budget, approximately $200 billion in 1995, increasing every year to the year 2000 to over $250 billion. Yet we have a choice, and that choice is the Domenici balanced budget plan put before us today. That balanced budget plan results in a decrease in the deficit every year, 1995 to 1996, 1997, down to the year 2002, where the budget will be balanced; we will have zero deficit.

We heard a lot about children today. Mr. President, I want to talk just a minute about why the Republican budget, the Domenici balanced budget, is the most compassionate thing we can do for our Nation's children. It is the most morally responsible thing that we can do for our Nation's children.

Today, we are asking impossible things of our children. I am the father of three young boys, Harrison, 12; Jonathan, 9; and Bryan, 8. Many people—even today—ask me why would you run for the U.S. Senate? And my answer is very clearly, I ran to now serve in the U.S. Senate because I was concerned about the future of their generation, a future in jeopardy because of the projected Clinton budget deficits to increase year after year.

But today, we have a choice. We expect today's young people to finance Federal deficits of staggering proportions. A young child born today is born into this world and given a bill of $19,000, a bill that he or she did not ask for. We give that young child—and it could be your child or my child or a grandchild or a neighbor's child—we give that child a lifetime tax rate today, unless we act, of 82 percent. We give that child today an obligation to pay over $187,000 in taxes over that young child's lifetime just to pay interest on the Federal debt, and that child did not ask for this Federal debt. We have given it to him or her.

At 7 years of age, when that child would start elementary school, Medicare is going to be bankrupt unless we act, and act today. When that young child is 17 years of age, when he or she graduates from high school, spending on Medicare, Social Security, Medicaid, Federal and military pensions, and interest on the debt will consume the entire budget, leaving no money for defense, education, roads, or any other purpose.

We are asking that young child today to pay for a health care system in the future whose projected costs are running out of control. But the Domenici balanced budget plan will reverse that trend. We are trying hard to stop the repeating and ongoing flow of Government red ink, and like a family gathered around the kitchen table, Republicans have made difficult choices needed to protect our future.

Mr. President, this budget plan will benefit our children by building a more prosperous tomorrow, a tomorrow of greater opportunity. The Congressional Budget Office reports that each percentage point of growth will result in 600,000 new jobs, and that same budget office has said that balancing the budget will result in additional growth of 2 to 3 percent a year. This means greater opportunity for our children, greater possibilities. They will be able to find better jobs and they will be able to work, and someday they will be able to support their own children.

Lower interest rates will help them in everything that they do. The CBO has told us that interest rates will come down by as much as 2 percent, and this means that they will have to pay less to buy their first home. It will cost them less to finance their cars, to finance their education, to be able to start—even start—their own small businesses if they want to. Lower interest rates will have a ripple effect throughout their lives.

Mr. President, the Concord Coalition has told us that the average family income would be not $35,000 but $50,000 if that family was not burdened by the massive Federal debt.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. FRIST. I ask unanimous consent for an additional 3 minutes.

The PRESIDING OFFICER. Is time yielded?

Mrs. HUTCHISON. Yes, I yield an additional 3 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator is recognized.

Mr. FRIST. The GAO predicts that if we balance the budget by the year 2002, the average American will have a real growth in income of 36 percent by the year 2020.

Mr. President, the best thing we can do for our children is to increase productivity. That will bring higher incomes. The American dream is fading for the generation of my young sons unless we act. During their lifetime, incomes for our young people, those under 24, have fallen by more than 15 percent. A balanced budget will reverse those trends. It will restore the American dream.

So I close by saying that we, indeed, have a moral obligation to do this for our children. We must leave them a world of expanding opportunities, a world where they can achieve their American dreams. Enacting the Republican balanced budget proposal is the responsible thing to do. Now is the time to do it.

Thank you, Mr. President.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. I yield whatever time is needed to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, thank you very much. I thank the Senator from Nebraska.

Mr. President, according to some of my colleagues, this debate is about whether this Congress should set out a framework for balancing the budget over the next 7 years. They argue with great fervor that the choice before the Senate is a choice between a budget submitted by the President of the United States that does not balance the budget anytime in the foreseeable future, or the resolution now before us. That, however, is a false choice. The real issue is not whether to begin the task of restoring fiscal discipline. The real issue is how. The real issue is whether this budget resolution, in its current form, is a blueprint that this country can and should follow.

The first step toward answering that question involves asking another; is it fair? Unfortunately, the answer to that question is no.

This resolution is not fair to the working poor. American families with incomes of under $28,000 would see an effective increase in their taxes of $1,400 over the next 7 years under the changes in the earned income tax credit [EITC] this resolution proposes.

It is not fair to seniors. It will likely cost retired Americans about $900 per year in higher premiums, copayments, and deductibles—$3,200 over 7 years. For a senior couple, that totals an extra $6,400 in out-of-pocket costs. And yet, there is nothing in the resolution that will do anything about the inflation in medical costs that is one of the principle factors driving the increases in Medicare spending.

It is not fair to students. Four million college students could see their costs go up by as much as $4,920. Perhaps as many as half a million or more children would be denied access to preschool education, and two million more elementary and secondary school students would see their math and reading funding cut.

It is not fair to maintain sacred cows like defense, which seem immune from reexamination even though we have won the cold war and the Soviet Union is no more.

And it is not fair to the American people to propose cutting taxes by $170 billion in a budget that shreds the social safety net and decimates needed investments in our future.

This budget resolution cannot be fair—and it can not work—because it does not accurately portray the Federal budget, and because it does not accurately reflect the interests of the American people. This budget resolution is all about numbers—$256 billion in Medicare cuts, $14 billion cut from the EITC, $190 billion cut from welfare, nutrition, retirement programs, and other mandatory spending—and on and on and on. But the numbers do not add up—and they are not guideposts to the future we can count on—because they reflect an abstract accountancy approach to the Federal Government, with little or no understanding of what the numbers really represent. One number represents the opportunity for young children to participate in Headstart, so that they can enhance their chances to succeed in school, and, therefore, to succeed in life. Another number represents access to health care. Yet another represents retirement security for older Americans. Yet another protects the ability of family farmers to stay on their farms. And others are about opening the doors of economic opportunity by creating incentives to work and to save.

What is behind the numbers are the American people—their lives, their opportunities, and their hopes for the future. People are not economic abstractions, and we cannot afford any budget that treats people as mere numbers. Instead, we need to think about budgets the way American families think about them.

When a family decides to cut its budget because they owe the bank or the credit card company or the car dealership, they sit down at the kitchen table with a calculator and talk numbers. They also talk about what is important to them, what their actions will mean for their children, for their parents, for them when the retire. That family at the kitchen table decides to spend money on some things and not others. They decide to pay off their debts a little more slowly so that they can continue to pay for what is essential to their well-being.

They may talk about why it is important to cut spending in the first place, so that everyone in the family understands their situation, and why they have to act, so they can all agree that it is a priority. They try to have all the facts about how their money is actually spent, so that each person understands where the money is going. They discuss priorities, talking about expenses they need to continue to meet, and activities they can afford to cut back. They think and talk about how the proposed changes in family spending will affect each member of the family. And they budget with the future in mind, so that they can meet critically important long-range goals, like ensuring that the children in the family are educated, that there is money for things like braces, and that they have the cash they need to make a downpayment on a home. They look at how their choices will affect them and their grandchildren on down in the future.

Establishing family budget priorities often involves some very tough decisions. Families could decide to risk their future to support vacations or a new car, or a big-screen TV. The family could stop paying medical insurance premiums. The family could take their kid out of college. They could even sell their house. The family could decide to divest themselves of all of their savings and net worth.

But the American family realizes that keeping their daughter in college is important to her achieving the American Dream. And they want to be sure that grandmother has adequate healthcare and that she can enjoy her retirement years. They know that not having health care coverage means risking a catastrophe. Having a car to go to work and a house to live in are also critically important to families. After all, without a car, there are no jobs to support the family, and without a home, they are out on the street. The American family, therefore, would not make cuts that would endanger their ability to secure what is really important to them, their own piece of the American Dream: Health care, transportation, education, jobs, housing—these are the essentials.

To deal with the Federal budget, the American family—all of us, together—must sit down and decide what is important. What it is we need to save, and what it is that can be cut. As a nation, we must do what any sensible family would do to get themselves back on their feet financially. We must come together; we must look at the numbers, and most importantly, we must consider what each of the numbers means for people, and for our individual and collective futures.

I. IMPACT OF BUDGET DEFICIT ON ALL AMERICANS

We all know that the budget deficit has an impact on all Americans. The national debt has quadrupled since 1980, growing from $1 trillion to over $4.7 trillion, as it is increasing as a share of our overall economy as well. These debts are crippling our ability to meet important national priorities, like education. They are jeopardizing future economic opportunity for our children, and the generations that will follow.

The budget deficit put pressure on interest rates. Higher interest rates make it more costly for Americans to buy homes and cars, and to educate their children. Consider what a change in interest rates can mean to the ability of Americans to buy their own homes. If a family buys a house for $100,000 and the interest rate is 9 percent, that family is paying $9,000 per year in interest alone. If we balance the budget interest rates should fall. If interest rates drop even 1 percent, that would put an extra $1,000 in the pockets of the family that bought the house. On the other hand, if we do not act, and interest rates go up, that takes money right out of that family's pockets—or makes it impossible for them to buy the home at all.

Persistent deficits not only affect the costs of homes, it also creates inflation pressure. And inflation disproportionately affects moderate and low-income Americans. Since 1980, for example the average price of a home has tripled in the Midwest. But the incomes of Illinoisans did not even double. What that means is that more and more Illinoisans—and their counterparts in every other state in the union—are being priced out of the American Dream.

II. WE NEED TO KNOW WHAT WE ARE SPENDING MONEY ON

Americans know that, for all too many of them, the American Dream seems to be slipping out of reach. And years of discussions of big government have convinced many of them that the Federal Government's profligacy is a big part of the reason why. Seemingly endless debates on ''pork barrel'', waste, fraud, and abuse, and foreign aid have many Americans convinced that is where the Government spends its money. The truth, however, is that foreign aid is less than 1 percent of the budget, and that appropriated spending, whether ''pork barrel'' or essential, is shrinking both as a percentage of the Federal budget and as a percentage of the economy. The truth is that the major increases in Federal spending are not due to ''pork barreling,'' but to increases in what is called entitlement or mandatory spending.

By the year 2012, unless appropriate policy changes are made, spending for the major entitlement programs—Medicare, Medicaid Social Security, and

Federal retirement, together with interest on the national debt—will consume every single dollar of Federal revenue.

By the year 2002, unless there is change, the Medicare trust fund will go broke, and by the year 2029, Social Security will not be able to meet its obligations.

III. RESOLUTION MUST BE CAREFULLY CRAFTED

With problems like this looming in the not too distant future, it is clear that we must balance the budget. The thing is, we must keep the interests of all American families in mind when we craft a deficit reduction package. How we make the cuts is as important as the numbers that we are cutting.

IV. MEDICARE

The Republican plan seeks a $256 billion cut in Medicare funding. If this cut is implemented, all States will suffer. In Illinois for example, over 1.6 million Illinoisans who are covered by Medicare would have to pay an additional $2,770 over 7 years, and an additional $784 in 2002 alone in out-of-pocket expenses. On an overall basis, Illinois would lose $9.3 billion in Medicare funds over the next 7 years, $2.6 billion in 2002 alone. Other States face similar cuts.

Now, changes need to be made so that the Medicare trust fund will not go bankrupt by 2002. But the changes should not be made at the expense of healthcare access. And changes that do not focus on the real Medicare problem—health care inflation—make no sense at all. The costs of obtaining quality health care are on the rise. Cutting the Medicare budget by an arbitrarily chosen $256 billion is not the answer to this problem. It does nothing to deal with the overall inflation of health prices or the fact that many more people are becoming eligible for benefits each year.

The budget resolution does not really propose anything to reduce health care inflation. Rather, all it does is raise the cost of health care to older Americans—83 percent of Medicare users have an annual income of under $25,000—or reduce their access to health care. Last year's health care debate was all about improving access to health care. This year's budget resolution is all about decreasing access to health care. Seniors will have to pay more or go without healthcare. This is not right. We cannot retreat from our commitment to ensuring that elderly Americans have access to high-quality, affordable health care.

Cutting Medicare does not only impact on elderly Americans, these cuts will have direct impacts on all American families. Families will have to shoulder increasing costs for insuring that their loved ones receive proper care if Medicare does not cover the expenses. Cutting Medicare by such a record setting amount is essentially equivalent to a tax increase since families will have to pay more for adequate health coverage.

V. EDUCATION

As we work to ensure that all Americans have access to adequate health care, we also have to work to ensure that all Americans have opportunities to pursue the American Dream. We have an obligation to our youth to provide them with the education to attain the American Dream. The budget resolution, however, seeks to stifle that dream, with changes such as more costly student loans. In Illinois, for example, almost 200,000 students would see their monthly student loan payments increase by 18 percent. If the goal of balancing the budget it to reduce the debt burden on future generations, what sense does it make to increase the debt burden on future college graduates?

In fact in a study cited in Sunday's New York Times, the Census Bureau for the Federal Department of Education found that increases in workers' education levels produce twice the gain in workplace efficiency as comparable increases in the value of tools and machinery. The findings are based on interviews with about 3,000 businesses owners and managers. It found that a 8.6 percent increase in productivity could be had from a 10 percent increase in educational attainment. These kinds of statistics demonstrate once again how important education is to our economy's productivity, and overall success. Making it more difficult for our children to obtain proper training and education will only hurt our nation in the long-run.

VI. EITC

Not only does this budget resolution seek to increase the debt burden on our future college graduates, it also scales back the earned income tax credit for working families. The EITC is a refundable tax credit for working families with low incomes. The goals of the EITC are first, to encourage families to move from welfare to work by making work pay and second, to reward work for working families so parents who work full-time do not have to raise their children in poverty—and families with modest means do not suffer from eroding incomes. By providing an offset against other Federal taxes, the EITC increases disposable income for workers and their families.

The EITC has long enjoyed bipartisan support; it has been viewed as a non-bureaucratic way to make work pay better than welfare. President Reagan called the EITC ''The best antipoverty, the best pro-family, the best job creation measure to come out of the Congress.'' So why is it being cut?

The Senate Budget Committee would reduce EITC by $13 billion between fiscal years 1996 and 2000 and by $21 billion between fiscal years 1996 and 2002. About 7.8 million EITC recipients—nearly half of the EITC recipients with children—would be affected by this proposal. On average their EITC would be cut by $270. Families with two or more children would be hit hardest by this proposal. In Illinois 500,000 working families' taxes will be essentially increased by $1,520 over the next 7 years due to the EITC cut.

Our goal should be to encourage families to move from welfare to work, not the opposite. As the minimum wage has not kept pace with inflation, low-income families need all the help they can get to make ends meet. From every added dollar a low income worker earns, payroll taxes take 15.3 cents while food stamp benefits decline by 24 cents. For a low-wage family with two children, the EITC fully offsets these effects by providing a 40-cent credit for every dollar earned.

American families are the key to our country's success. It is our duty to especially help those families that are working hard yet have trouble making ends meet. By helping them succeed we make them stronger and in turn our country stronger.

VII. TAX CUTS

If the budget resolution's goal is to reduce the deficit to make our country stronger, it does not seem fiscally responsible to be discussing cutting taxes. This is the wrong time for cuts. Right now our priority should be deficit reduction. Tax cuts now would only hinder our ability to reach a balanced budget. If a family was facing financial problems, they would not voluntarily give up a part-time job or turn down overtime just when they desperately need the extra income. Providing a tax cut now just when our country needs to address our financial problems is the wrong thing to do.

VIII. OBLIGATION TO OUR FUTURE

The budget debate is really about our obligation to the future. We need to open the door of economic opportunity for all Americans. We need to invest now in areas like education on which our future success will ultimately depend, and we have an obligation to be honest.

AFDC for example, cost $4 billion in 1970 and served 7.4 million people. In 1993, it cost $22 billion and served 14.1 million people. That sounds like a big increase, does it not? When you adjust for inflation, however, benefits are not higher than they were in 1970, they are actually 47 percent lower. So when we talk about reducing the rate of growth of Medicare from 10 percent to 7 percent, we must acknowledge that the result of that kind of change may mean significant increases in out-of-pocket costs for Medicare beneficiaries, 83 percent of whom have incomes of $25,000 or less. We cannot pretend that is not so.

We also have an obligation to try to open the door to economic opportunity to Americans who are now locked out. It is the right thing to do, and it is the smart thing to do. If we can use all of the talents of all of our people, we are all better off. That means we need welfare reform designed to bring welfare recipients into the mainstream of our economy, not just welfare reform designed to cut spending in the short run. That means we need job training, and housing, and nutrition reforms that make sense, and that we need incentives to boost jobs and investment in communities that continue to suffer unemployment levels above those last seen nationwide in the Great Depression.

IX. TIMEFRAME TO ACHIEVE BALANCED BUDGET

As we go forward, it is worth keeping in mind that there is no magic associated with the idea of balancing the budget in 7 years. We could balance it in 9 or 10 years if we are really committed to change. If we are honest and we give up gamesmanship and tell the truth to the American people, adding a couple of years to the timeframe will not undermine our ability to achieve the objective. What is important is maintaining our priorities and not retreating from our obligations to American families.

X. CONCLUSION

We have to keep in mind that what is at stake is our future. We are all in this together. We need to make our decisions together, like an American family would. We need to base our decisions on the truth and the fiscal realities that we face. When we sit down at the kitchen table and begin to look at what needs to be done, we need to consider our core priorities —education, housing, and quality health care for all and we ought to make certain that in any event the balance is achieved in the burden sharing, and that the shared sacrifice is fair to everyone.

We can only make those decisions if we keep in mind our core priorities. That is what common sense dictates and that is what I hope this budget debate will give us an opportunity to do.

That is what any sensible family would do to get themselves back on their feet financially. And that is what we need to do.

I hope that we can come together in the spirit of bipartisan cooperation to do what Americans expect of us. Both parties need to tell the truth about what is actually in the budget and what the changes will mean for the American people. We need to use honest numbers and economic assumptions and put everything on the table. Unfortunately this budget resolution looks only at the numbers, and not at the people. For that reason I can not support it in its current form.

But we have to always be mindful that in the final analysis these abstract numbers and the figures that get thrown around in the millions and billions of dollars really have very real realities for very real people. And we will not rest easy if the result of the work of this body is to encourage the pain or to put the burden on small groups of Americans at the expense of to the benefit of everybody else.

A balanced budget based on an unbalanced burden is a disservice to the American family.

Mr. President, I thank you very much.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I yield myself such time as I might need.

I wish to first thank my friend from Nebraska for his comments on the budget, and also the excellent comments just made by my friend and colleague from the State of Illinois for keeping these things in proper perspective, which we are trying to do. I appreciate very much the constructive, thoughtful remarks by my colleague from Illinois and my colleague from Nesbraska. I hope that we can continue to move forward.

As I said when I started out the debate this noon, I think possibly we could still work out a bipartisanship approach to this. I certainly hope and encourage all to keep an open mind as best we can.

I would just like to finish up the first day of debate, which I think generally has been an informative one, by emphasizing once again the very hard hit that the Medicare cuts proposed in the budget that I think must be alleviated as we have maintained all day long.

I would like to read a letter into the record from the Nebraska Association of Hospitals and Health Systems. This letter was written to me by a man that I have known for a long time, Mr. Harlan Heald. Harlan is the President of the organization known as the Nebraska Association of Hospitals and Health Systems. I think his letter, which is not a very long one, really sets up the major concerns that all of us who have, and rural areas in our States should be particularly concerned about.

The letter is dated May 10. It is addressed to me. He said:

On behalf of the 94 acute care hospitals in Nebraska, I wish to call your attention to a serious potential problem.

Clearly, the United States must work its way out of debt. To do that, Federal spending must be cut. It is my understanding that the Senate Budget Committee Chairman's mark is set at an overall reduction of $1.5 trillion by the year 2002. I further understand that in order to achieve a savings of that magnitude, Medicare is targeted for $256 billion reduction in spending over the same seven-year period.

Here's the problem. For fiscal year 1993 (FY '93) (the most current completed year), Nebraska hospitals had a net operating margin of −7.5 percent for care rendered to Medicare recipients. Based upon the Chairman's mark for Medicare spending, in the year 2000 Nebraska hospitals would have a net operating margin of −23 percent for Medicare patients. This figure is expected to improve by the year 2002 to a net operating margin loss of only 14.5 percent, because the reductions are ''front loaded.''

Putting this into financial terms, in FY '93 Nebraska hospitals lost $383 per case caring for Medicare patients. Based upon the Chairman's mark, in the year 2000 they would lose on average $1,339 per case and in 2002 they would lose $983 per case caring for Medicare patients. This is all compounded by the fact that Nebraska is a state with a higher proportion of elderly citizens in its population.

How can hospitals respond to the cuts of this magnitude? Hospitals are caught in a catch-22. They can: (1) shift more costs to the private sector—this is no longer a viable option in today's managed care environment; (2) slash wages and lay-off employees; (3) cut back on the scope of services provided—all of which threatens the quality of care, will close rural hospitals and restrict access. It is a lose-lose situation for community hospitals. Reimbursement reductions of this magnitude in a state with a disproportionate share of the elderly population, a state in which Medicare patients account for 60 to 70 percent of hospital admissions, clearly threatens the health care system upon which all of us depend.

Medicare needs to be fixed. There is an opportunity for Congress to change Medicare, but the change must be driven by sound health care policy, not budgetary or political imperatives. The Senate Budget Committee's proposed Medicare reductions would crush Nebraska hospitals.

As always, Nebraska's hospitals look to your leadership.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

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

NEBRASKA ASSOCIATION OF
HOSPITALS AND HEALTH SYSTEMS,
May 10, 1995.

Hon. J. JAMES EXON,
U.S. Senate, Washington, DC.

DEAR SENATOR EXON: On behalf of the 94 acute care hospitals in Nebraska, I wish to call your attention to a serious potential problem.

Clearly, the United States must work its way out of debt. To do that, Federal spending must be cut. It is my understanding that the Senate Budget Committee Chairman's mark is set at an overall reduction of $1.5 trillion by the year 2002. I further understand that in order to achieve a savings of that magnitude, Medicare is targeted for $256 billion reduction in spending over the same seven-year period.

Here's the problem. For fiscal year 1993 (FY '93) (the most current completed year), Nebraska hospitals had a net operating margin of −7.5 percent for care rendered to Medicare recipients. Based upon the Chairman's mark for Medicare spending, in the year 2000 Nebraska hospitals would have a net operating margin of −23 percent for Medicare patients. This figure is expected to improve by the year 2002 to a net operating margin loss of only 14.5 percent, because the reductions are ''front loaded.''

Putting this into financial terms, in FY '93 Nebraska hospitals lost $383 per case caring for Medicare patients. Based upon the Chairman's mark, in the year 2000 they would lose on average $1,339 per case and in 2002 they would lose $983 per case caring for Medicare patients. This is all compounded by the fact that Nebraska is a state with a higher proportion of elderly citizens in its population.

How can hospitals respond to the cuts of this magnitude? Hospitals are caught in a catch-22. They can: (1) shift more costs to the private sector—this is no longer a viable option in today's managed care environment; (2) slash wages and lay-off employees; (3) cut back on the scope of services provided—all of which threatens the quality of care, will close rural hospitals and restrict access. It is a lose-lose situation for community hospitals. Reimbursement reductions of this magnitude in a state with a disproportionate share of the elderly population, a state in which Medicare patients account for 60 to 70 percent of hospital admissions, clearly threatens the health care system upon which all of us depend.

Medicare needs to be fixed. There is an opportunity for Congress to change Medicare, but the change must be driven by sound health care policy, not budgetary or political imperatives. The Senate Budget Committee's proposed Medicare reductions would crush Nebraska hospitals.

As always, Nebraska's hospitals look to your leadership.

Sincerely,

HARLAN M. HEALD,
President.

Mr. EXON. Mr. President, we are going to be finishing I believe debate very shortly. The distinguished Senator from Texas I know has some remarks. I know of no other speakers seeking recognition on this side. I have been advised likewise by the Senator from Texas.

Mr. President, I thank the Chair.

I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. President, this is the end of a long day. It is the end of a very important day for this country. We have heard so many arguments. The numbers are running in people's heads. They are conflicting. One person says there are cuts. The next person comes in, and says they are not cuts, they are just fewer increases. But in fact, it really comes down to the basic commonsense arguments that the people of America understand.

The debate today is for the soul of America. It is for the future of our children. And what we do over the next 50 hours is going to determine whether our children and grandchildren in fact will have the right to inherit the same kind of America that we have been able to grow up in and for which we have known such great advantages.

The House of Representatives tonight has taken the first bold step. They have passed a budget resolution that will balance the budget by the year 2002. The Senate is starting on the road that will have the same result.

I was talking to a group of leaders from all over the world today. They really had one basic question. Does America have the guts to balance the budget? Will they really do it? Do they really have the guts to set a course over the next 7 years that will be very tough but will make the difference in the economy for our country, and for the whole world? And I said emphatically the answer is yes. We do have the guts. We do have the courage. We do have the will. And we will set on the course.

Will it be easy? No. But we are going to do it because the people of this country made a statement in November 1994. They asked for courage, and we are going to give them the courage that they had in the vote they made last November, and that they deserve from the people they elected and put their faith in.

We have heard so many statements on this floor that I think we must try to correct, as best we can, some of the misstatements that were made.

First of all, it was said that this budget resolution has tax cuts for those making $200,000 a year. Well, the fact of the matter is this resolution does not have tax cuts at all. This budget resolution does not speak to tax cuts. But it does have a sense of the Senate that, if there are tax cuts that result from cutting spending, they will be targeted and focused to people making under $100,000. There are no tax cuts for the rich in this resolution. That is a smokescreen. That is put out by people who do not want us to pass a balanced budget. Then there was the talk about defense spending. There was ranting about the firewall put up for defense spending so that we would have domestic spending and defense spending. Well, in fact, there is a firewall, Mr. President. Thank goodness there is a firewall. People talk as if, when the cold war was over, the world was a safe place.

I am on the Armed Services Committee, and I am on the Senate Select Committee on Intelligence. I am scared to death about the proliferation of nuclear, chemical, and biological weapons all over the world right now. We have as much danger in the world today as we did when Russia was at the height of its strength.

It is a different kind of problem. It is a different kind of terror we are seeing in the world today, but nevertheless the greatest superpower in the world is not going to let down.

We are going to have to understand what happens when sarin gas is let out in a subway killing people before our very eyes, and when you can make bombs from fertilizer and fuel oil, and we see the loss of over 100 lives in our own country, and when we see the capability to produce missiles that could take these gases, the biological and chemical weapons and the nuclear weapons anywhere in the world. You bet we have a firewall in this budget resolution. Thank goodness we do for the defense spending, because I think the defense cuts are too much in this resolution, and I hope we can fix it because I wish to be on the leading edge of technology.

When our young men and women give their lives to protect our freedom in our armed services, you bet I want them to have the tanks and the fighters and the bombers they need to make sure that they do it as safely as possible for themselves and with the strength they need to protect us.

So, yes, there is a firewall. Thank goodness there is. And I hope that we can correct even right now in this budget resolution what, I think, is a woefully inadequate amount for defense. But we are not going to pass a resolution saying we increase defense spending without looking at the priorities and saying where is it going to come from and making those priority judgments. That is what we are here to do.

Does this resolution cut school lunch? No, it does not cut school lunches at all. That is an absolute smokescreen.

Does it cut the earned income tax credit? No. In fact, the earned income tax credit will remain. That is a good program. It is a program for the working poor. For someone making $20,000 or $18,000 a year, that has one or two children, they do get a tax rebate in this budget resolution just as they do today, and in fact that amount increases by the year 2002 because we want to encourage people who are helping themselves. So there is no cut in the earned income tax credit. There are only increases. It is important that we set the record straight on that.

Now, it has been said that Medicare is going to be cut. Once again, Mr. President, that is not true. Medicare spending will increase 7 percent a year in this budget. Does that mean Medicare is going to be the same as it has always been? I hope not. I hope we can get efficiencies that make Medicare more cost conscience because it has been increasing at a much greater rate than 7 percent per year.

We are not cutting Medicare. We are going to try to put some innovative solutions in Medicare so that our seniors who need Medicare will have it available, and they will have other options, and there will be incentives for them to save money, incentives that they will earn for themselves and for the taxpayers of America. We are going to have some innovative solutions, but we are not going to cut Medicare. We are going to try to save Medicare. That is going to be one of the key missions of this budget resolution, to save Medicare, so that when our future generations grow old it will be there for them.

The President's own cabinet officers who sit on the Medicare trust fund board have said it is going bankrupt, and it will be bankrupt by the year 2002 if we do not take steps right now to save it. And that is one of the key purposes of this budget resolution.

Now, it has been said that the space station has not been cut. I wish it had not been cut, because I do think the space station is one of the technologies that is going to provide jobs for our future, but it is cut. It takes its fair share. It is cut $3.5 billion over the next 5 years. It is taking its fair share of cuts. It is going to be more efficient, just like everything else in Government, and hopefully we will have a space station that will provide the new technologies and the new industries and the new jobs for our future. But everything is going to have to be more efficient, and it is going to have to meet a number of tests to make sure that it is right for the taxpayers and for our future generations.

There is a test that I have, and I am going to use it on everything that we vote on when we come to appropriations bills in the next few months. It is going to be the $100 test. If you take $100 and you put it on the kitchen table and you say, now, would you like to have this wonderful program that is going to cost $100 for your family? Most people would probably say, yes, I would like to do good things. Sure, I would like to have that program. But if the choice is for you to keep the $100 on your kitchen table and spend that money for what you want to spend it for for your family, what is going to be your choice? Are you going to send the $100 to Washington to spend on a program that sounds very good or are you going to want to keep that $100 to make the decisions for your family yourself. We are going to try to keep that $100 on the table for your family, so that you can decide what your priorities are rather than letting someone in Washington, DC, you have never met make those decisions for you.

Two economists developed a model for the future called generational accounting. This model calculates how much short-term budget policies will cost future generations. It looks beyond 5-year budget projections and was developed from the help of the President's Office of Management and Budget.

These two prominent economists have produced some shocking forecasts. On the day a child is born, that child owes $19,000 in Federal debt. When that child's sibling is born in 4 years, the baby brother or sister will be $24,000 in debt. There will be fewer jobs available for that child. And when it comes time to take out a personal loan to buy a new car or to own a home, our children that are being born today will find that Federal deficits have driven the interest rates up 2 percent. But borrowing money for a home will be just a dream for those children. If we continue at the rate we are going right now, what we are really going to give our children is not the ability to buy a home at all. They will not be able to buy a home because their tax rate will be 82 percent—82 percent is what we will be giving to our children and grandchildren if we do not take steps right now to correct the runaway spending that this Congress has had for the last 40 years.

And yet, this administration has refused to abandon the practices of Congresses for the last 40 years. In fact, this administration has dealt itself out of this debate. The President submitted a budget but it does not balance. It does not balance in the year 2000 or the year 2002. The President abdicated that responsibility and has left it to Congress.

Now we are going to get a chance to vote on the President's budget that does not balance. In fact, the President's press secretary said on Tuesday that that will be a good place for us to begin.

In fact, Senator DOMENICI has decided that that is indeed a good place to begin. So, when I finish my remarks, on behalf of Senator DOMENICI, I am going to submit the President's budget. That will be the first vote of this budget debate and we will get a chance to see if people want to vote for a budget that may have fewer decreases than increases, but does not balance at the end. We will see who is willing to cross the line that will be drawn in the sand to say, we will take the responsible course for this country and we will do what the people asked us to do last November.

In fact, we are in the toughest debate that we may ever have. No one, probably even Senator DOMENICI, agrees with everything in this budget resolution. I do not agree with everything in it. Not one person in this country probably agrees 100 percent with everything in it. Because, you know, Senator DOMENICI compromised. He tried to work with people and their priorities. He may not have liked everything that is in this resolution even though he is the prime author of the resolution. But we are going to rise above our small differences. We are going to try to set the priorities. We are going to have amendments.

We may vote for some of those amendments, but in the end, Mr. President, the people who are doing what is responsible for this country are going to vote a balanced budget out of the Senate just as they have done in the House today. And we are going to make history. We are going to begin to turn the ship of state that started going in the wrong direction in the 1930's when we started building up spending and big Government until in 1994 the people said, ''I know I'm going to have to sacrifice. I'm ready.'' The people of this country said that. They understood what they were doing.

And when I go home, people say to me, ''You hang tough. Don't back down now.''

This is our chance to save our country. And if we miss it, the people of America know that we will not have this chance again maybe ever but certainly not in the near future.

There is a new spirit in this country. The spirit of the Americans who went to the polls in 1994 and caused a revolution in the way that our Founding Fathers provided them to have a revolution. And that was the ballot box. The people had a revolution and they took their Government back. They have experienced the right of democracy. And now the people of America have said, ''We want you to do what is right. We understand that it will be tough. We understand that we will have to sacrifice. But we are ready. We are ready to do what is right for our children and our grandchildren.''

Mr. President, it is time for us to look to the future, not to the next election.

If we do what is right, everything else will take care of itself and we will create the jobs and the future for our children and that is what we are going to do.

AMENDMENT NO. 1111

(Purpose: To propose the President's budget)

Mrs. HUTCHISON. Mr. President, on behalf of Senator DOMENICI, I send to the desk the President's budget and ask that the President's budget be put on the table for consideration beginning tomorrow morning on Friday so that we will be able to have our first vote on the President's budget and we will see who wants to balance the budget and who is willing to take the steps that are necessary to do it.

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

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Texas [Mrs. HUTCHISON], for Mr. DOMENICI, proposes an amendment numbered 1111.

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

The PRESIDING OFFICER. Without objection it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that when the Senate resumes the concurrent budget resolution on Friday there be 40 hours remaining for debate under the statutory time limit.

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

MORNING BUSINESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

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

REPORT ON THE NATIONAL EMERGENCY WITH IRAN—MESSAGE FROM THE PRESIDENT—PM 49

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

I hereby report to the Congress on developments since the last Presidential report on November 18, 1994, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979, and matters relating to Executive Order No. 12613 of October 29, 1987. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c). This report covers events through April 18, 1995. It discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 and matters relating to Executive Order No. 12613. Matters relating to the March 15, 1995, Executive Order regarding a ban on investment in the petroleum sector, and the May 6, 1995, Executive Order regarding new trade sanctions, will be covered in separate reports. My last report, dated November 18, 1994, covered events through October 18, 1994.

1. There have been no amendments to the Iranian Transactions Regulations, 31 CFR Part 560, or to the Iranian Assets Control Regulations, 31 CFR Part 535, since the last report.

2. The Office of Foreign Assets Control (''OFAC'') of the Department of the Treasury continues to process applications for import licenses under the Iranian Transactions Regulations. However, a substantial majority of such applications are determined to be ineligible for licensing and, consequently, are denied.

During the reporting period, the U.S. Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the Iranian Transactions Regulations. OFAC and Customs Service investigations of these violations have resulted in forfeiture actions and the imposition of civil monetary penalties. Additional forfeiture and civil penalty actions are under review.

3. The Iran-United States Claims Tribunal (the ''Tribunal''), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. However, since my last report, the Tribunal has not rendered any awards although payments were received by claimants in late November for awards rendered during the prior reporting period. Thus, the total number of awards remains at 557. Of this total, 373 have been awards in favor of American claimants. Two hundred twenty-five (225) of these were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties, and 150 were decisions adjudicated on the merits. The Tribunal has issued 38 decisions dismissing claims on the merits and 85 decisions dismissing claims for jurisdictional reasons. Of the 59 remaining awards, three approved the withdrawal of cases and 56 were in favor of Iranian claimants. As of April 18, 1995, the Federal Reserve Bank of New York reported that the value of awards to successful American claimants from the Security Account held by the NV Settlement Bank stood at $2,365,160,410.39.

Iran has not replenished the Security Account since October 8, 1992, and the Account has remained continuously below the balance of $500 million required by the Algiers Accords since November 5, 1992. As of April 10, 1995, the total amount in the Security Account was $191,219,759.23, and the total amount in the Interest Account was $24,959,218.79.

The United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligations under the Algiers Accords to replenish the Security Account. Iran has yet to file its Statement of Defense in that case.

4. The Department of State continues to present United States Government claims against Iran, in coordination with concerned government agencies, and to respond to claims brought against the United States by Iran.

On April 18, 1995, the United States filed the first of two parts of its consolidated submission on the merits in Case B/61. Case B/61 involves a claim by Iran for compensation with respect to primarily military equipment that Iran alleges it did not receive. The equipment was purchased pursuant to commercial contracts with more than 50 private American companies. Iran alleges that it suffered direct losses and consequential damages in excess of $2 billion in total because of the U.S. Government's refusal to allow the export of the equipment after January 19, 1981, in alleged contravention of the Algiers Accords. As directed by the Tribunal, the United States' submission addresses Iran's claims regarding both liability and compensation and damages.

5. The Foreign Claims Settlement Commission (''FSCS'') on February 24, 1995, successfully completed its case-by-case review of the more than 3,000 so-called ''small claims'' against Iran arising out of the 1979 Islamic revolution. These ''small claims'' (of $250,000 or less each) were originally filed before the Iran-United States Claims Tribunal, but were transferred to the FCSC pursuant to the May 13, 1990 Settlement Agreement between Iran and the United States.

The FCSC issued decisions on 3,066 claims for total awards of $86,555,795. Of that amount, $41,570,936 represented awards of principal and $44,984,859 represented awards of interest. Although originally only $50 million were available to pay these awards, the funds earned approximately $9 million in interest over time, for a total settlement fund of more than $59 million. Thus, all awardees will receive full payment on the principal amounts of their awards, with interest awards paid on a pro rata basis.

The FCSC's awards to individuals and corporations covered claims for both real and personal property seized by Iran. In addition, many claims arose out of commercial transactions, including contracts for the sale of goods and contracts for the supply of services such as teaching, medical treatment, data processing, and shipping. The FCSC is now working with the Department of the Treasury to facilitate final payment on all FCSC awards.

6. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. Similarly, the Iranian Transactions Regulations issued pursuant to Executive Order No. 12613 continue to advance important objectives in combating international terrorism. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.
THE WHITE HOUSE, *May 18, 1995.*

REPORT UNDER THE INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT—MESSAGE FROM THE PRESIDENT—PM 50

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

On November 14, 1994, in light of the dangers of the proliferation of nuclear, biological, and chemical weapons and their means of delivery (''weapons of mass destruction''), I issued Executive Order No. 12938 and declared a national emergency under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

As I described in the report transmitting Executive Order No. 12938, the new Executive order consolidated the functions of and revoked Executive Order No. 12735 of November 16, 1990, which declared a national emergency with respect to the proliferation of chemical and biological weapons, and Executive Order No. 12930 of September 29, 1994, which declared a national emergency with respect to nuclear, biological, and chemical weapons, and their means of delivery. The new Executive order also expanded certain existing authorities in order to strengthen the U.S. ability to respond to proliferation problems.

The following report is made pursuant to section 204 of the International Emergency Economic Powers Act and section 401(c) of the National Emergencies Act regarding activities taken and money spent pursuant to the emergency declaration. Additional information on nuclear, missile, and/or chemical and biological weapons (CBW) nonproliferation efforts is contained in the annual report on the proliferation of missiles and essential components of nuclear, biological, and chemical weapons, provided to the Congress pursuant to section 1097 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102–190), also known as the ''Nonproliferation Report,'' and the annual report provided to the Congress pursuant to section 308 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (Public Law 102–182).

The three export control regulations issued under the Enhanced Proliferation Control Initiative (EPCI) are fully in force and continue to be used to control the export of items with potential use in chemical or biological weapons or unmanned delivery systems for weapons of mass destruction.

In the 6 months since I issued Executive Order No. 12938, the number of countries that have ratified the Chemical Weapons Convention (CWC) has reached 27 (out of 159 signatory countries). I am urging the Senate to give its advice and consent to ratification as soon as possible. The CWC is a critical element of U.S. nonproliferation policy that will significantly enhance our security and that of our friends and allies. I believe that U.S. ratification will help to encourage the ratification process in other countries and, ultimately, the CWC's entry into force.

The United States actively participates in the CWC Preparatory Commission in The Hague, the deliberative body drafting administrative and implementing procedures for the CWC. Last month, this body accepted the U.S. offer of an information management system for the future Organization for the Prohibition of Chemical Weapons that will implement the CWC. The United States also is playing a leading role in developing a training program for international inspectors.

The United States strongly supports international efforts to strengthen the 1972 Biological and Toxin Weapons Convention (BWC). In January 1995, the Ad Hoc Group mandated by the September 1994 BWC Special Conference to draft a legally binding instrument to strengthen the effectiveness and improve the implementation of the BWC held its first meeting. The Group agreed on a program of work and schedule of substantive meetings, the first of which will occur in July 1995. The United States is pressing for completion of the Ad Hoc Group's work and consideration of the legally binding instrument by the next BWC Review Conference in 1996.

The United States maintained its active participation in the 29-member Australia Group (AG), which now includes the Czech Republic, Poland, Slovakia, and Romania. The AG reaffirmed in December the members' collective belief that full adherence to the CWC and the BWC provides the only means to achieve a permanent global ban on CBW, and that all states adhering to these Conventions have an obligation to ensure that their national activities support these goals.

The AG also reiterated its conviction that harmonized AG export licensing measures are consistent with, and indeed actively support, the requirement under Article I of the CWC that States Parties never assist, in any way, the manufacture of chemical weapons. These measures also are consistent with the undertaking in Article XI of the CWC to facilitate the fullest possible exchange of chemical materials and related information for purposes not prohibited by the Convention, as they focus solely on preventing assistance to activities banned under the CWC. Similarly, such efforts also support existing nonproliferation obligations under the BWC.

The United States Government determined that three foreign nationals (Luciano Moscatelli, Manfred Felber, and Gerhard Merz) had engaged in chemical weapons proliferation activities that required the imposition of sanctions against them, effective on November 19, 1994. Similar determinations were made against three foreign companies (Asian Ways Limited, Mainway International, and Worldco) effective on February 18, 1995, and imposed sanctions against them. Additional information on these determinations is contained in a classified report to the Congress, provided pursuant to the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991. The United States Government continues to monitor closely activities that may be subject to CBW sanctions provisions.

The United States continued to control vigilantly U.S. exports that could made a contribution to unmanned delivery systems for weapons of mass destruction, exercising restraint in considering all such transfers consistent with the Guidelines of the Missile Technology Control Regime (MTCR). The MTCR Partners shared information not only with each other but with other possible supplier, consumer, and transshipment states about proliferation problems and also stressed the importance of implementing effective export control systems.

The United States initiated unilateral efforts and coordinated with MTCR Partners in multilateral efforts, aimed at combatting missile proliferation by nonmembers and at encouraging nonmembers to adopt responsible export behavior and to adhere to the MTCR Guidelines. On October 4, 1994, the United States and China signed a Joint Statement on Missile Nonproliferation in which China reiterated its 1992 commitment to the MTCR Guidelines and agreed to ban the export of ground-to-ground MTCR-class missiles. In 1995, the United States met bilaterally with Ukraine in January, and with Russia in April, to discuss missile nonproliferation and the implementation of the MTCR Guidelines. In May 1995, the United States will participate with other MTCR Partners in a regime approach to Ukraine to discuss missile nonproliferation and to share information about the MTCR.

The United States actively encouraged its MTCR Partners and fellow AG participants to adopt ''catch-all'' provisions, similar to that of the United States and EPCI, for items not subject to specific export controls. Austria, Germany, Norway, and the United Kingdom actually have such provisions in place. The European Union (EU) issued a directive in 1994 calling on member countries to adopt ''catch-all'' controls. These controls will be implemented July 1, 1995. In line with this harmonization move, several countries, including European States that are not actually members of the EU, have adopted or are considering putting similar provisions in place.

The United States has continued to pursue this Administration's nuclear nonproliferation goals. More than 170 nations joined in the indefinite, unconditional extension of the Nuclear Non-Proliferation Treaty (NPT) on May 11, 1995. This historic decision strengthens the security of all countries, nuclear weapons states and nonweapons states alike.

South Africa joined the Nuclear Suppliers Group (NSG), increasing NSG membership to 31 countries. The NSG held a plenary in Helsinki, April 5–7, 1995, which focused on membership issues and the NSG's relationship to the NPT Conference. A separate, dual-use consultation meeting agreed upon 32 changes to the dual-use list.

Pursuant to section 401(c) of the National Emergencies Act, I report that there were no expenses directly attributable to the exercise of authorities conferred by the declaration of the national emergency in Executive Order No. 12938 during the period from November 14, 1994, through May 14, 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 18, 1995.*

MESSAGES FROM THE HOUSE

At 1;02 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 219. An act to ensure economy and efficiency of Federal Government operations by establishing a moratorium on regulatory rulemaking actions, and for other purposes.

The message also announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 4. An act to grant the power to the President to reduce budget authority.

The message further announced that pursuant to the provisions of 22 United States Code 276d, the Speaker appoints the following Members as members of the United States delegation to attend the meeting of the Canada-United States Interparliamentary Group on the part of the House: Mr. MANZULLO, Chairman, Mr. LATHAM, Mr. CRAPO, Ms. DUNN, Mr. ZIMMER, Mrs. JOHNSON of Connecticut, Mr. GOODLING, Mr. JOHNSTON of Florida, Mr. DE LA GARZA, Mr. GIBBONS, Ms. SLAUGHTER, and Mr. MCNULTY.

At 6:10 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has the following bill, in which it requests the concurrence of the Senate:

H.R. 961. An act to amend the Federal Water Pollution Control Act.

At 8:38 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1158) making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent and referred as indicated:

H.R. 961. An act to amend the Federal Water Pollution Control Act; to the Committee on Environment and Public Works.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–914. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 11–39, adopted by the Council on April 4, 1995; to the Committee on Governmental Affairs.

EC–915. A communication from the Administrator of the General Services Administration, transmitting, a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize Federal agencies to use moneys received from user charges, which exceed actual management costs, for parking to fund alternatives to single-occupancy motor vehicle employee commuting; to the Committee on Governmental Affairs.

EC–916. A communication from the Chairman of the Federal Trade Commission, transmitting, pursuant to law, the 1994 annual report under the Government in the Sunshine Act; to the Committee on Governmental Affairs.

EC–917. A communication from the Chair of the Administrative Conference of the United States, transmitting, pursuant to law, a report relative to internal controls for 1994; to the Committee on Governmental Affairs.

EC–918. A communication from the Secretary of the Senate, transmitting, pursuant to law, the report of the receipts and expenditures of the Senate; ordered to lie on the table.

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–117. A resolution adopted by the Legislature of the State of Minnesota; to the Committee on Appropriations.

''RESOLUTION NO. 3

''Whereas, the national railroad passenger corporation, known as Amtrak, provides vitally important service to the people of Minnesota; and

''Whereas, over 162,000 persons arrive and depart from points in Minnesota using the Amtrak system; and

''Whereas, Amtrak provides necessary rail connections between Minnesota and the rest of the country; and

''Whereas, Amtrak makes significant contributions to the Minnesota economy through a payroll of over $3,000,000 in the state and purchase of nearly $5,000,000 in supplies and equipment; and

''Whereas, budget reductions for Amtrak now being discussed in the Congress threaten the existence of Amtrak as a national rail system; and

''Whereas, these budget reductions would harm Minnesota through drastic reductions in service and lost contributions to the state's economy; Now, therefore, be it

''*Resolved, by the Legislature of the State of Minnesota,* That Congress should provide funding for the Amtrak system that would allow it to continue as a true national system and continue to serve the people of Minnesota; and be it further

''*Resolved,* That the Secretary of State of Minnesota transmit enrolled copies of this memorial to the President of the United States, the President and Secretary of the United States Senate, the Speaker and Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress.''

POM–118. A joint resolution adopted by the Legislature of the State of California; to the Committee on Armed Services.

''ASSEMBLY JOINT RESOLUTION NO. 9

''Whereas, the United States Navy has occupied the site of the Naval Warfare Assessment Division in Norco, California since 1941; and

''Whereas, the Naval Warfare Assessment Division has, since 1951, served the Navy as an independent assessment agent to gauge the war-fighting capacity of ships and aircraft, from unit to battlegroup level, by assessing the suitability of design, the performance of equipment and weapons, and the adequacy of training; and

''Whereas, the Naval Warfare Assessment Division had its beginning in the Navy during a period when great advancements in weapons technology were being developed and introduced to the fleet; and

''Whereas, these new technologies brought with them problems in development, acquisition, operation, and support; and

''Whereas, the Navy needed an unbiased resource with direct access to fleet users in order to provide an objective assessment of war-fighting capability, performance, and effects of improvements; and

''Whereas, this independent, unbiased assessment has been honed over time into a consolidated, centrally located, and fully integrated organization dedicated to provide Navy and other Department of Defense decisionmakers with critical, accurate, and reliable information needed to improve the war-fighting capability and readiness of U.S. Armed Forces; and

''Whereas, the threats and challenges facing the military today cannot be met using the technology of yesterday; and

''Whereas, the Naval Warfare Assessment Division services focus on weapon and combat system performance, fleet training effectiveness, systems, and material quality and these services are sponsored by more than 120 Navy, Marine Corps, Army, and Air Force programs, and by other U.S. and foreign government agencies; and

''Whereas, more than 3,500 government and industry customers rely on the Naval Warfare Assessment Division for its expertise; and

''Whereas, the newly opened Warfare Assessment Laboratory in Norco has become the focal point for integrated analysis that electronically links analysts at the Norco site with Navy firing ranges, ships at sea, and aircraft or missiles in actual flight, allowing near real time access to data that used to take weeks to obtain and compile; and

''Whereas, this laboratory is a unique facility that can support functions that no other single facility in the United States can support such as Joint Service exercises, war gaming, and simulation; and

''Whereas, the central location of the Naval Warfare Assessment Division in Norco is ideal. The facility is in close proximity to the San Diego Naval Complex, the Port Hueneme/Ventura plain Naval Complex, Camp Pendleton, and China Lake. Furthermore, the Naval Warfare Assessment Division is independent of each of these other facilities; and

''Whereas, the Naval Warfare Assessment Division contributes more than $149 million to the region's economy by employing more than 1,000 people and by using more than 400 contractors and suppliers; and

''Whereas, for all of the above reasons, the Naval Warfare Assessment Division is of the utmost importance in maintaining the preparedness of the armed forces for the defense of the United States; Now, therefore, be it

''*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature hereby memorializes the Base Realignment and Closure Commission, the President and the Congress of the United States to provide for the continued operation of the Norco Naval Warfare Assessment Division as an essential facility for the readiness and defense of the United States; and be it further

''*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the Base Realignment and Closure Commission, the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representatives from California in the Congress of the United States.''

POM–119. A joint resolution adopted by the Legislature of the State of Colorado; to the Committee on Commerce, Science, and Transportation.

''HOUSE JOINT RESOLUTION 95–1005

''Whereas, the United States Congress, in a late amendment to the ''Federal Aviation Administration Authorization Act of 1994'', P.L. 103–305, preempted all state regulation of the prices, routes, and service of motor carriers of property operating in intrastate commerce, effective January 1, 1995; and

''Whereas, intrastate commerce by definition occurs wholly within the borders of a state; and

''Whereas, the Supreme Court of the United States declared as early as 1824 that under the Commerce Clause, article I, section 8 of the United States Constitution, ''the completely internal commerce of a state, . . . , may be considered as reserved for the state itself''; and

''Whereas, however broad Congress's power over interstate commerce may be, the inherent power of the states to govern their own internal affairs remains unquestioned, and is in fact guaranteed by the Tenth Amendment to the United States Constitution; and

"Whereas, regulation of common carriers, innkeepers, millers, ferrymen, and others whose activities are affected with a public interest is one of the bedrock principles of common law, predating the United States Constitution itself by hundreds of years; and

"Whereas, Colorado has regulated common carriers by motor vehicle at least since 1927, and has regulated railroads and other public utilities since territorial days; and

"Whereas, the prevention of discriminatory pricing, disparities in service, and other abuses by persons supplying vital public services was instrumental in promoting the orderly development of this state and remains crucial to the state's economic health; and

"Whereas, the people of Colorado well understand and appreciate the dangers of excessive governmental regulation; and

"Whereas, a total lack of regulation has dangers of its own; and

"Whereas, the people of Colorado are in the best position to judge where they choose to be with regard to commerce wholly within the borders of the state; and

"Whereas, the United States Congress acknowledged that one effect of P.L. 103–305 would be to render worthless the intrastate operating authority held by property carriers on the effective date of the legislation, but suggested no method by which that loss would be compensated; and

"Whereas, such action constituted a disregard for the Due Process and Just Compensation Clauses of the Fifth Amendment to the United States Constitution; and

"Whereas, the January 1, 1995, effective date of P.L. 103–305, coming as it does before Colorado and most other states convened their legislatures for the year—and particularly in a year in which many states have no scheduled legislative session at all—is a cause of chaos for state enforcement officials as well as regulated persons and entities; Now, therefore, be it

"*Resolved by the House of Representatives of the Sixtieth General Assembly of the State of Colorado, the Senate concurring herein:*

"(1) That the United States Congress is urged immediately to repeal section 601(c) of the "Federal Aviation Administration Authorization Act of 1994", P.L. 103–305;

"(2) That, failing such repeal, the effective date of said section be postponed for at least two years to allow Colorado and the other states affected by the Act to prepare an orderly legislative and regulatory response; and

"(3) That, if Congress does not provide such relief, the Colorado General Assembly intends fully to explore its options regarding relief through the courts and, possibly, to join with other states in seeking such relief.

"*Be it further resolved,* That copies of this Resolution be sent to speaker of the House of Representatives Newt Gingrich, Senate Majority Leader Robert Dole, House Minority Leader Richard Gephardt, Senate Minority Leader Thomas Daschle, each member of the Colorado congressional delegation, Secretary of Transportation Federico Peña, Colorado Attorney General Gale Norton, and the presiding officers of each house of the legislatures of the several states."

POM–120. A resolution adopted by the House of the General Assembly of the State of Indiana; to the Committee on Commerce, Science, and Transportation.

"HOUSE RESOLUTION NO. 60

"Whereas, the lack of uniformity in current motor vehicle registration and titling practices affords consumers with little protection from the few unscrupulous individuals that steal, rebuild, and resell cars;

"Whereas, consumers can only make informed decisions about previously damaged and rebuilt vehicles, if they are aware of the vehicles' history;

"Whereas, in the Anti-Car Theft Act of 1992 (Public Law 102–519), Congress established a task force to study problems relating to motor vehicle titling, registration and salvage controls that contribute to motor vehicle theft and fraud;

"Whereas, a majority of the states have little or no formal or standardized procedures for checking the history of a motor vehicle title;

"Whereas, title branding, a term used to describe the adding of some mark or notation on a vehicle title, is not uniform in state titling procedures, with 61 different designations being used among the states that do brand titles and with 38 states not recognizing either the identical brand or all of the brands of the other states;

"Whereas, although in most states, a rebuilt vehicle must undergo a vehicle identification number inspection to ensure that the vehicle is not stolen and has its V.I.N. changed or repaired who do the inspection vary considerably from state to state;

"Whereas, title washing, the act of eliminating certain information from the title of a vehicle, is common and easy for thieves who use the differences in state branding procedures or the lack thereof for their own personal gain;

"Whereas, inconsistencies in state definitions of salvage, a perceived weakness in many states retitling procedures, and a blanket branding of stolen vehicles, by requiring vehicle identification and safety inspections, restrictions on procedures for obtaining duplicate vehicle titles; and

"Whereas, the enactment of federal legislation would be beneficial to the states and to consumers by providing uniform definition of salvages and rebuilt vehicles, by requiring vehicle identification and safety inspections, restrictions on procedures for obtaining duplicate vehicle titles; Now, therefore, be it

"*Resolved by the House of Representatives of the General Assembly of the state of Indiana:*

"Section 1. That we do hereby urge the Congress of the United States to enact such legislation as may be necessary to provide uniformity among the states in the titling of rebuilt and salvaged motor vehicles.

"Section 2. That the Principal Clerk of the House of Representatives transmit a copy of this resolution to the President of the United States Senate, the Speaker of the United States House of Representatives and to members of the Indiana Congressional Delegation."

POM–121. A resolution adopted by the House of the Legislature of the State of Alaska; to the Committee on Armed Services.

"Whereas the closure of the Naval Air Facility in Adak, Alaska, is anticipated to occur in 1996; and

"Whereas the land and existing infrastructure of the facility could be used after the closure to benefit people and businesses in the state, as well as to serve the long-term interests of the state and the federal government; and

"Whereas the closure of the facility presents a unique opportunity to develop a new community for the western Aleutians, to promote commercial ventures, and to use the existing land and infrastructure for community purposes; and

"Whereas, unless appropriate steps are taken immediately to preserve the building and other infrastructure from damage by wind and moisture, the future use of the existing infrastructure and the development of the Adak community will be jeopardized; Now, therefore, be it

"*Resolved* That the House of Representatives supports the conversion of the Naval Air Facility in Adak, Alaska, into a facility that can be used beneficially by the citizens of the western Aleutians; and be it further

"*Resolved* That the House of Representatives respectfully requests the United States Department of the Navy, Department of the Interior, and Department of Defense to

"(1) take effective and timely measure to preserve the infrastructure that constitutes the Naval Air Facility in Adak, Alaska;

"(2) work closely with all federal and state agencies and the Aleut Corporation regarding the future use of the facility after its closure;

"(3) designate in a timely manner an authority, preferably the Aleut Corporation, for developing the future use of the property constituting the facility; and

"(4) arrange for the transfer of the property that constitutes the facility to the Aleut Corporation as part of the corporation's entitlement under 43 U.S.C. 1601–1641 (Alaska Native Claims Settlement Act)."

POM–122. A resolution adopted by the House of Legislature of the State of Hawaii; to the Committee on Energy and Natural Resources.

"H.R. NO. 294

"Whereas, the self-governing Commonwealth of Northern Marianas ("CNMI"), located between Guam and the Tropic of Cancer, is comprised of an archipelago of sixteen islands, of which six are inhabited, the three largest and most populous being Saipan, Tinian, and Rota, whose native islanders, predominantly of Chamorro cultural extraction, achieved United States citizenship on November 3, 1986, when the islands, which were formerly a United Nations trust territory administered by the United States became a commonwealth of the United States; and

"Whereas, the commonwealth, in particular the island of Rota, has, allegedly, over the last several years been a scene of grievous abuses and violations of human rights against overseas Filipino contract workers such as domestic helpers, waitresses, farm laborers, construction workers, entertainers, and teachers: it being alleged that there are at least one hundred eighty-five documented cases of rape, forced prostitution, kidnapping, torture, assault and battery, and violations of labor rights committed by employers and local government officials, who are largely of Chamorro extraction; and

"Whereas, it is alleged that waitresses are forced into prostitution (as "take out" girls) and nude dancing and locked up during their free time; housemaids are kidnapped, beaten and raped; farm laborers are treated as virtual slaves; construction workers are abandoned without pay; teachers are degraded by their students, cafeteria workers, and administrators; and employees of all categories are routinely cheated of their wages and their passports are held by their employers, who typically impose large illegal penalties if they quit their jobs; and

"Whereas, these alleged injustices are inflicted by employers and government officials, notably the police, under a seemingly flawed regulatory system in which close family or political ties exist between employers and local authorities, and are evidently trivialized, on the island of Rota, by its mayor, who calls criticism "overblown", insisting that rapes are "bound to happen in any society" and forced prostitution "is not rampant on Rota; it happens everywhere"; and

"Whereas, the influx of Filipino and other Asian workers has actually made the native Chamorros a minority on their own island—of the commonwealth's population of nearly 63,000, indigenous residents now compose less than thirty-seven percent, whereas contract workers, ''statesiders'', and others make up the rest, Filipinos making up the bulk of the commonweath's 27,000-strong alien labor force, the others coming from China and elsewhere in Asia—has nonetheless made the contract workers a vast, politically powerless underclass, whose complaints of abuses are countered with threats and deportations and may also be stifled altogether if the commonwealth enacts a proposed $200 fee for filing a complaint with its Division of Labor; and

''Whereas, federal authorities responding to abuse complaints have allegedly encountered challenges to their jurisdiction, hostility from tight-knit local communities and witnesses too intimidated to testify, prompting them to compare their enforcement efforts there to similar efforts in the old Deep South and to comment that in the Northern Marianas the ''indigenous rights'' promoted by Washington have come to mean the exploitation of Asian minorities, and that ''It's American policy gone bad. Good intentions got flipped around''; and

''Whereas, the United States Department of the Interior is presently spearheading an aggressive federal interagency effort to stop labor and civil rights abuses of non-U.S. citizen workers in CNMI, coordinating the activities of the FBI, the U.S. Attorneys' Office, the Department of Justice's Civil Rights Division, the U.S. Immigration and Naturalization Service, the U.S. Department of Labor, and several other agencies; Now, therefore, be it

''*Resolved by the House of Representatives of the Eighteenth Legislature of the State of Hawaii, Regular Session of 1995,* That the United States Congress is respectfully requested to expedite and fully investigate claims of human rights abuse in the Commonwealth of Northern Marianas; and be it further

''*Resolved,* That the United States Congress is requested to review and assess the feasibility of taking control of immigration and minimum wage functions and responsibilities from the Commonwealth of Northern Marianas; and be it further.

''*Resolved,* That the United States Congress is respectfully requested to review the terms of the Compact Agreement between the United States and the Commonwealth of Northern Marianas to determine what further action should be taken to resolve the alleged abuses of human rights; and be it further.

Resolved, That certified copies of this Resolution be transmitted to the Clerk of the U.S. House of Representatives, the Secretary of the U.S. Senate, the members of Hawaii's congressional delegation, the Secretary of the Department of the Interior, and the President of the Philippines through its consulate.''

POM–123. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Environmental and Public Works.

''LEGISLATIVE RESOLVE NO. 10

''Whereas, in 1972, the federal Clean Water Act (33 U.S.C. 1251–1387) allowed a broad expansion of federal jurisdiction over wetlands by modifying the definition of navigable waters to include all waters of the United States; and

''Whereas, in 1975, the United States Army Corps of Engineers expanded wetland regulations to include restricted discharge of dredged and fill material into wetlands; and

''Whereas, wetlands regulations have been expanded further to include isolated wetlands and those not adjacent to navigable waters; and

''Whereas, the expansion of the regulations governing wetlands by federal agencies exceeds what the Congress intended when it enacted the federal Clean Water Act; and

''Whereas, Alaska contains more wetlands than all other states combined; and

''Whereas, according to the United States Fish and Wildlife Service, approximately 170,200,000 acres of wetlands existed in Alaska in the 1780s and approximately 170,000,000 acres of wetlands exist today, representing a loss rate of less than 1/10 of one percent in a decade through human and natural processes; and

''Whereas, approximately 98 percent of all Alaska communities, including 200 of 209 remote villages in Alaska, are located in or adjacent to wetlands; and

''Whereas, with negligible benefit to the environment in Alaska, the expansion of wetlands regulations has placed an increasing and unnecessary burden on private landowners, Native organizations, and local and state governments by inhibiting reasonable community growth and environmentally benign, sensitive resource development; and

''Whereas, 88 percent of Alaska's wetlands are publicly owned, while only 26 percent of wetlands in the contiguous 48 states are in public ownership; and

''Whereas, more than 60,000,000 acres of Alaska's wetlands are known to be conserved in some form of land designation, including federally designated wilderness land, federal part and refuge land, and state park and refuge land, that restrict utilization or degradation of wetlands; now, therefore, be it

''*Resolved* That the Alaska State Legislature respectfully requests the United States Congress to exclude Alaska from a ''no net loss'' policy associated with the federal Clean Water Act, and to amend the federal Clean Water Act to modify the wetlands regulatory program

''(1) to provide flexibility in Alaska wetlands permitting commensurate with the large amount of wetlands set aside in Alaska and the low historic rate of wetlands loss in Alaska; and

''(2) to relax the restrictions on the use of wetlands in Alaska; and be it further

''*Resolved,* That the Alaska State Legislature respectfully requests the United States Congress to recognize the unique contribution the citizens of Alaska have made to wetlands conservation and Alaska's outstanding record of wetlands conservation.

POM–124. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Finance.

''LEGISLATIVE RESOLVE NO. 12

''Whereas it is estimated that 37,000,000 Americans are without health insurance, many while between jobs, and that more Americans are underinsured because of the effects of rising health care costs and spending, which are forcing employers to trim the level and availability of health care benefits provided to their employees; and

''Whereas overutilization of health care services for relatively small claims is one of the most significant causes of health care cost and spending increases: currently more than two-thirds of all insurance claims for medical spending are less than $3,000 per family per year in this country; and

''Whereas, in response to runaway cost increases for health care spending, the private sector has developed the concept of medical savings accounts, which is designed to ensure health insurance availability and is based on providing incentives to eliminate unnecessary medical treatment and encourage competition in seeking health care; and

''Whereas, under a medical savings account arrangement, an employer currently providing employee health care benefits could purchase a lower cost, higher deductible major medical policy of each employee to replace the existing policy and then set aside the saved premium differential in a medical savings amount for the participating employee; and

''Whereas, through employer-funded medical savings account arrangements and the reduced cost of qualified insurance policies with higher deductibles, millions of Americans could insure themselves for both routine and major medical services; and

''Whereas, the participating employees would be able to use the money in their medical savings accounts to pay medical care expenses up to the amount of the insurance policy deductible and any money in the account at the end of the plan year would belong to the employee to use as the employee saw fit; and

''Whereas, the possibility of using the balance in the employee's medical savings account for other purposes is a strong incentive not to abuse health expenditures and to institute ''cost shopping'' for medical care services; and

''Whereas, by setting aside money for employees to spend on health care, employees could change jobs and use the money they had earned so far to buy interim health insurance or cover health care expenses thereby eliminating the problem of uninsured between jobs and helping to reduce 'job-lock'; and

''Whereas, medical care decisions are highly individualized and involve personal factors that cannot be standardized without interfering with personal choice and so should remain the employee's prerogative; and

''Whereas, under medical savings account arrangements, individual policyholders will have a strong stake in reducing costs, and this sample financial mechanism will expand health insurance options to others who presently have no insurance; and

''Whereas, this method of decreasing the health care cost burdens in this country would require no new federal bureaucracy and would be revenue neutral to employers; Now, therefore, be it

''*Resolved,* That the Alaska State Legislature respectfully requests the Congress of the United States to enact legislation swiftly and in good faith to enable Americans to establish medical savings accounts.''

POM–125. A resolution adopted by the Common Council of the City of Syracuse, New York; to the Committee on Finance.

POM–126. A resolution adopted by the Council of the City of Alexandria, Virginia; to the Committee on Finance.

POM–127. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Finance.

''FILE NO. 27

''Whereas, the provisions set forth in 42 U.S.C.§415 for determining the primary insurance amount of a person receiving social security were amended in 1977 by Public Law 95–216; and

''Whereas, that amendment resulted in disparate benefits according to when a person initially becomes eligible for benefits; and

''Whereas, persons who were born during the years 1917 to 1926, inclusive, and who are commonly referred to as ''notch babies,'' receive lower benefits than persons who were born before that time; and

''Whereas, the payment of benefits under the social security system is not based on need or other considerations related to welfare, but on a program of insurance based on contributions by a person and his employer; and

''Whereas, the discrimination between persons receiving benefits is totally inequitable and contrary to the principles of justice and fairness; and

''Whereas, the Social Security Trust Fund has adequate reserves to eliminate this gross inequity; now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, jointly, That Congress is hereby urged to enact legislation to eliminate inequities in the payment of social security benefits to persons based on the year in which they initially become eligible for such benefits; and be it further

Resolved, That Congress is hereby urged to eliminate these inequities without reducing the benefits of persons who were born before 1917; and be it further

Resolved, That a copy of this resolution be transmitted by the Chief Clerk of the Assembly to the Vice President of the United States as presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage and approval.''

POM–128. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Finance.

''SENATE JOINT MEMORIAL 8012

''Whereas, the Federal Internal Revenue Code currently requires individuals to pay income taxes on unemployment benefit payments that they have received; and

''Whereas, the taxation of Unemployment Insurance Benefits impacts over eight million persons annually and reduces their income on average by seventeen percent for a total of three billion dollars; and

''Whereas, this taxation of Unemployment Benefits is an onerous burden on individuals that are generally experiencing a dramatic reduction in income due to their loss of employment; and

''Whereas, the taxation of Unemployment Benefits undermines the purpose of Unemployment Insurance, by dramatically reducing the amount of moneys available to workers and their families that are experiencing a loss of wages due to no fault of their own. In addition, local economies are adversely impacted due to the loss of income in the community; and

''Whereas, the Washington State Unemployment Insurance Task Force, comprised of Business, Labor, and Legislative members, in their 1995 Report, found the Taxation of Unemployment Insurance Benefits to be an unfair burden on workers;

''Now, therefore, Your Memorialists respectively request that the Congress of the United States enact legislation removing Unemployment Insurance Benefits from taxation under the Internal Revenue Code. Now, therefore, be it

''*Resolved,* That copies of this Memorial be immediately transmitted to the Honorable Bill Clinton, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.''

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 419. A bill to grant the consent of Congress to the Texas Low-Level Radioactive Waste Disposal Compact.

S. 677. A bill to repeal a redundant venue provision, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

John Garvan Murtha, of Vermont, to be U.S. District Judge for the District of Vermont.

George K. McKinney, of Maryland, to be U.S. Marshal for the District of Maryland for the term of 4 years.

Rose Ochi, of California, to be an Associate Director for National Drug Control Policy.

Susan Y. Illston, of California, to be U.S. District Judge for the Northern District of California.

George A. O'Toole, Jr., of Massachusetts, to be U.S. District Judge for the District of Massachusetts vice an additional position in accordance with 28 USC 133(b)(1).

Mary Beck Briscoe, of Kansas, to be U.S. Circuit Judge for the Tenth Circuit.

Patrick M. Ryan, of Oklahoma, to be U.S. Attorney for the Western District of Oklahoma for the term of 4 years.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CAMPBELL (for himself, Mr. COCHRAN, Mr. HATCH, Mr. MACK, Mr. DEWINE, and Mr. MCCAIN):

S. 817. A bill to require the Secretary of the Treasury to mint coins in commemoration of the Native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KERREY (for himself and Mr. SIMPSON):

S. 818. A bill to amend title II of the Social Security Act to increase the normal retirement age to age 70 by the year 2029 and the early retirement age to age 65 by the year 2017, to provide for additional increases thereafter, and for other purposes; to the Committee on Finance.

S. 819. A bill to amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, and for other purposes; to the Committee on Governmental Affairs.

S. 820. A bill to amend title 10, United States Code, to eliminate the increase in the retired pay multiplier for service in the uniformed services in excess of 20 years by members first entering the uniformed services after July 31, 1986; to the Committee on Armed Services.

S. 821. A bill to require a commission to study ways to improve the accuracy of the consumer price indexes and to immediately modify the calculation of such indexes; to the Committee on Banking, Housing, and Urban Affairs.

S. 822. A bill to provide for limitations on certain retirement cost-of-living adjustments, and for other purposes; to the Committee on Finance.

S. 823. A bill to amend the Congressional Budget Act of 1974 to require that the report accompanying the concurrent resolution on the budget include an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on revenues and outlays for entitlements for the period of 30 fiscal years and to require the President to include a 30 year budget projection and generational accounting information each year in the President's budget; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee has thirty days to report or be discharged.

S. 824. A bill to amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee social security payroll deductions; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. SIMPSON, and Mr. ROBB):

S. 825. a bill to provide for the long-range solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

By Mr. THURMOND:

S. 826. A bill to authorize the Secretary of Transportation to issue a certificate of documentation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel PRIME TIME, and for other purposes; to the Committee on Comerce, Science, and Transportation.

By Mr. PRESSLER:

S. 827. A bill to amend the Internal Revenue Code of 1986 to limit an employer's deduction for health care costs of its employees if the employer fails to honor its commitment to provide health care to its retirees; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 828. A bill to enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON:

S. 829. A bill to provide waivers for the establishment of educational opportunity schools; to the Committee on Labor and Human Resources.

By Mr. SPECTER:

S. 830. A bill to amend title 18, United States Code, with respect to fraud and false statements; to the Committee on the Judiciary.

By Mr. SMITH (for himself, Mr. DOLE, Mr. HELMS, Mr. THURMOND, Mr. GRASSLEY, Mr. GRAMM, Mr. CAMPBELL, and Mr. THOMAS):

S.J. Res. 34. A joint resolution prohibiting funds for diplomatic relations and most favored nation trading status with the Socialist Republic of Vietnam unless the President certifies to Congress that Vietnamese officials are being fully cooperative and forthcoming with efforts to account for the 2,205 Americans still missing and otherwise unaccounted for from the Vietnam War, as determined on the basis of all information available to the United States Government, and for other purposes; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL (for himself, Mr. COCHRAN, Mr. HATCH, Mr. MACK, Mr. DEWINE and Mr. MCCAIN):

S. 817. A bill to require the Secretary of the Treasury to mint coins in commemoration of the Native American history and culture; to the Committee on Banking, Housing, and Urban Affairs.

THE BUFFALO NICKEL COMMEMORATIVE COIN ACT OF 1995

Mr. CAMPBELL. Mr. President, this morning I take great personal pleasure in introducing the Buffalo Nickel Commemorative Coin Act of 1995.

Those of us with more than a little gray hair will remember this unique piece of history, with the Indian head design on one side and the buffalo design on the reverse side.

This coin was in general circulation from 1913 to 1938, which is a very short timeframe, only 25 years, but it is still one of the most recognizable coins in American history.

Now, nearly 60 years after the mint ceased production of the Indian head nickel, I would like this generation of Americans to reacquaint themselves to this unique piece of American heritage.

It is also an opportunity to raise some extra needed revenue for the National Park System. For these reasons, Senator COCHRAN, who has cosponsored this legislation with me, and I propose a limited edition commemorative Indian head nickel.

The artist who designed the coin over 80 years ago is James Earle Fraser. He wanted to produce a coin that was truly American, according to his original writings, that cannot be confused with the currency of any other country. There is no more significant motif, I suppose, than the American bison, the only animal in this country not found in any other place in the world.

Mr. Fraser himself was a famous artist, having done many works of art, including ''End of the Trail,'' which is now in the Cowboy Hall of Fame in Oklahoma City.

The Indian head motif has always been accepted as an impression of liberty in this country. The American bison was certainly an important part of our history.

Mr. Fraser himself said:

In designing the buffalo nickel, my first object was to produce a coin which was truly American, and that could not be confused with the currency of any other country. I made sure, therefore, to use none of the attributes that other nations had used in the past. And, in my search for symbols, I found no motif within the boundaries of the United States so distinctive as the American buffalo or bison.

According to historical sources, the Indian head on the nickel was created by Fraser based on three models: Iron Tail, an Olala Sioux; Two Moons, a northern Cheyenne, a greater leader of the tribe, of which I am an enrolled member; Big Tree, a Seneca Iroquois, which is part of the Iroquois Confederation.

Supposedly the three Indians were all performers appearing in wild-west shows in New York City at the time they posed for Mr. Fraser.

Most historians generally accept that the model for the buffalo on the nickel was a famous bull bison in the Central Park Zoo. The name of the bull was Black Diamond. Unfortunately, after being immortalized on the coin, he was slaughtered for meat and hide in 1915, which was the same demise many of his wild brethren met on the plains.

These coins would serve another purpose, appropriate to their heritage: Profits from their sale would be earmarked for the maintenance and improvement of our national parks, which are virtually being ''loved to death'' by far too many people coming to them now.

This is not meant, by the way, to replace any of the appropriated money that now goes to parks. It was meant that the profit would supplement the amount of money they now receive from the appropriations process.

Mr. President, we are working closely with the Citizens Commemorative Coin Advisory Committee and the U.S. Treasury to make this commemorative coin a success. Last year, the committee recommended the consideration of a Native American theme for a commemorative coin. I think that the buffalo nickel fits that theme perfectly.

I wish I could take credit for having this idea, which I think is a good idea, but I cannot. It was originally suggested to me by a man by the name of Mitchell Simon, who contacted my office and suggested it. Former U.S. Senator Tim Wirth from Colorado also sent me a note saying he thought it was a good idea. And since that time we received a pile of postcards from people all over the country saying they thought reissuing the buffalo nickel would be well received.

Mr. President, I welcome my colleagues to join me in reintroducing this coin act, a coin with deep historical and cultural significance to this Nation. I would especially like to thank my colleagues, Senators COCHRAN, HATCH, MACK, DEWINE, and MCCAIN who joins me as original cosponsor.

By Mr. KERREY (for himself and Mr. SIMPSON):

S. 818. A bill to amend title II of the Social Security Act to increase the normal retirement age to age 70 by the year 2017, to provide for additional increases thereafter, and for other purposes; to the Committee on Finance.

S. 819. A bill to amend chapters 83 and 84 of title 5, United States Code, to provide for more uniform treatment of Members of Congress, congressional employees, and Federal employees, to reform the Federal retirement systems, and for other purposes; to the Committee on Governmental Affairs.

S. 820. A bill to amend title 10, United States Code, to eliminate the increase in the retired pay multiplier for service in the uniformed services in excess of 20 years by members first entering the uniformed services after July 31, 1986; to the Committee on Armed Services.

S. 821. A bill to require a commission to study ways to improve the accuracy of the consumer price indexes and to immediately modify the calculation of such indexes; to the Committee on Banking, Housing, and Urban Affairs.

S. 822. A bill to provide for limitations on certain retirement cost-of-living adjustments, and for other purposes; to the Committee on Finance.

S. 823. A bill to amend the Congressional Budget Act of 1974 to require that the report accompanying the concurrent resolution on the budget include an analysis, prepared after consultation with the Director of the Congressional Budget Office, of the concurrent resolution's impact on revenues and outlays for entitlements for the period of 30 fiscal years and to require the President to include a 30-year budget projection and generational accounting information each year in the President's budget; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have 30 days to report or be discharged.

S. 824. A bill to amend the Internal Revenue Code of 1986 and the Social Security Act to provide for personal investment plans funded by employee social security payroll deductions; to the Committee on Finance.

By Mr. KERREY (for himself, Mr. SIMPSON, and Mr. ROBB):

S. 825. A bill to provide for the long-range solvency of the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY AND RETIREMENT REFORM LEGISLATION

• Mr. SIMPSON. Mr. President, I join my able and steady colleague Senator BOB KERREY from Nebraska in introducing a series of proposals we have crafted in an effort to address the long-term problems of Social Security.

I emphasize that our goal is to ''save'' this program—not, as some of the senior citizen and other groups will claim, to ''savage'' it. We are well aware that it is politically hazardous to even breathe a word about reforming Social Security. But we also believe the people of this country will be receptive to what we have to say. They know that they, or their loved ones, will most surely suffer over the long haul if we continue to cling blindly to the ''status quo.'' I believe they will embrace ''change'' when they are presented with the honest facts and the harsh reality of what the future holds for them if we continue on our present course.

Before I outline the details of our bills, let me briefly review why we feel compelled to address this issue. Last year, I served on the Bipartisan Commission on Entitlement and Tax Reform, which was guided through the deep swamps of entitlement spending by two remarkable and courageous men—Senator BOB KERREY, who served as our able chairman, and our former colleague Senator Jack Danforth, who served as vice chairman.

From June through December, the Commission held a series of public meetings in which we looked for any and all ways to slow down the incredible pace at which entitlement spending is growing. Along the way, the Commission approved—by a vote of 30 to 1—an interim report which spelled out some highly sobering truths about Federal spending. Perhaps the single most important finding in the interim report was that entitlement spending and interest on the debt together accounted for almost 62 percent of all Federal expenditures in 1993. Furthermore, according to the Congressional Budget Office, this spending will consume fully 72 percent of the Federal budget by he year 2003 if the present trends continue. These are expenditures that occur automatically without Members of Congress casting so much as a single vote. This ought to serve as a ''wake-up call'' to all of us that we are headed on a course to disaster.

Unfortunately, the Commission concluded its business in December without reaching an agreement on specific recommendations for bringing entitlement spending under control.

That was most disappointing to me. However, 24 of the Commission's 32 members joined in writing a letter to President Clinton, emphasizing the need for ''immediate action'' and outlining various policy options—some of which Senator KERREY and I have included in the bills we introduce today.

On April 3 of this year, another clanging ''wake-up call'' rang from the Social Security and Medicare board of trustees. The trustees informed Congress and the American people in their annual report that—according to their best projections—the Social Security retirement trust fund will be exhausted in 2031, the disability trust fund will run out in 2016, and the Medicare trust fund will be depleted, that is, broke, in 2002.

These dates will be upon us sooner than one can imagine. The ''doomsday'' date for Medicare is only 7 short years away. The situation with Social Security may seem less urgent, but we must not be lured into complacency. Although the ''doomsday'' dates are currently set at 2031 and 2016 for the retirement and disability programs, the trustees' report also indicates that combined expenditures for the two programs will begin to exceed revenues in the year 2013. From 2013 to 2019, it will be necessary to ''dip into'' the interest income that is earned on the principal in order to pay out benefits. And then, beginning in the year 2020, we will have to ''dip into'' the principal itself just to keep the benefits flowing.

Because this is such a crucial point that every American must realize, I will repeat it again—to continue paying Social Security benefits, we will have to dip into—that is, spend—the trust fund's principal and interest beginning in 2013. We will be running a negative cash flow beginning in 2013. What this means is that come 2013, the Government will have several options: borrow money from the Treasury and drive up the deficit; raise payroll taxes on current workers; or reduce benefits to retirees.

These figures are not based on hysteria or fiction. They are cold, hard, clear, painful facts. No one can refute them—but we can take action to change our course and prevent these forecasts from coming true. That is why Senator KERREY and I are here today. We are introducing seven separate bills that taken together will shore up Social Security.

We are also introducing a package of bills, some of which duplicate the separate bills. This package will also solve Social Security's long-term solvency crisis. We've shored up Social Security in two ways to show our colleagues that there are a variety of ways to do it.

Our first bill deals with the Social Security retirement age. Many Americans may not know this, but current law already provides that the normal retirement age—the age at which full benefits can be received—will begin to slowly increase in the year 2000 for people who were born after 1937, and it will continue to gradually increase until it reaches age 67 for those who were born after 1959. This law is already ''on the books.''

Senator KERREY and I are proposing that the increases which are already scheduled be gradually accelerated. Our bill proposes that the normal retirement age begin to increase, beginning in the year 2000, so it reaches 66 in the year 2005, 67 in the year 2011, 68 in the year 2017, 69 in the year 2023, and 70 in the year 2029.

We also gradually increase the early retirement age to 65 by 2017 beginning in the year 2000. The early retirement age would reach 63 in the year 2005, 64 in the year 2011 and 65 in the year 2017.

I want to emphasize that the first group of people subject to the retirement age of 70 are those who are presently in their early 30's. Current retirees are not affected at all by this proposal. Thus, no one can let out a howl that we are calling for sweeping changes ''at the last minute,'' without giving people a chance to adjust their retirement plans. That is not what we are up to.

I also think it is useful to review the extent to which life expectancies have increased in the last 50 years. In 1940, the average life expectancy in the United States was 61.4 years for a male and 65.7 years for a female, yet the retirement age was 65. Today, the average life expectancy is about 72 years for men and 79 years for women. According to the Social Security Administration, more than 75 percent of the people who were born 65 years ago are still alive today. These individuals, once they have reached the age of 65, can expect to live another 15 years if they are men and another 19 years if they are women.

The authors of the original Social Security Act of 1935 had no way of knowing ''back then'' that today's retirees would be living for so long. Had they known then what we know now, I believe they would have agreed that a higher retirement age would be appropriate in the 21st century.

Our second bill would allow taxpayers to reduce their Social Security payroll tax payments by 2 percentage points and direct this money into a personal investment plan [PIP] of their own choice. Workers who choose this option would have their future benefits reduced by a corresponding amount, but this reduction would be offset with earnings from their personal investment plan. The question of whether lost benefits would be partially, completely or more than offset by these earnings would depend upon the decisions each individual makes with respect to his or her private investment plan.

I often hear from constituents who insist that if they were allowed to invest their Social Security taxes themselves, they could earn a much higher rate of return than the 8 percent return U.S. Treasury securities yielded last year. This bill gives them a chance to do just that. Some taxpayers will prove that, indeed, they can do better investing these funds on their own. Others may learn the hard way that private sector investments always carry a certain element of risk. Either way, I believe it is important to give people more control over decisions relating to their retirement.

Our third bill is guaranteed to bring howls of glee from the hinterlands. It calls for reductions in the pensions of Members of Congress and certain Federal employees. These reductions are achieved through three separate provisions.

First, the accrual rates used to calculate pensions would be reduced by one-tenth of 1 percent for future years of service. This means that the pension of a typical Federal employee—whose accrual rate would go from 1.0 to 0.9—would be reduced by up to 10 percent.

Second, the accrual rates used to calculate congressional pensions would be made equal to those used to calculate the pensions of typical Federal employees. Thus, a Member of Congress would have his or her pension calculated on the basis of a 0.9-percent accrual rate for future years of congressional service instead of a 1.7-percent accrual rate, thereby reducing his or her pension by as much as 47 percent.

Third, our bill would require that the pensions of certain Federal employees, including Members of Congress, be based on their five highest salary years—instead of their three highest salary years.

These provisions demonstrate in the most vivid manner possible that we, as elected officials, are willing to make sacrifices ourselves. This is something we must do to show the American people that we are serious about getting our fiscal house in order. We all understand that reducing our own pensions won't make a dent in the deficit, but the symbolism of this gesture is absolutely crucial to our success in other areas.

Our fourth bill deals with the retirement benefits that are received by individuals who joined the military after July 31, 1986 and therefore aren't able to retire until the middle of 2006. We propose that the accrual rates used to calculate their pensions on be limited to 2 percent per year, regardless of how many years of service an individual may have. Currently, the accrual rate is 2 percent for each of the first 20 years and 3.5 percent for the 21st through 30th years of military service. This is an extraordinarily generous system by any standard.

I am fully prepared for the cries of outrage this will bring from some of the many men and women who serve with honor and distinction in the military. I served in the military too, as did BOB KERREY who won the Medal of Honor for his bravery. We would never do anything to diminish the importance or value of their service. But it is hard to justify an accrual rate of 3.5 percent for military retirees when civil service Federal employees have an accrual rate of 1.0 percent and we are talking about bringing that down to 0.9 percent. I believe the changes Senator KERREY and I propose are appropriate in the context of what we are doing with congressional and civil service pensions.

Our fifth bill would change the manner in which cost of living adjustments [COLA's] are awarded. We propose that limits be placed on the COLA's of all Social Security beneficiaries and Federal and military retirees—except the 30 percent who receive the smallest COLA in each program.

Under this approach, the ''poorest'' 30 percent of recipients would continue to receive their full COLA's. The other 70 percent would also receive a COLA each year, but they would receive a COLA that is equivalent only to the actual dollar amount of the COLA that is received by recipients who are down there at the 30-percent level.

One important point I want to emphasize with respect to Social Security is that—since COLA's did not begin until the early 1970's and thus were not even included in the original Social Security Act of 1935—this proposal would not in any way ''break'' or alter the ''contract'' that is considered to exist between senior citizens and Social Security.

It is also important to note that this approach does not discourage people from saving for their retirement. It does not in any way penalize seniors who have personal savings or other sources of income. The amount of one's benefit is the sole determinant of whether or not a retiree is subject to the COLA cap. There are no other factors involved.

Our sixth bill focuses on the Consumer Price Index [CPI], which is used to calculate cost-of-living adjustments [COLA's] for Social Security beneficiaries and for military and Federal retirees. Alan Greenspan, the Chairman of the Federal Reserve, and other very credible witnesses have testified before the Senate Finance Committee that the CPI, as currently calculated, ''overstates'' actual inflation by as much as one or two percentage points. This may seem like an almost benign or inconsequential fact, but when you consider that hundreds of billions of dollars in Federal payments are increased each year on the basis of the CPI alone—and, furthermore, that the Federal income tax brackets are also adjusted annually according to the CPI—it becomes very clear that this is not a small matter.

Senator KERREY and I are proposing today that the annual CPI calculation be automatically reduced by one-half of a percentage point. According to the experts who testified before the Senate Finance Committee, this is a conservative estimate of how much the CPI is overstated. We also call for the creation of a seven-member commission that would be charged with studying the accuracy of the CPI and reporting its findings to the Secretary of Labor and Congress within 1 year. It is our sincere desire that this process would eventually lead to a more accurate measure of inflation, thus eliminating the need for an automatic reduction each year.

The seventh and final bill which Senator KERREY and I introduce today is one that all 100 senators should be able to agree on. We propose that the Congressional Budget Office and the OMB be required to use a 30-year ''budget window'' instead of a five-year ''budget window'' in evaluating any legislation that affects entitlement spending. This is a matter of common sense. By definition, entitlement programs go on forever unless Congress takes specific action to stop them. To say that we will look only at the first 5 years of such programs is now unacceptable. It is absolutely essential that we begin to view these programs from a longer-term perspective.

These seven bills represent the best efforts of my friend Senator KERREY and myself to protect and preserve these retirement programs for many generations to come. We invite our colleagues to join us in supporting and advancing these measures—or to come up with various alternatives of your own.

Each of us has an obligation—not only to our constituents, but to ourselves and our children and grandchildren—to confront these issues head-on. Whatever outrage and hostility we may encounter from today's defenders of the ''status quo''—and there will be plenty of it—it will pale in comparison to the truly richly deserved scorn we will receive from future generations if we fail to have the courage to act. I eagerly look forward to a spirited debate on these issues and I urge my colleagues to join the fray.●

Mr. ROBB. Mr. President, I support the Strengthening Social Security Act of 1995. I commend my distinguished colleagues, Senators BOB KERREY and ALAN SIMPSON, for their hard work on this important legislation, and I am pleased to be an original co-sponsor.

I compliment my friends from Nebraska and Wyoming, Mr. President, because tackling the problems associated with social security takes enormous personal and political courage. In an era when news is conveyed in quippy, provocative soundbites, ''touching'' social security is anathema—even when reforming social security is clearly the only way to save it.

For the bottom line is this, Mr. President: if we don't change the way we do business around here, spending on entitlements and interest on the debt will consume all Federal revenues by the year 2012. That same year, social security expenditures will begin to exceed revenues coming into the trust fund, and by the year 2029, the Social Security trust fund will be exhausted.

Because of demographics and increasing life expectancies, this Nation has evolved from a system where 15 workers supported each Social Security beneficiary when the program was created, to five workers for each beneficiary today, to just three workers for each beneficiary when the Baby Boom generation retires.

It's clear to me, Mr. President, that we have promised our people more than we can deliver, and that our present path is simply unsustainable.

Unless we act today, we place an unconscionable financial burden on our children and our grandchildren—and we fail to ensure the retirement security of future generations of Americans.

This legislation strengthens the retirement security of future generations. It abolishes the actuarial deficit in the trust fund and allows the fund to pay benefits on an uninterrupted basis for the 75-year timeframe reviewed by the fund's actuaries.

More young Americans believe in UFO's than believe that Social Security will be there for them, and we urgently need to restore in young Americans a genuine confidence in the system. One of the most intriguing and attractive provisions of this bill to me, Mr. President, allows for almost 30 percent of payroll taxes to be designated for the creation of a personal investment plan—a tangible account—for future beneficiaries.

Mr. President, powerful interests will fight even minor changes to the Social Security system, and to succeed, we will have to engage in a battle of our own. This means educating the American people on what the problems are and how to responsibly solve them—convincing our citizens that the time to act is today, when the remedies are so much easier to absorb.

This also means persuading our colleagues on both sides of the capitol and both sides of the aisle that touching Social Security does not mean destroying it. Touching Social Security does not mean abandoning our senior citizens, who have contributed so much to our country.

Reforming Social Security, Mr. President, can mean strengthening it. Reforming Social Security can mean saving it for future generations. And reforming Social Security can mean that we in Congress fulfill our responsibility to govern, and to govern well.

I urge my colleagues to take an honest look at this legislation.

By Mr. THURMOND:

S. 826. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Prime Time*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

JONES ACT WAIVER LEGISLATION

Mr. THURMOND. Mr. President, I rise today to introduce a bill today to direct that the vessel *Prime Time*, official number 660944, be accorded coastwise trading privileges and be issued a coastwise endorsement under 46 U.S.C. sections 12106, 12107 and 12108.

This vessel was purchased in 1994 by Everett Ballenger of Columbia, SC, to provide charters from Hilton Head Island, SC. This chartering business was to be Mr. Ballenger's sole livelihood. Because the vessel was foreign built, it did not meet the requirements for coastwise trading privileges in the United States. When Mr. Ballenger sold his home to buy this vessel from a broker in Baltimore, he was unaware that it could not be legally used for its intended purpose.

Therefore, Mr. Ballenger is thus seeking a waiver of the existing law because he wishes to use the vessel for charters. If he is granted this waiver, he intends to comply fully with U.S. documentation and safety requirements. The purpose of the legislation I am introducing is to allow the *Prime Time* to engage in the coastwise trade and fisheries of the United States.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 826

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CERTIFICATE OF DOCUMENTATION.

Nothwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. App. 883), section 8 of the Act of June 19, 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289), and section 12106 of title 46, United States Code, the Secretary of Transportation may issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel PRIME TIME, United States official number 660944.

By Mr. PRESSLER:

S. 827. A bill to amend the Internal Revenue Code of 1986 to limit an employer's deduction for health care costs of its employees if the employer fails to honor its commitment to provide health care to its retirees; to the Committee on Finance.

RETIREE HEALTH BENEFITS LEGISLATION

Mr. PRESSLER. Mr. President, I am introducing legislation today to rectify a great disservice done to a number of retired Americans, including many in my State of South Dakota.

Specifically, the retired employees of John Morrell & Co.—a meatpacking plant located in Sioux Falls—were promised life-time health benefits by the company when they retired. As these workers planned for their retirement, they relied upon the Morrell promise of continued health care benefits.

However, in January of this year, Morrell unilaterally terminated all of its retiree health insurance benefits—suddenly leaving about 3,300 retirees and their families throughout the country without health insurance. These individuals now find themselves with little or no options for replacing their health insurance.

Mr. President, this is patently unfair. As policymakers, we must not allow these inequitable actions to remain unchallenged. If we do, we risk establishing a precedent that encourages other companies to violate good faith agreements with their employees' health care benefits.

The parent company of Morrell is Chiquita Brands, Inc., a highly successful multinational corporation known to many Americans. Chiquita has refused several good faith offers to negotiate with the Morrell retirees on this issue. Chiquita has moved to save money for the company at the expense of those who have no standing to defend themselves.

In March of 1991, Morrell sent a letter to its retirees announcing it reserved the right, at its sole discretion, ''to alter, modify, or terminate'' any benefit at any time. In December, 1991, Morrell announced the first unilateral reduction in retiree health benefits. Legal proceedings challenging the action began immediately.

So far, efforts to reverse the decision in Federal court have been unsuccessful. In October 1992, a Federal district court trial was held in South Dakota. The trial court refused to overturn Morrell's action. It concluded that the health benefits were not contractually guaranteed by the company. When a divided panel of the U.S. Court of Appeals for the Eighth Circuit affirmed the lower court decision, Morrell immediately terminated all health benefits for all retirees. An appeal has been made to the U.S. Supreme Court, though review is unlikely given the few cases selected by the Court each year.

The Morrell retirees are at the end of their rope. They have tried to retain their health benefits through negotiations and through the courts. When it comes to matters such as this, legislation must be considered the last best alternative. Frankly, we have reached that point. It is time for Congress to step in.

Therefore, today I am introducing legislation that is intended to stop the transaction in its tracks, and prevent similar injustices from being done in the future. My bill, the Retiree Health Benefit Protection Act, would end these abuses by making it costly for those companies who entice their employees to rely upon the company's good will and then, subsequently, renege on their promises of continued health benefits.

The Retiree Health Benefit Protection Act would reduce significantly the amount of the current tax deduction that a company can take for expenses made to provide medical care to its employees. Under current law, companies are allowed to take a 100 percent tax deduction for these expenses. My bill would reduce that to 25 percent—the same rate at which a self-employed individual can deduct their expenses—if a company refuses to honor its prior health benefit commitment to its retirees.

Mr. President, some will say this bill is tough. It is. As we all know, businesses make their decisions largely by looking at the bottom line. For Chiquita, its seems that its bottom line requires it to drop health benefits to Morrell retirees. My bill is designed to alter the bottom line—to make it clear that companies cannot break a promise to its retirees without paying a great price. The Morrell retirees are paying an unfair and unjustified price right now for Chiquita's action. But what price is Chiquita paying? I do not believe that a company should be allowed to continue to take full advantage of the tax benefits of providing health care if they do not continue to fully provide promised health care benefits. Therefore, my bill is designed to impose a price—to alter the bottom line—and in a manner that I believe will make companies keep the promises they make to their employees.

We in Congress have an obligation to be sure that policies that impact our retirees are fair. For many years, retired Americans work and plan for a day when they can spend their later years reaping the benefits of hard work. These plans depend largely on promises made by others, including their employers. Retirees make financial decisions counting on these promises being kept.

The Federal Government—through the tax code—provides tax breaks to those companies who provide benefits to their workers, such as health care. In short, we use the tax code to reward good faith behavior. It is now time to consider using the code to prevent a violation of good faith, or to punish such violations. Chiquita/Morrell made a promise to their employees. It has an obligation to live up to its word to the many retired Americans who made Morrell an integral part of South Dakota's economy.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 827

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDUCTION IN HEALTH CARE DEDUCTION OF EMPLOYERS FAILING TO HONOR COMMITMENT TO PROVIDING HEALTH CARE TO RETIREES.

(a) IN GENERAL.—Section 162 of the Internal Revenue Code of 1986 (relating to deduction for trade or business expenses) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

''(o) REDUCTION IN CERTAIN HEALTH CARE DEDUCTIONS OF EMPLOYEES.—

''(1) IN GENERAL.—Notwithstanding any other provision of this chapter, if—

''(A) an employer provided medical care to its retired employees and their spouses and dependents during the 10-year period ending on December 31, 1993, and

''(B) the employer does not provide that medical care for any period after December 31, 1993,

the amount allowable as a deduction under this chapter for expenses incurred in providing medical care to officers and employees of the employer (and their spouses and dependents) during the period described in subparagraph (B) shall not exceed 25 percent of the amount of the deduction without regard to this subsection.

''(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) MEDICARE CARE.—The term 'medical care' has the meaning given such term by section 213(d)(1).

''(B) FAILURE TO PROVIDE MEDICAL CARE.—For purposes of paragraph (1)(B), an employer shall be treated as failing to provide medical care for any period if there is a substantial reduction in the level of medical care provided during the period from the level provided on December 31, 1993.

''(C) PREDECESSORS.—For purposes of paragraph (1)(A), an employer shall be treated as having provided any medical care which any predecessor of the employer provided.

''(D) CONTROLLED GROUPS.—All employers who are treated as one employer under subsection (a) or (b) of section 52 shall be treated as one employer for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods beginning on and after January 1, 1994, in taxable years ending after such date.

By Mr. MOYNIHAN:

S. 828. A bill to enable each State to assist applicants and recipients of aid to families with dependent children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes; to the Committee on Finance.

THE FAMILY SUPPORT ACT OF 1995

Mr. MOYNIHAN. Mr. President, I rise for the purpose of introducing the Family Support Act of 1995. Senators who have been following the subject of welfare policy will recognize this as a successor to the Family Support Act of 1988, which was adopted in this Chamber just this side of 7 years ago, on September 29, 1988, by a vote of 96 to 1. I was the manager on our side and recall very specifically the atmosphere, the emotion; we knew this bill, from a near unanimous Senate, was going out the door to the House of Representatives where it would be received and treated in much the same manner; only thereafter to go to the White House where President Reagan, having helped shape the legislation would welcome it, sign it. He would sign what he called ''this landmark legislation'' in the company of such great Senators still in this body as our hugely respected majority leader, Senator DOLE; my revered colleague, now chairman of the Finance Committee, Senator PACKWOOD; our former colleague, subsequently Secretary of the Treasury, Lloyd Bentsen, as well as Members of the House of Representatives.

It was a grand moment in the Rose Garden. President Reagan said that Congress and those particularly active on this measure would be remembered for accomplishing what many have attempted but no one had achieved in several decades, ''a meaningful redirection of our welfare system.''

It will seem unimaginable to us today, but the Family Support Act of 1988 was not a partisan political measure. There in the Rose Garden was Senator DOLE, Senator Bentsen, the Speaker was there, Mr. Foley, Mr. Michel, the minority leader representing the Republicans. The chairman of the Governors Association of the United States, William Jefferson Clinton, was there, having been a wondrous, energetic advocate on behalf of the Governors. And with him his then colleague, as Governor of Delaware, the Honorable MIKE CASTLE, now Representative from the State of Delaware in the House of Representatives. Democrat and Republican alike, joining in a near unanimous measure to do what needed doing, a good 50 years, a good half century into the experience with what we have called welfare, under the Social Security Act of 1935.

We redefined the statute to bring it in line with a new reality. The original Social Security Act of 1935, adopted in the midst of the Depression, provided for aid to dependent children. Basically, it represented the Federal Government picking up the widows' pensions which had been adopted in almost half the States by this point. But these States were under severe economic stress in that Great Depression; the Federal Government assumed the responsibility for the children. In 1939 the mother of the family was included as well so it became Aid to Families with Dependent Children. And it was expected to be a bridge, very similar to Old Age Assistance, which would last until Social Security having matured, widows with their children were entitled to survivors insurance—Old Age and Survivors Insurance [OASI].

Indeed, that has happened. I think it is the case that only 71 percent of the recipients of Social Security benefits are in fact retired adults. The rest are, indeed, survivors and dependent children.

But then something new happened. Family structure began to change in our country. It is not the most comfortable subject to deal with, but it is a necessary one, Mr. President, and we have become more open about it. In fact, it is President Clinton who now speaks of this. He spoke to us about this in a joint session of the Congress. We now have a rate of births of children in single-parent families that has reached 33 percent. At the time the Social Security Act was enacted it was probably 4 percent. Our first hard number is 4 percent, in 1940.

We are not alone in this. The same phenomenon has taken place in the United Kingdom, in France, in Canada. We find it difficult to explain. Our other neighbors, as it were, find it difficult to explain. But we cannot doubt its reality.

In 1992, for example, the ratio in New York City had risen to 46 percent, approaching half. It may be at that point now. Because we observe a regular rise, year after year, at a very steady rate of about 0.86 percent a year. There has not been one year since 1970 in which the ratio has not risen.

One of the consequences has been the rise in the number of cases, of families receiving Aid to Dependent Children. There was a sharp rise in the late 1960's. It reached a certain plateau in the 1980's, which we think to be—do not know but think to be—a matter of demography. The childbearing population was flat or even declined a little bit. Then, starting in 1989 it begins a very pronounced rise. We go from 3.5 million to almost 5 million in 4 years. It is dropping just a little bit now, but we anticipate an increase in the population of childbearing age such that we have every reason to think there will be an increase in this caseload. And we knew those things in 1988. And we knew we had to do something quite different. We had to redefine welfare. It was no longer a widow's pension.

I have the great honor to know Frances Perkins, the Secretary of Labor, who had been chairman of the Committee on Economic Security that presented the program to President Roosevelt, and she would describe a typical recipient—this is 1962, 1963—as a West Virginia miner's widow.

Miners' women did not work in coal mines, and widows were not expected to do such things in any event. It was a permanent condition. Suddenly we found a population of young persons with very young children who were dependent but ought not to remain so. It is not fair to them, it is not fair to their children, it is not fair to the society that is maintaining them. So the Family Support Act of 1988, the first such act, said we will make a contract. We will say that society has a responsibility to help dependent families become independent, and they in turn have a responsibility to help themselves—a mutual responsibility.

We started the JOBS Program, the Job Opportunities and Basic Skills Program. We said we will expect people to work. Well, of course. I have here a button from one of the JOBS programs in Riverside, CA. We had testimony in the Finance Committee just a while ago. It is a wonderful button. The director is an enthusiastic man. The button says, ''Life Works If You Work.'' He is right. And there is nothing wrong with that. Twenty years ago such ideas would possibly have been thought of as punitive, possibly stigmatizing. We are well beyond that in large part because of the JOBS Program.

There is no doubt that we passed this legislation because States had begun to innovate. Those innovations seemed promising, and the Manpower Development Research Corp. based in New York City could measure results. And these innovations went right across the political spectrum. Governor Dukakis, a liberal Democratic Governor of Massachusetts, and Governor Deukmejian, a conservative Republican Governor of California, adopted very similar ideas—get people ready to work, get them thinking they can do it, and get them out of the house and into the mainstream.

We based our program on those experiments that had taken place. We very carefully said we are going to work on the hardest cases, not the easiest ones.

If I can say, Mr. President, at the risk of being a little too statistical, the population of the AFDC cases is what statisticians call bimodal. A little less than half, about 40, 45 percent are mature women whose marriages have broken up, or they are separated, or divorced. They will come into this arrangement for a brief period and they go off on their own. They organize their lives as people do, and the research is very clear on that. You can do all the effort you want with such people. They do not need your help, thanks very much. They just need some income support for a period until they get their other affairs in shape on their own. But slightly more than half are young people with no marriage, no job experience or little, often in settings where they are surrounded by such persons.

Mr. President, may I ask if I can continue in morning business, there being no other Senator seeking recognition?

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

Mr. MOYNIHAN. Thank you, Mr. President.

So we launched this program. Having been involved with this subject for 30 years and more, may I say one recognizes in the State governments enormous creativity. There is scarcely a day or week that you do not read of some new program in one State or another.

I believe it was Monday evening on one of the evening news programs, it was NBC. It was Lisa Myers interviewing persons in Connecticut including the Governor where a very bold set of ideas has been developed around the principles of the Family Support Act of 1988. You are in here, it is a temporary arrangement, we are going to help you get out of this. We realized what obstacles we had inadvertently put in place to becoming free of welfare. In 1965 we enacted Medicare and Medicaid. So then a welfare mother had health care for her children, full, free health care. The minute she left welfare she lost it. Many mothers are going to think twice about that, particularly if a child has a health condition that is chronic and requires care. It would be unfair to the child to deprive him or her of that care. We said we will give you a year on Medicaid after you leave the rolls, as the term was. We will give a year of child care. We will help you along in this.

States are innovating all the time. Up in Connecticut they are saying, ''Remember. You only have''—as I believe it was—''21 months. In the meantime any job you get you keep it.''

That is the kind of waiver which we anticipated in the legislation, bipartisan and unanimous legislation, and the Clinton administration and Secretary Shalala have been very good about getting these things up and out, but not fast enough, a problem addressed by the legislation I introduce today. We say a waiver decision will be handed down in 90 days. The presumption is the States know what they are doing, and we want them to try it.

This morning the front page of the Washington Post has a story, ''Virginia Suburbs To Test Allen Welfare Plan. Area Has Eleven Months to Adopt Changes, Find Thousands Work.''

Work. ''Life Works If You Work.'' We are not afraid of that. We wanted that. We encouraged that. That is what the legislation did. Governor Allen, a Republican Governor. The article says:

> That means one of the country's boldest welfare plans will unfold in the back yard of its top leaders, virtually guaranteeing the attention of Congress and the White House as they shape national policy.
>
> ''Virginia is again making history,'' said Allen, a Republican. ''It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation.''

This is taking place under the Family Support Act of 1988. And it is being paid for by the Federal matching funds and the guaranteed matching support for children. There is something very important there that might easily have been missed in that statement. I will say it again.

Governor Allen says, ''Virginia is again making history. It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation.''

A welfare reform designed to say to people you have got to go to work, you have a set time where you have to get yourself together, and we will help you to get on your way.

Years ago no one would have described such an effort as compassionate. Indeed, I have been through these matters and I can say to you the slightest suggestion that work might be appropriate for welfare recipients was decried as punitive, and those who suggested it said, ''No, no, no. There is no such intention.'' Now, openly, Governors will say, if you care about your fellow citizens, you have to help them get out of the debilitating and unfair situation.

And that is what we do. That is what we can do more of. The bill I introduce today will provide an additional $8 billion over 5 years with every penny paid for, every penny provided through closing tax loopholes, refining the Supplementary Security Income program. I had a hand in the proposals under President Nixon that led to SSI as we called it. It was intended to deal with the problem of adults who could not work, the permanent, totally disabled, and such like. We close loopholes such as that egregious practice we have come upon of American citizens renouncing their citizenship in order to avoid their taxes. There will be no more of that. The chairman of the Finance Committee, Mr. PACKWOOD, and I agreed as of the day this issue was brought up you cannot do it anymore. This bill will provide funds for that purpose and other such matters. We are not adding a penny to the deficit. I would not dare, particularly with that most formidable and knowledgeable chairman of the Budget Committee in the Chamber. We pay for this provision for women and children to help them pay for themselves.

Mr. DOMENICI. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield for a question.

Mr. DOMENICI. I was just passing through. I was not going to even pass on the Senator's eloquence or arguments, but since the Senator mentioned my name, I ask that the Senator particularly use his good head during the next 5 or 6 days and help us get a balanced budget.

Mr. MOYNIHAN. I will most assuredly help the Senator do that, and we want to balance the budget for the children of America, too, and we have it here and we are going to pay for it.

If the distinguished chairman could just let me point out, in the midst of the Depression of the 1930's, we could provide for dependent children as a Federal responsibility. In the 1990's, when we have a $7 trillion economy, it has been proposed to take that away.

Look at what we have done to our children. The average benefit, in 1995 dollars, two decades ago was $650. It is down to $350. That is not the social policy the chairman of the Budget Committee is associated with and not the one with which I think this Senate should wish itself to be associated.

I thank my friend.

Mr. DOMENICI. I thank the Senator. Let me just mention, however—and the Senator would agree—since the early days of that program to help our poor children, we have, indeed, passed more than a dozen major programs that also help our children that were not in existence then.

Mr. MOYNIHAN. Entirely.

Mr. DOMENICI. I do believe, from the standpoint of our people who are contributing mightily in tax dollars, they ought to have an understanding that even though that came down in real dollars, that is not the whole story, and yet I am not here to argue with the good Senator from New York.

Mr. MOYNIHAN. That is not the whole story. I was speaking earlier of Medicaid.

Mr. DOMENICI. Right.

Mr. MOYNIHAN. It was made available in 1965, previously unknown. But curiously a benefit to the children became an obstacle to leaving welfare and that is what we overcame. The Senator was one of the fine supporters of the Family Support Act of 1988. And I will see how we proceed at this point. But I thank the Senator.

Mr. DOMENICI. I would just add one other comment if the Senator would permit.

Mr. MOYNIHAN. I would.

Mr. DOMENICI. Frankly, the reason I am going to start this afternoon at noon for the balanced budget 2002 is for the children of this country. It may not be exactly for the children the Senator is referring to. I am hopeful that will all work out fine. But actually I believe the continuation of a deficit of the size we are incurring is actually antikids, antichildren.

Mr. MOYNIHAN. And antigrandchildren.

Mr. DOMENICI. Please.

MR. MOYNIHAN. It is certainly antigrandchildren.

Mr. DOMENICI. That is right, and I have a few of those. The Senator has a few.

Mr. MOYNIHAN. I could not start working into my wallet, but I know the Senator could work into his.

Mr. DOMENICI. Nobody bids against me when it comes to children and grandchildren. They give up and say, ''That's off the record now.''

But anyway, I do believe a continuation of the policies of the past—and it is not just now, this year, last year—is probably the meanest policy we could have for the children of the future because they are going to have to pay our bills, and they are going to have to suffer a standard of living decrease to pay our bills, and we are not adult enough to stand up and say we ought to pay for it.

Mr. MOYNIHAN. I agree.

Mr. DOMENICI. I thank the Senator.

Mr. MOYNIHAN. I agree, Mr. President, and I would also say that we have an immediate problem of the 14, 14.5 million persons in this present program who are living today. And in very short periods of time we raise children, watch children being raised, we know how quickly things go badly or, alternatively, how quickly things get on the good road and how hard it is to change thereafter.

There are those who suggest that some savage removal of this entire Social Security provision will somehow change behavior. And I say, Mr. President, that is so deeply irresponsible as to make one wonder how it ever could have gained currency.

Lawrence Mead, who is a professor at New York University, now visiting professor at the Woodrow Wilson School of Public and International Affairs at Princeton, testified before the Finance Committee on March 9 about the proposals which have come to us, in effect, are here now from the House, in H.R. 4, the Personal Responsibility Act of 1995.

I think Dr. Mead would not in the least object to being described as a conservative. He has been very much at odds with what he thought of as a liberal social policy in the time when it went pretty much unchallenged in New York City officialdom. He said to us, however, now, just wait a minute. What are you doing? What do you know now that you did not know previously when we enacted the Family Support Act? I do not wish to have him quoted as referring specifically to the Family Support Act, but he was saying what do we know now different from what we have known? I quote him:

> Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem, but we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

This bears repeating, from a social scientist of impeccable conservative antecedence, appearing before our committee, the Committee on Finance, which will deal with this legislation, this area of legislation. He said:

> Can the forces behind growing welfare be stemmed? Conservative analysts say that unwed pregnancy is the greatest evil in welfare, the cause not only of dependency but other social ills. On all sides, people call for a family policy that would solve this problem.

May I interject that he could be describing this Senator. I have spoken of family policy; I have written on the subject for a generation now and watched family circumstances only worsen and have been as baffled as any other.

But then to continue Lawrence Mead:

> But we have no such policy. The great fact is that neither policymakers nor researchers have found any incentive, benefit or other intervention that can do much to cut the unwed pregnancy rate.

And if we do not know how to do it, how can we possibly decide to do nothing, when we have in place a program that is showing some results, not in changing family structure but in the response of dependent families to their situation?

Dr. Mead has done some analysis of the effects of the JOBS Program where it has been attempted. It had a problem of coming into place just as we went into recession. State governments had not the resources they needed and the Federal funds were not, in fact, fully used. But where they were used, there were responses, not large but real. And every time you succeed, you change the lives of a mother and her children, and there can be no larger purpose in domestic social policy.

The same sentiments were echoed by Nathan Glazer, perhaps our reigning sociologist, professor emeritus now at Harvard University. He wrote a paper for an Urban Institute conference here in Washington just a year ago, anticipating some of the turmoil we have seen in this debate.

The Urban Institute, Mr. President, was, of course, established in the mid-1960's in the aftermath of the first turmoil associated with some of these changes in social structure that appeared in American cities. President Johnson help sponsored it. It passed the Congress. Mr. William Gorham has dedicated a very distinguished career to the Urban Institute.

Here is what Nathan Glazer said on April 12, 1994.

> Do we know that much more than we knew in 1988 to warrant new legislation? I don't not think so. Do we feel confident enough about the programs we prescribed to States to undertake in 1988 to put substantially larger sums into them? It seems doubtful to me. Can we get a substantial part of long-term welfare clients off the welfare roles by increasing their earned income through investments and learning how to work, basic education, training programs, and the like? We cannot.

That is the passage I quote from Dr. Glazer.

I think we can do better than that. I think the record is better than that. I think the case is to be made: Continue what you are doing and strengthen what you are doing.

The Family Support Act of 1995 builds on what we have learned, even as the original was based on what we had learned. Social learning is hard. It takes generations sometimes. No one in 1950 could have imagined that our GDP would double and redouble and we would end up with the poverty that we see in cities everywhere in our country, that kind of intractable poverty that is not associated with employment or economic growth.

There is a measure to which the AFDC caseload responds to cyclical changes in the economy. Dr. David Ellwood, who is the distinguished Assistant Secretary of Health and Human Services for Policy Planning, estimates that somewhere between 10 and 20 percent of the rise in caseload in recent years might fairly be ascribed to the rise in unemployment in the beginning of the last recession. And yet, the unemployment figures go down, the caseload figures continue to go up. There is a lag, but even so we are not dealing basically with an economic issue in the sense that we think of in terms of employment, earnings. We are dealing with social change for which we have little, little explanatory device.

And so, Mr. President, I would like to thank the Senate for the kind attention in these somewhat extended remarks to the introduction of the Family Support Act of 1995.

Mr. President, I ask unanimous consent to have printed in the RECORD a brief summary of the bill; the wonderful remarks on the signing of the Family Support Act of 1988 by President Reagan; and also an item in this morning's New York Times in which representatives of the U.S. Conference of Mayors and of the National Association of Counties observed that the legislation that has been sent us could be devastating to county government and to city government. I think in time more Governors will recognize the same. We are on a good steady path. Steady on.

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

BRIEF SUMMARY OF THE FAMILY SUPPORT ACT OF 1995

The bill builds on the Family Support Act of 1988 as follows:

JOBS and child care.—Participation rates under the JOBS program are increased from 20 percent in 1995 to 50 percent in 2001. The Federal matching rate for JOBS and child care is increased from a minimum of 60 percent under current law to a minimum of 70 percent (or, if higher, the State's medicaid matching rate plus 10 percentage points). The funding cap for JOBS is phased up from $1.3 billion in 1995 to $2.5 billion in 2001.

The bill also—

(1) emphasizes work by requiring States to encourage job placement by using performance measures that reward staff performance, or such other management practice as the State may choose;

(2) provides for a job voucher program that uses private profit and nonprofit organizations to place recipients in private employment;

(3) eliminates certain Federal requirements to give States additional flexibility in operating their JOBS programs; and

(4) allows States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

Teen parents.—For purposes of AFDC, teen parents (under age 18) are required to live at home or in an alternative adult-supervised setting. Teen parents (under age 20) are required to attend school, or participate in other JOBS activity approved by the State.

Encourage States to test alternative strategies.—Without requesting a waiver, States may adopt their own AFDC rules for (1) earnings disregards, (2) income and assets, and (3) eligibility for the unemployed parent program, for a period of five years. The Secretary of Health and Human Services must evaluate a sufficient number of program changes to determine their impact on AFDC receipt, earnings achieved, program costs, and other factors.

Interagency Welfare Review Board.—The bill establishes an Interagency Welfare Review Board to expedite waiver requests that involve more than one Federal agency. In considering an application for a waiver under section 1115 of the Social Security Act, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one the Secretary has already approved. Decisions on section 1115 waiver requests must be made within 90 days after a completed application is received.

Child support enforcement.—The bill includes provisions to increase child support collections by establishing a directory of new hires, requiring States to adopt uniform State laws to expedite collections in interstate cases, requiring States to improve their paternity establishment programs, and making other changes.

In addition, the bill makes changes in SSI program rules and in rules relating to the deeming of income of sponsors to aliens for purposes of eligibility and benefits under the AFDC, SSI, and food stamp programs, and makes other changes, as follows:

SSI.—The bill includes provisions to modify disability eligibility criteria for children, to provide for increased accountability for use of benefits, and to require that retroactive benefits be used on behalf of the child.

Alien deeming.—The period during which a sponsor's income is deemed to an alien for purposes of eligibility for AFDC, SSI, and food stamps is extended from 3 to 5 years. Eligibility rules for AFDC, medicaid, SSI, and food stamps are made uniform.

Tax responsibilities incident to expatriation.—A taxpayer deciding to expatriate would owe income tax on asset gains that accrued during the period of U.S. citizenship, absent an election to instead continue to treat an asset as subject to U.S. tax. Similar rules would apply to certain long-term U.S. residents relinquishing that status.

Earned income tax credit changes.—Eligibility for the earned income tax credit would be limited to those authorized to work in the United States. In addition, the bill would provide more effective rules for verifying EITC claims where tax returns have social security number errors or omissions. Finally, an individual's net capital gains would be added to the categories of unearned income that are currently totalled in determining whether the taxpayer is eligible for the EITC.

Treatment of corporate stock redemptions.—The bill includes a provision that would assure the proper tax treatment of corporate stock redemptions. Under the bill, non pro rata stock redemptions received by a corporate shareholder would generally be treated as a sale of the stock to the redeeming corporation rather than as a dividend qualifying for the intercorporate dividends received deduction.

Description of Provisions

A. Job Opportunities and Basic Skills Training (JOBS) Program

1. INCREASE IN JOBS PARTICIPATION RATES

Present Law.—Under the provisions of the Family Support Act of 1988, 7 percent of adults in single parent families were required to participate in the JOBS program in fiscal year 1991, increasing to 20 percent in 1995. This requirement expires at the end of fiscal year 1995.

In the case of a family eligible for AFDC by reason of the unemployment of the parent who is the principal earner, the Family Support Act mandated that the State require at least one parent to participate, for a total of at least 16 hours a week, in a work experience, community work experience, or other work program. The participation rate that the State must meet was set at 40 percent in 1994, increasing to 50 percent in 1995, 60 percent in 1996, and 75 percent in 1997 and 1998.

Persons exempt from this requirement include individuals who are ill or incapacitated, are needed to care for another individual who is ill or incapacitated, needed to care for a child under age 3 (or age 1 at State option), live in a remote area, work 30 hours or more a week, and children age 16 and under who are full time students.

Proposed Change.—The participation rate is increased to 30 percent in 1997, 35 percent in 1998, 40 percent in 1999, 45 percent in 2000, and 50 percent in 2001 and years thereafter. Those who combine participation in JOBS and employment for an average of 20 hours a week, and those who are employed for an average of 20 hours a week, are counted as participants in JOBS for purposes of calculating the State's participation rate. The work requirement provisions for unemployed parents are retained.

2. CHANGE IN PURPOSE OF THE PROGRAM

Present Law.—The stated purpose of the JOBS program is to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.

Proposed Change.—The purpose of the program is modified by adding: to enable individuals receiving assistance to enter employment as quickly as possible; and to increase job retention.

3. REQUIREMENT FOR STAFF PERFORMANCE MEASURES

Present Law.—There is no provision relating to staff performance measures.

Proposed Change.—A State will be required to have procedures to: encourage the placement of participants in jobs as quickly as possible, including using performance measures that reward staff performance, or such other management practice as the State may choose; and assist participants in retaining employment after they are hired.

The Secretary of Health and Human Services is required to provide technical assistance and training to States to assist them in implementing effective management practices and strategies.

4. JOB PLACEMENT VOUCHER PROGRAM

Present Law.—There is no provision for a job placement voucher program.

Proposed Change.—The bill provides that, as part of their JOBS programs, States may operate a job placement voucher program to promote unsubsidized employment of welfare applicants and recipients.

The State will be required to make available to an eligible AFDC applicant or recipient a list of State-approved job placement organizations that offer job placement and support services. The organizations may be publicly or privately owned and operated.

The State agency will give an individual who participates in the program a voucher which the individual may present to the job placement organization of his or her choice. The organization will, in turn, fully redeem the voucher after it has successfully placed the individual in employment for a period of six months, or such longer period as the State determines.

5. INCREASED FLEXIBILITY IN ADMINISTERING THE JOBS PROGRAM

Present Law.—The Family Support Act requires States to include in their JOBS programs certain specified services, including education activities, skills training, job readiness, job development, and at least two work programs (including job search, work experience, on-the-job training, and work supplementation). There are also rules relating to when and how long individuals may be required to search for a job, as well as other program rules.

Proposed Change.—The bill allows States to establish their own requirements for when and how long a recipient or applicant must participate in job search. It also eliminates the present law requirement that individuals who are age 20 or over and have not graduated from high school (or earned a GED) must be provided with education activities, and eliminates the requirement that States offer specified education and training services. The requirement that the State have at least two work programs is retained.

6. PERMIT STATES TO PROVIDE EMPLOYMENT SERVICES FOR NON-CUSTODIAL PARENTS

Present Law.—The Family Support Act allowed up to 5 States to provide JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

Proposed Change.—All States will be given the option of providing JOBS services to non-custodial parents who are unemployed and unable to meet their child support obligations.

7. FUNDING FOR THE JOBS PROGRAM

Present Law.—States are entitled to receive their share of Federal matching payments up to a capped amount of $1.3 billion in fiscal year 1995 to operate the JOBS program. The State's share of the capped amount is based on its relative number of adult AFDC recipients.

The Federal matching rate is the greater of 60 percent or the State's medicaid matching rate, whichever is higher, for the cost of services; and 50 percent for the cost of administration, and for transportation and other work-related supportive services.

Proposed Change.—The Federal matching rate for JOBS expenses by States is increased and simplified. Beginning in fiscal year 1997, the Federal matching rate will be 70 percent or the State's Federal medicaid matching rate plus 10 percentage points, whichever is higher. This rate will apply to all JOBS costs, including administrative costs and the costs of transportation and other work-related supportive services. The cap on Federal spending is $1.3 billion in 1997, increasing to $1.6 billion in 1998, $1.9 billion in 1999, $2.2 billion in 2000, and $2.5 billion in 2001 and years thereafter.

8. FUNDING FOR CHILD CARE

Present Law.—States must guarantee child care for individuals who are required to participate in the JOBS program. Child care must also be guaranteed, to the extent the State agency determines it to be necessary for an individual's employment, for a period of 12 months to individuals who leave the AFDC rolls as the result of increased hours of, or increased income from, employment. (Funding for this transitional child care expires at the end of fiscal year 1998.) States are entitled to receive Federal matching for the costs of such care at the State's medicaid matching rate. States are also entitled to receive Federal matching at the medicaid matching rate for care provided to individuals whom the State determines are at risk of becoming eligible for AFDC if such care were not provided. There is a cap on Federal matching for ''at risk'' child care of $300 million in any fiscal year. Funds are distributed to the States on the basis of the relative number of children residing in each State.

Proposed Change.—The Federal matching rate for child care is increased to 70 percent, or the State's medicaid matching rate plus ten percentage points, whichever is higher. The authority for Federal funding for transitional child care for persons who leave the AFDC rolls is made permanent.

9. EVALUATION OF JOBS PROGRAMS; PERFORMANCE STANDARDS

Present Law.—The Family Support Act of 1988 required the Secretary of Health and Human Services to evaluate State JOBS programs in order to determine the relative effectiveness of different approaches for assisting long-term and potentially long-term AFDC recipients. The Secretary was required to use outcome measures to test effectiveness, including employment, earnings, welfare receipt, and poverty status. These evaluations are being conducted in large part by the Manpower Demonstration Research Corporation.

The Family Support Act also required the Secretary to develop performance standards that measure outcomes that are based, in part, on the results of the JOBS evaluations. On September 30, 1994, the Department of Health and Human Services issued a report on the progress that has been made in developing an outcome-based performance system for JOBS programs. The report stated that recommendations for outcome measures will be transmitted to the Congress by April 1996. Final recommendations on performance standards will be ready before October 1998.

Proposed Change.—The bill authorizes such sums as may be necessary for fiscal years 1996–2000 to enable the Secretary to continue evaluating the effectiveness of State JOBS programs. The information derived from these evaluations is to be used to provide guidance to the Secretary in making improvements in the performance standards that were required by the Family Support Act. It is also to be used to enable the Secretary to provide technical assistance to the States to assist them in improving their JOBS programs, and in meeting the required performance standards. The evaluations shall include assessments of cost effectiveness, the level of earnings achieved, welfare receipt, job retention, the effects on children, and such other factors as the State may determine.

B. Aid to Families with Dependent Children (AFDC)

1. TEEN CASE MANAGEMENT SERVICES

Present Law.—There is no requirement in present law that States must provide case management services to teen parents who are receiving AFDC.

Proposed Change.—State welfare agencies will be required to assign a case manager to each custodial parent who is under age 20. The case manager will be responsible for assisting teen parents in obtaining services and monitoring their compliance with all program requirements.

2. REQUIREMENT FOR TEEN PARTICIPATION IN EDUCATION OR OTHER ACTIVITY

Present Law.—The statute provides that States generally must require teen parents under age 20 (regardless of the age of the child) to attend school or participate in another JOBS activity, but only if the program is available where the teen is living, and State resources otherwise permit.

Proposed Change.—The rules requiring teens to attend school or participate in another JOBS activity are strengthened. Teen parents under age 20 who have not completed a high school education (or its equivalent) must be required to attend school, participate in a program that combines classroom and job training, or work toward attainment of a GED. A teen parent who has successfully completed a high school education (or its equivalent) must participate in a JOBS activity (including a work activity) approved by the State. States may provide for exceptions to this requirement, in accordance with regulations issued by the Secretary of Health and Human Services. However, exceptions to the requirement may not exceed 50 percent of eligible teens by the year 2000.

In addition, States may also have programs to provide incentives and penalties for teens to encourage them to complete their high school (or equivalent) education.

3. LIVING ARRANGEMENTS FOR TEEN PARENTS

Present Law.—States have the option of requiring a teen under the age of 18 and has never married, and who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement. The State is required, where possible, to make the AFDC payment to the parent or other responsible adult. Certain exceptions to these requirements are provided in statute.

Proposed Change.—The bill requires all States to require a teen under age 18 who has a dependent child (or is pregnant) to live with a parent, legal guardian, or other adult relative, or reside in a foster home, maternity home, or other adult-supervised supportive living arrangement. Assistance will be paid to the teen's parent or other adult on the teen's behalf. Exceptions to this requirement may be made by in cases where the State determines that the physical or emotional health or safety of the teen parent or child would be jeopardized if they lived with the teen's parent, or where the State determines (under regulations issued by the Secretary) that there is good cause. The State agency will have responsibility for assisting teens in locating appropriate living arrangement when this is necessary.

4. ESTABLISHMENT OF INTERAGENCY WELFARE REVIEW BOARD

Present Law.—At the present time there is no interagency board to review requests by States for waivers from Federal program rules that involve more than one agency.

Proposed Change.—In order to facilitate the consideration of welfare program requirement waiver requests that involve more than one Federal department or agency, an Interagency Welfare Review Board would be created. Members would include the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, and Education, or their designees. The President may make such other appointments to the Board as he determines appropriate.

The Board will act as the central organization for coordinating the review of State applications for waivers that involve more than one Federal department or agency, and will provide assistance and technical advice to the States. The Board may issue an advisory opinion with respect to a waiver request, but final decisions will be made by the Secretaries of the departments or agencies that have responsibility for the programs involved. The Board must establish a schedule for the consideration of a waiver application to assure that the State will receive a final decision not later than 90 days after the date the completed application is received by the Board.

5. CONSIDERATION OF SECTION 1115 WAIVER REQUESTS

Present Law.—Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive State compliance with specified rules under the AFDC, child support and medicaid programs. There is no authority to waive JOBS program rules.

The purpose of the waiver authority is to enable States to implement demonstration projects that the Secretary finds will assist in promoting the objectives of the programs. States must evaluate their demonstration programs, and the programs must not increase Federal spending.

Proposed Change.—States will be allowed to apply for waivers of JOBS program rules in order to conduct JOBS demonstration projects.

In addition, the Secretary will be required to approve or disapprove a section 1115 waiver request within 90 days after the completed application is received. In considering an application for a waiver, there will be a presumption for approval in the case of a request for a waiver that is similar in substance and scale to one that has already been approved.

6. STATE AUTHORITY TO ESTABLISH CERTAIN AFDC RULES

Present Law.—The Social Security Act specifies the rules States must follow with respect to income and resource requirements, the disregard of income, and the definition of unemployment and the number of quarters of work required for eligibility under the Unemployed Parent (UP) program.

Proposed Change.—Any State may, without receiving a waiver, establish any of the following program changes: income and resource requirements, requirements relating to the disregard of income, standards for defining unemployment that are different from those prescribed by the Secretary in regulations (which currently limit eligibility for UP benefits to families in which the principal earner works fewer than 100 hours a month), and rules that prescribe the numbers of quarters of work that a principal earner must have to qualify for Unemployed Parent benefits. This authority expires at the end of five years.

The Secretary is required to evaluate a sufficient number of the program changes established by the States pursuant to this authority to determine the impact of the changes on AFDC recipiency, earnings achieved, program costs, and such other factors as the Secretary may determine. A State chosen by the Secretary for an evaluation must cooperate in carrying out the evaluation.

C. Child Support Enforcement Program

The Family Support Act of 1988 strengthened the Child Support Enforcement program, which was enacted in 1975 (Title IV–D of the Social Security Act), by: requiring States to establish automated tracking and monitoring systems (with 90 percent of the funding provided by the Federal government); requiring wage withholding beginning in 1994 for all support orders (regardless of whether a parent has applied to the child support enforcement agency for services); and requiring judges and other officials to use State guidelines to establish most child support award levels.

States were required to review and adjust individual case awards every three years for AFDC cases (and every three years at the request of a parent in other IV-D cases); meet Federal standards for the establishment of paternity; require all parties in a contested paternity case to take a genetic test upon the request of any party (with 90 percent of the laboratory costs paid by the Federal government); and to collect and report a wide variety of statistics related to the performance of the system. The Act also established the U.S. Commission on Interstate Child Support, which issued its report with recommendations in May 1992.

1. REQUIRE THE ADOPTION BY ALL STATES OF THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA)

Present Law.—The Uniform Interstate Family Support Act (UIFSA) was approved by the National Conference of Commissioners on Uniform State laws in August 1992. It contains a wide variety of provisions designed to improve enforcement of interstate child support cases by providing uniformity in State laws and procedures, and creating a framework for determining jurisdiction in interstate cases. Not all States have adopted UIFSA.

Proposed Change.—All States are required to adopt UIFSA not later than January 1, 1997.

2. RULES FOR PATERNITY ESTABLISHMENT COOPERATION

Present Law.—The statute requires AFDC applicants and recipients, as a condition of aid, to cooperate with the State in establishing paternity and in obtaining support payments unless there is good cause for refusal to cooperate. It does not define what constitutes cooperation. The determination as to whether an individual is cooperating or has good cause for refusing to cooperate is made by the welfare agency.

Proposed Change.—Cooperation is defined in statute as the provision by the mother of both a name and any other helpful information to verify the identity of the putative father (such as the present or past address, the present or past place of employment or school, date of birth, names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process). The good cause exemption in present law is retained.

For purposes of AFDC eligibility, a mother (or other relative) will not be determined to be cooperating with efforts to establish paternity unless the individual provides the required information. The child support enforcement agency is required to make this determination within 10 days after the individual has been referred for services by the welfare agency. However, the State cannot deny benefits on the basis of lack of cooperation until such determination is made.

3. STREAMLINING PATERNITY ESTABLISHMENT

Present Law.—States are required to have procedures for a simple civil process for voluntarily acknowledging paternity under which the rights and responsibilities of acknowledging paternity are explained, and due process safeguards are afforded. The State's procedures must include a hospital-based program for the voluntary acknowledgement of paternity. States must also have procedures under which the voluntary acknowledgement of paternity creates a rebuttable, or at the option of the State, conclusive presumption of paternity, and under which such voluntary acknowledgment is admissible as evidence of paternity, and procedures under which the voluntary acknowledgment of paternity must be recognized as a basis for seeking a support order without requiring any further proceedings to establish paternity.

Proposed Change.—States are required to strengthen procedures relating to establishment of paternity. A parent who has acknowledged paternity has 60 days to rescind the affidavit before the acknowledgement becomes legally binding (with later challenge in court possible only on the basis of fraud, duress, or material mistake of fact). However, minors who sign the affidavit outside the presence of a parent or court-appointed guardian have greater opportunity to rescind the acknowledgement after 60 days. Due process protection is enhanced by requiring that States more adequately inform parents of the effects of acknowledging paternity.

The bill also provides that no judicial or administrative procedures may be used to ratify an unchallenged acknowledgement, and that States may not use jury trials for contested paternity cases. Where there is clear and convincing evidence of paternity (such as a genetic test), States must, at a parent's request, issue a temporary order requiring the provision of child support. Finally, States must have procedures ensuring that fathers have a reasonable opportunity to initiate a paternity action.

4. PATERNITY ESTABLISHMENT OUTREACH

Present Law.—There is no requirement that States have a paternity outreach program.

Proposed Change.—States are required to publicize the availability and encourage the use of procedures for voluntary paternity establishment and child support through a variety of means, including distribution of written materials at health care facilities and other locations such as schools; prenatal programs to educate expectant couples on individual and joint rights and responsibilities with respect to paternity; and reasonable follow-up efforts after a new-born child has been discharged from a hospital if paternity or child support have not been established. States may receive 90 percent Federal matching for these outreach efforts.

5. REVIEW AND ADJUSTMENT OF ORDERS

Present Law.—States are required to review and adjust child support orders at least every 36 months (1) in the case of an AFDC family, unless the State determines that a review would not be in the best interests of the child and neither parent has requested review; and (2) in the case of any other order being enforced by the child support enforcement agency, if either parent has requested review.

Proposed Change.—States are required to review both AFDC and non-AFDC child support orders every three years at the request of either parent, and to adjust the order (without a requirement for any other change in circumstances) if the amount of child support under the order differs from the amount that would be awarded based on State guidelines.

Upon request at any time of either parent subject to a child support order, the State must review the order and adjust the order in accordance with state guidelines based on a substantial change in the circumstances of either such parent.

Child support orders issued or modified after the date of enactment must require the parents to provide each other with an annual statement of their respective financial condition.

6. NATIONAL CHILD SUPPORT GUIDELINES COMMISSION

Present Law.—Among its other recommendations, the U.S. Commission on Interstate Child Support recommended the establishment of a commission to study issues relating to child support guidelines.

Proposed Change.—The bill establishes a commission to determine whether it is appropriate to develop a national child support guideline, and if it determines that such a guideline is needed, to develop such a guideline. The commission is to make its report no later than two years after the appointment of its members.

7. ESTABLISH CENTRALIZED STATE CASE REGISTRIES AND ENFORCEMENT SERVICES

Present Law.—Child support orders and records are often maintained by various branches of government at the local, county, and State level. Under the current program, IV-D services are provided automatically without charge to recipients of AFDC and Medicaid. Other parents must apply for services, and may at State option be required to pay a fee for services.

Proposed Change.—The bill requires each State to establish both a Central Registry for all child support orders established or registered in the State, and a centralized payment processing system in order to take advantage of automation and economies of scale, and to simplify the process for employers. For enforcement purposes, States must choose one of two types of systems for payment processing: (a) an ''opt-in'' centralized collections system where one parent would have to apply to the IV-D agency to receive services, or (b) an ''opt-out'' centralized system where all cases would automatically have withholding and enforcement done by IV-D unless both parents make a request to be exempt from the process. Under either option, the centralization process for enforcement would be used for collections and disbursement.

8. ESTABLISH FEDERAL DATA SYSTEMS: A DIRECTORY OF NEW HIRES WITHIN AN EXPANDED FEDERAL PARENT LOCATOR SERVICE (FPLS)

Expanded Federal Parent Locator Service (FPLS):

Present Law.—State child support agencies now have access to the FPLS, a computerized national location network operated by the Office of Child Support Enforcement, which obtains information from six Federal agencies and the State employment security agencies. This information only relates to a parent's location, and does not include income and asset information. It is used for enforcement of existing child support orders, not to establish paternity or establish and modify orders.

Proposed Change.—A New Hire Directory, and a new Data Bank on Child Support Orders which contains information of all cases sent by the State registries, are added to the current FPLS. The FPLS database is expanded to provide States with additional information about not only the location of the individual but also income, assets, and other relevant data. States may access this information for enforcement, establishing paternity, and establishing and modifying orders.

a. Directory of New Hires:

Present Law.—Employers are currently required, generally on a quarterly basis, to report employee wages to State employment security offices. These reports are used to determine unemployment benefits. In order to more rapidly and effectively implement wage withholding to enforce child support orders, a number of States have adopted laws requiring employers to report information on each newly hired individual within a specified number of days after the individual is hired.

Proposed Change.—A national New Hire Directory is created within the FPLS. Employers will be required to report the name, date of birth, and social security number of each newly hired employee to the New Hire Directory within 10 days of hiring. This information will be compared with information in the expanded FPLS, and matches will be sent back to the appropriate States to be used for enforcement.

9. REQUIRE SUSPENSION OF LICENSES

Present Law.—There is no provision in present law requiring States to withhold or suspend, or restrict the use of, professional, occupational, recreational and drivers' licenses of delinquent parents.

Proposed Change.—States are required to have such procedures and to use them in appropriate cases.

10. INCREASED USE OF CONSUMER REPORTING AGENCIES

Present Law.—State child support enforcement agencies are required to report periodically the names of obligors who are at least 2 months delinquent in the payment of support and the amount of the delinquency to consumer reporting agencies. If the amount of the delinquency is less than $1,000, such reporting is optional with the State. The State's procedural due process requirements must be met.

Proposed Change.—States are required to report periodically to consumer reporting agencies the name of any parent who is delinquent in the payment of support, but only after the parent has been afforded due process under State law, including notice and a reasonable opportunity to contest the accuracy of the information.

11. REQUIRE INTEREST ON ARREARAGES

Present Law.—There is no requirement that States charge interest on child support arrearages.

Proposed Change.—States must charge interest on arrearages.

12. DENY PASSPORTS FOR CERTAIN ARREARAGES

Present Law.—There is no provision in present law relating to denial of passports for failure to pay child support.

Proposed Change.—If the Secretary of HHS receives a certification by a State agency that an individual owes arrearages of child support in an amount exceeding $5,000 or in an amount exceeding 24 months' worth of child support, the Secretary shall transmit such certification to the Secretary of State for action. The Secretary of State shall refuse to issue a passport to such an individual, and may revoke, restrict, or limit a passport issued previously to such individual.

13. EXTEND STATUTE OF LIMITATIONS

Present Law.—There is no provision for a statute of limitations for purposes of collecting child support.

Proposed Change.—States must have procedures under which the statute of limitations on arrearages of child support extends at least until the child owed such support is 30 years of age.

14. REQUIREMENTS FOR FEDERAL EMPLOYEES AND MILITARY PERSONNEL

Present Law.—The armed forces have their own rules relating to child support enforcement. Procedural rules for wage withholding for Federal and military employees, and for other employees, are not uniform.

Proposed Change.—Federal employees are made subject to the same withholding procedures as non-Federal employees. The Secretary of Defense is required to streamline collection and location procedures of military personnel. The military would be treated similarly to a State for purposes of child support enforcement interaction with other States, and more as any other employer for purposes of wage withholding.

15. GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS

Present Law.—The 1988 Family Support Act authorized $4 million for each of fiscal years 1990 and 1991 to enable States to conduct demonstration projects to develop and improve activities designed to increase compliance with child access provisions of court orders.

Proposed Change.—The bill authorizes $5 million for each of fiscal years 1996 and 1997, and $10 million for each succeeding fiscal year to enable States to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children, through mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements.

16. CHANGE DISTRIBUTION REQUIREMENTS

Present Law.—If a family is receiving AFDC, the family receives the first $50 of the monthly child support payment. Additional amounts that are paid are used to reimburse the State and Federal governments for assistance paid to the family. When a family leaves AFDC, the State must pass through all current monthly child support to the family, but has the option whether to first pay the family any arrearages which are collected, or whether to reimburse the State and Federal governments.

Proposed Change.—The bill requires States to pay all families who have left AFDC any arrearages due the family for months during which a child did not receive AFDC, before using those arrearages to reimburse the State and Federal government. States are given the option of passing through to families receiving AFDC the difference between the $50 pass-through amount and the amount of child support due for that month.

17. CHANGE IN LUMP-SUM RULE

Present Law.—If a family receiving AFDC receives a lump-sum tax refund, the family loses eligibility for the number of months equal to the amount of the lump sum payment divided by the State payment standard.

Proposed Change.—Any lump-sum child support payment withheld from a tax refund for a family receiving AFDC may be placed in a Qualified Asset Account not to exceed $10,000. Funds in this account may only be used for education and training programs, improvements in the employability of an individual (such as through the purchase of an automobile), the purchase of a home, or a change of family residence. They may not be taken into account for purposes of AFDC benefit eligibility.

18. INCREASE FEDERAL FUNDING

Present Law.—The Federal Government pays 66 percent of most State and local IV-D costs, with a higher matching rate of 90 percent for genetic testing to establish paternity and, until October 1, 1995, for statewide automated data systems. The Federal government also pays States an annual incentive payment equal to a minimum of 6 percent of collections made on behalf of AFDC families plus 6 percent of collections made on behalf of non-AFDC families. The amount of each State's incentive payment can reach a high of 10 percent of AFDC collections plus 10 percent of non-AFDC collections depending on the cost-effectiveness of the State's program. The incentive payments for non-welfare collections may not exceed 115 percent of the incentive payments for welfare collections. These incentive payments are financed from the Federal share of collections.

Proposed Change.—The Federal matching rate will increase to 75 percent in 1999, and there will be a maintenance of effort required by the State. The Secretary will issue regulations creating a new incentive structure for State IV-D systems based on paternity establishment throughout the State (not just within the IV-D system) and a series of measures of overall performance in collections and cost-effectiveness of the IV-D system. The incentives will range up to 5 percentage points of the matching rate for paternity establishment, and up to 10 percentage points for overall performance measures. States must spend incentive payments on the IV-D system. If a State fails to meet certain performance standards such as for paternity establishment or overall performance, the IV-D agency will be assessed penalties ranging from at least 3 percent of funding as a first sanction, up to 10 percent for a third sanction.

19. LIMIT ON MATCH FOR OLD SYSTEMS, AND CAP FUNDING FOR THE NEW SYSTEMS

Present Law.—The 1988 Family Support Act required States to establish automated tracking and monitoring systems for child support enforcement by October 1, 1995, with 90 percent of the funding for planning, development, installation, or enhancement of such systems provided by the Federal government.

Proposed Change.—The Federal matching rate for the new systems requirements in this bill is 80 percent or, if higher, the rate the State is entitled to receive for other program purposes, as described above (combining the new Federal matching rate and the

State's incentive payments). Federal spending for this purpose may not exceed $260 million annually for fiscal years 1996 through 2001.

20. AUDIT AND REPORTING

Present Law.—The statute mandates periodic comprehensive Federal audits of State programs to ensure compliance with Federal requirements. If the Secretary finds that a State has not complied substantially with Federal requirements, the State's AFDC matching is reduced not less than one nor more than two percent for the first finding of noncompliance, increasing to not less than three nor more than five percent, if the finding is the third or a subsequent consecutive such finding.

Proposed Change.—The Secretary will establish standards to simplify and modify Federal audit requirements, focusing them more on performance outcomes.

C. Supplemental Security Income (SSI) Program

1. REVISED SSI CHILDHOOD DISABILITY REGULATIONS

Present Law.—In determining whether a child under the age of 18 is disabled for the purpose of qualifying for Supplemental Security Income, regulations require the Social Security Administration (SSA) to consider the degree to which an impairment or combination of impairments affects a child's ability to develop, mature and to engage in age-appropriate activities of daily living.

In making these evaluations, SSA conducts what is called an ''individualized functional assessment'' (IFA) in which a child's activities are broken into ''domains'' of functioning or development, such as cognition, communication, and motor ability. Under current regulations, the limitation in functioning caused by conduct disorders, or maladaptive behavior, may be considered under several domains.

To be found to be disabled based on an IFA under the Commissioner's current regulations, a child's impairment(s) must, at a minimum, cause a moderate limitation in functioning in at least three domains of functioning.

Proposed Change.—The Commissioner of Social Security is required to revise SSA's regulations for adjudicating claims for SSI benefits filed for children by reducing the number of domains considered in determining whether a child is disabled based on an individualized functional assessment, to consider maladaptive behavior in only one domain, and to require that, at a minimum, a child's impairment(s) cause a ''marked'' degree of limitation in at least two domains, or an extreme limitation in at least one domain.

The Commissioner is required to promulgate the new regulations within 9 months, and, within two additional years, redetermine the eligibility of children on the rolls whose disability was originally determined under the regulations that are revised as a result of this provision.

2. REQUIRED TREATMENT FOR DISABLED CHILDREN

Present Law.—There is no provision that requires a disabled child who qualifies for Supplemental Security Income benefits to receive medical treatment or have a treatment plan.

Proposed Change.—Within three months after a child has been found to be eligible for SSI, the parent or representative payee will be required to file a treatment plan for the child with SSA (through the State Disability Determination Service of the State in which the child resides). The plan will be developed by the child's physician or other medical provider. SSA will evaluate compliance with the treatment plan when SSA conducts a continuing disability review for the child.

If the parent or representative payee fails, without good cause, to meet these requirements, SSA will appoint another representative payee, which can be the State Medicaid agency of the State in which the child resides, or another State agency or individual.

3. CONTINUING DISABILITY REVIEWS

Present Law.—Beginning in fiscal year 1996, the Commissioner of Social Security will be required to conduct periodic continuing disability reviews (CDRs) for disabled SSI recipients (including both disabled children and adults). The provision expires in fiscal year 1998, and the Commissioner will be required to conduct CDRs for not more than 100,000 SSI recipients a year for the period 1996–1998.

Proposed Change.—The Commissioner is required to conduct periodic CDRs for disabled children who receive SSI. Reviews for all children other than those whose disabilities are not expected to improve must be conducted at least every three years, with more frequent reviews for those whom SSA determines may improve within a shorter period of time. Children who are awarded SSI benefits because of low birth weight must be reviewed after receiving benefits for 18 months.

4. SPECIAL SAVINGS ACCOUNTS FOR CHILDREN UNDER AGE 18

Present Law.—Large retroactive payments are often made when a disabled child first qualifies for SSI benefits. The retroactive payment is excluded from the $2,000 resource limit for six months, but thereafter, any remaining portion of the retroactive payment could, alone or in combination with other assets, render the child ineligible for SSI benefits.

Proposed Change.—The representative payee of a disabled child will be required to deposit the initial retroactive payment into a special account if the amount of the retroactive payment is equal to or exceeds six times the maximum Federal benefit rate. Smaller retroactive payments and underpayments may be deposited in the special account if the representative payee chooses to do so. The money in the account will not be considered to be a resource and may be used only to benefit the child and only for such purposes as education or job skills training; personal needs assistance; special equipment; housing modification; medical treatment, therapy, or rehabilitation; or other items or services determined appropriate by the Commissioner.

5. GRADUATED BENEFITS FOR ADDITIONAL CHILDREN

Present Law.—Each disabled child is eligible, under the SSI program, for an amount equal to the full Federal monthly benefit rate, which currently is $458.00, plus any supplementary payment made by the State. The benefit may be reduced because of other income received by the child, or because of parental income that is deemed to the child.

Proposed Change.—The amount payable to a child will be reduced if two or more SSI-eligible children reside together in a household. The amount for the first child will be 100 percent of the full benefit; the amount for the second eligible child will be equal to 80 percent of the full benefit; the amount for the third eligible child will be equal to 60 percent of the full benefit; and the amount for the fourth and each subsequent child will be equal to 40 percent of the full benefit. Children living in group homes or in foster care will continue to be eligible for 100 percent of the full benefit. The aggregate amount payable to all SSI-eligible children in a household will be paid to each child on a ''per capita'' basis.

For the purpose of determining eligibility for Medicaid, each SSI-eligible child in a household shall be considered to be eligible for an amount equal to 100 percent of the full Federal benefit rate.

6. USE OF STANDARDIZED TESTS

Present Law.—There is no provision relating to use of standardized tests for purposes of determining whether a child is disabled.

Proposed Change.—The Commissioner of Social Security is required to use standardized tests that provide measures of childhood development or functioning, or criteria of childhood development or function that are equivalent to the findings of a standardized test, wherever such tests or criteria are available and the Commissioner determines their use to be appropriate.

7. DIRECTORY OF SERVICES

Present Law.—There is no provision requiring a directory of services that are available to assist children with disabilities.

Proposed Change.—For the purpose of expanding the information base available to members of the public who contact the Social Security Administration, the Commissioner of Social Security shall establish a directory of services for disabled children that are available within the area serviced by each Social Security office. Each such directory shall include the names of service providers, along with each provider's address and telephone number, and shall be accessible electronically to all Social Security employees who provide direct service to the public.

8. COORDINATION OF SERVICES

Present Law.—There is no provision that establishes a system for assuring that SSI disabled children have access to available services.

Proposed Change.—In order to assure that a child receiving SSI benefits on the basis of disability has access to available medical and other support services, that services are provided in an efficient and effective manner, and that gaps in the provision of services are identified, the State agency that administers the Maternal and Child Health block grant would be made responsible for developing a care coordination plan for each child.

The Secretary of Health and Human Services, the Secretary of Education, and the Commissioner of Social Security are directed to take such steps as may be necessary, through issuance of regulations, guidelines, or such other means as they may determine, to assure that, where appropriate, the State medicaid agency, the State Department of Mental Health, the State Disability Determination Service, the State Vocational Rehabilitation Agency, the State Developmental Disabilities Council, and the State Department of Education: (1) assist in the development of the child's care coordination plan; (2) participate in the planning and delivery of the services called for in the care coordination plan; and (3) provide information to the Secretary of Health and Human Services with respect to the services that they provide.

D. Other Provisions

1. ALIEN ELIGIBILITY FOR PUBLIC ASSISTANCE PROGRAMS

Present Law.—The AFDC, SSI, medicaid, and food stamp laws provide for limiting eligibility of immigrants for assistance by means of so-called ''deeming'' rules. The rules provide that for the purpose of determining financial eligibility for benefits and services, immigrants are deemed to have the income and resources of their immigration sponsors available for their support for a period of 3 years. P.L. 103–152, the Unemployment Compensation Amendments of 1993, included a provision extending the sponsor-to-alien deeming period for SSI from 3 to 5 years, effective from January 1, 1994 to October 1, 1996.

Proposed Change.—The bill makes the SSI 5-year deeming period permanent, and extends it to the AFDC and food stamp programs. It also provides for uniform alien eligibility criteria for the SSI, AFDC, medicaid, and food stamp programs.

2. TAX RESPONSIBILITIES INCIDENT TO EXPATRIATION

Present Law.—Under current law, a taxpayer's accrued asset gains are not taxed at the time he or she expatriates or gives up U.S. residence. Further, the taxpayer's accrued gains with respect to foreign assets are never taxed by the United States. In cases when it can be demonstrated that a taxpayer expatriated for purposes of tax avoidance, accrued gains with respect to U.S. assets are taxed if a taxable disposition occurs within the ten-year period following relinquishment of U.S. citizenship.

Proposed Change.—A U.S. citizen relinquishing citizenship generally would be taxed on any accrued asset gains as of the date of expatriation. Certain long-term residents of the United States would similarly be taxed on accrued gains upon losing such resident status. Exceptions would be provided for the first $600,000 of a taxpayer's gain, gain with respect to U.S. real estate, and pension gains. A taxpayer could elect, on an asset by asset basis, to avoid immediate gain taxation and instead continue to be subject to U.S. taxes with respect to an asset.

3. EARNED INCOME TAX CREDIT CHANGES

(i) Illegal aliens—

Present Law.—Currently, persons resident in the United States for over six months who are not U.S. citizens are eligible for the EITC in some circumstances, even if they are working in the country illegally.

Proposed Change.—Eligibility for the EITC would be limited to those residents authorized to work in the United States.

(ii) Social Security numbers—

Present Law.—Procedurally, the IRS must use its normal deficiency procedures, which involve a series of written communications with the taxpayer, if it decides to challenge a taxpayer's EITC claim that may be erroneous. This is true even in the case of a missing or erroneous social security number.

Proposed Change.—The IRS would be provided with the authority to process EITC claims in a more effective manner. Social security numbers (valid for employment purposes in the case of the earner(s)) would be required for the taxpayer, his or her spouse, and each qualifying child. The IRS would be permitted to handle any errors in social security numbers under the simplified procedures currently applicable to math errors on a taxpayer's return, rather than under the normal tax deficiency procedures.

(iii) Modification of unearned income test—

Present Law.—Individuals with more than $2,350 of interest (taxable and tax-exempt), dividends, net rents and net royalties are not eligible for the EITC. (This provision was enacted this year in H.R. 831.)

Proposed Change.—An individual's net capital gains would be added to the other categories of unearned income that are totalled for purposes of determining an individual's eligibility for the EITC.

4. TREATMENT OF CORPORATE STOCK REDEMPTIONS

Present Law.—Corporate shareholders are allowed a special deduction (the ''dividends received deduction'') with respect to qualifying dividends received from taxable domestic corporations. The deduction equals 70 percent of dividends received if the corporation receiving the deduction owns less than 20 percent of the stock of the distributing corporation. The deduction equals 80 percent of the dividends received if 20 percent or more of the stock is owned by the receiving corporation. Members of a group of affiliated corporations can elect to claim a 100 percent dividends received deduction for qualifying dividends paid by a member of the affiliated group. No deduction is allowed for dividends received from tax-exempt corporations.

An amount treated as a dividend in the case of a non pro rata redemption of stock (or a partial liquidation) is considered an extraordinary dividend under Internal Revenue Code section 1059(e)(1). Generally, the basis of the remaining stock held by a corporation receiving a dividend must be reduced by the nontaxed portion of any extraordinary dividend (i.e., the amount of the dividends received deduction) received by the corporation with respect to the stock.

Proposed Change.—The bill would replace the provision under current law (Code sec. 1059(e)(1)) that allows a corporate shareholder to reduce its basis in the remaining stock by the amount of the nontaxed portion of an extraordinary dividend. Instead, the bill would provide that, except as specifically set forth in regulations, any non pro rata redemption (or partial liquidation) would be treated as a sale of the redeemed stock, even if such distribution would otherwise be treated as a dividend and entitled to a dividends received deduction under present law.

The bill would be effective for redemptions occurring after May 3, 1995, except for those redemptions occurring pursuant to the terms of a written binding contract in effect on May 3, 1995 or pursuant to the terms of a tender offer outstanding on May 3, 1995.

REMARKS OF PRESIDENT REAGAN ON SIGNING THE FAMILY SUPPORT ACT OF 1986

I am pleased to sign into law today a major reform of our nation's welfare system, the Family Support Act. This bill, H.R. 1720, represents the culmination of more than 2 years of effort and responds to the call in my 1986 State of the Union Message for real welfare reform—reform that will lead to lasting emancipation from welfare dependency.

It is fitting that the word ''family'' figures prominently in the title of this legislation. For too long the Federal Government, with the best of intentions, has usurped responsibilities that appropriately lie with parents. In so doing—does anyone have a Stinger? [*Laughter*] In so doing, it has reinforced dependency and separated welfare recipients from the mainstream of American society. The Family Support Act says to welfare parents, ''We expect of you what we expect of ourselves and our own loved ones: that you will do your share in taking responsibility for your life and for the lives of the children you bring into this world.''

Well, the Family Support Act focuses on the two primary areas in which individuals must assume this responsibility. First, the legislation improves our system for securing support from absent parents. Second, it creates a new emphasis on the importance of work for individuals in the welfare system.

Under this bill, one parent in a two-parent welfare family will be required to work in the public or private sector for at least 16 hours a week as a condition of receiving benefits. This important work requirement applies to families that come into the welfare rolls as a result of the unemployment of the principal wage earner. It recognizes the need for a family's breadwinner to maintain the habits, skills, and pride achieved through work. This work requirement also allows us to expand coverage for two-parent families to all States without dangerously increasing welfare dependency. A key part of this bill is to make at least one of the parents in a welfare family participate in meaningful work while still getting a needed cash support.

Single parent families also share in the message of hope underlying this bill. They, too, will know that there is an alternative to a life on welfare. To ensure that they get a better start in life, young parents who have not completed high school will be required to stay in or return to school to complete the basic education so necessary to a productive life. Other parents will be offered a broad range of education, employment, and training activities designed to lead to work.

To provide new employment opportunities to welfare recipients, States will be entitled to receive $6.8 billion over the next 7 years. They also will receive the funding necessary to provide child care and Medicaid benefits. This financial assistance represents a significant and generous national commitment to enhancing the self-sufficiency of welfare recipients. To ensure that meaningful numbers of recipients actually do benefit from welfare reform, each State must be required to involve increasing percentages of welfare families to participate in employment and training activities over time.

The Family Support Act also contains significant reforms in our nation's child support enforcement system. These reforms are designed to ensure that parents who do not live with their children nevertheless meet their responsibilities to them. To improve the adequacy of child support awards, judges and other officials will be required to apply support guidelines developed by their States for setting award amounts. And to help ensure that the child support awarded actually is paid, child support payments will be automatically withheld from the responsible parent's paycheck.

Reflecting the concern we all share over the Federal budget deficit, the Family Support Act contains funding provisions to offset the increased new spending in the bill. The single largest source of the funding comes from a temporary extension of current authority for the Treasury to collect overdue debts owed the Federal Government by reducing Federal tax refunds of individuals not paying those debts on time.

In 1971, when I was Governor of California, we put into law a work-for-welfare requirement similar to the one in the bill before us today. It was called community work experience, and its purpose was to demonstrate to the disadvantaged how ennobling a job could be. And that lesson is as clear today as it was then, and the successes of many fine State programs like that one have made this landmark legislation possible.

As lead Governors on welfare reform for the National Governors' Association, Governors Castle and Clinton consistently presented the interests of the States in getting welfare reform enacted. And that interest has been manifested by many States carrying out their own welfare reform programs. Leaders in this effort are Governors Kean, Tommy Thompson, Moore, and Hunt who have paved the way for this legislation through unique welfare reform initiatives in their States. Legislators like Wisconsin's Susan Engeleiter were instrumental in achieving welfare reform and showing Congress how well it works.

Many Members of Congress share the credit for the responsible welfare-to-work and child support enforcement reforms in the Family Support Act. In particular, Senators Moynihan, Armstrong, Dole, and Packwood, and Bentsen, and Representatives Rostenkowski, Hank Brown, Michel, Frenzel, and Downey played key roles in forging the consensus for this landmark legislation. They and the members of the administration who worked so diligently on this bill will be remembered for accomplishing what many have attempted, but no one has achieved in several decades: a meaningful redirection of our welfare system.

And I think it is time now for me to sign the bill. And I thank all of you, and God bless you all.

[From the New York Times, May 18, 1995]

GOP BILLS TO OVERHAUL WELFARE WORRY CITY AND COUNTY OFFICIALS

(By Robert Pear)

WASHINGTON, May 17.—Mayors and other local officials from around the country said today that they opposed major elements of the Republican welfare bills moving through Congress, in part because the bills would eliminate the Federal guarantee of a subsistence income for millions of poor families.

The local officials said that cities and counties would ultimately have to deal with the effects of such legislation, which they said could include an increased demand for food, shelter and social services.

Mayor Kay Granger of Fort Worth, an independent, speaking for the United States Conference of Mayors, and Randall Frankie of Oregon, a Republican who is president of the National Association of Counties, said their groups opposed the Republican plan to give each state a fixed sum of money each year to assist poor people in any way it chose. These block grants would replace Federal programs that provide benefits to anyone who meets eligibility criteria based on income and other factors.

''We oppose repealing the entitlement status of benefit programs such as Aid to Families With Dependent Children, food stamps, child nutrition programs, Medicaid and foster care,'' Ms. Granger said. ''We believe that the individual entitlement to a minimum level of assistance must be maintained for our children and families.''

The National League of Cities and the National School Boards Association expressed similar views at a news conference with mayors and county commissioners. It was the first time local officials had spoken out in a coordinated effort to influence Congress on this issue.

The local officials said that Congress had paid too much attention to a small number of Republican governors like John Engler of Michigan and Tommy G. Thompson of Wisconsin, who had lobbied for block grants. Mr. Franke, a member of the Board of Commissioners in Marion County, Ore., said: ''A few Republican governors have had a great influence on this. It hasn't had the kind of broad input from governors, or from local government officials, that it really deserves.''

Carolyn Long Banks, a Democrat on the Atlanta City Council, said that city and county officials had been ''left out of the process of decision making,'' but would have to deal with the effects of any welfare legislation adopted by the Federal Government. Mr. Franke said counties were ''the front-line deliverers of basic social services'' in many states.

The local officials said it was wrong for the Government to push people off welfare if it did not provide the education, training and child care they needed to get jobs. ''If we simply cut welfare and there's not an organized effort to move them into work, then they land on our doorsteps,'' Mayor Granger said.

A welfare bill passed by the House in March would establish block grants to the states in place of the current program of Aid to Families With Dependent Children. Senate Republicans have endorsed the approach. Republicans in the House and the Senate are working on a separate bill to eliminate the individual entitlement to Medicaid and replace it with a block grant.

Republican governors say the block grants would free them from burdensome Federal regulations and give them the authority to design their own welfare programs, tailored to local needs.

But Gov. Lawton Chiles of Florida, a Democrat, said the block grants were ''a prescription for disaster'' in fast-growing states like Florida, Texas, California and Arizona.

Mr. Chiles said Speaker Newt Gingrich had found ''a few G.O.P. governors—Judas goats—to go along with the idea'' of block grants. ''It's no wonder the Governors of Wisconsin, Michigan and Massachusetts are on this bandwagon,'' because they would not suffer any financial harm and could obtain additional money at the expense of the fast-growing states, Mr. Chiles said.

A Judas goat is an animal used to lead others to slaughter. Charles S. Salem, special counsel in Governor Chiles's Washington office, said, ''That is what he intended to say.''

In a speech here last week, Mr. Chiles said the formula for distributing Federal money under the Republican welfare bills was inequitable. ''A poor child in Massachusetts would get three times as much as a poor child in Florida,'' he said. ''A poor child in Michigan would get twice as much as a child in my state.''

Governor Engler rejected Mr. Chiles' contentions. ''The only successes in welfare reform have been achieved at the state level,'' he said. ''Federal involvement has served only to hogtie state reform efforts.''

Gov. Mike Leavitt of Utah, chairman of the Republican Governors Association, disputed Mr. Chiles' assertion that fast-growing states would suffer under the Republican proposal to distribute the block grants in proportion to current levels of Federal welfare spending in various states.

But another Republican Governor, Fife Symington of Arizona, expressed concerns similar to those of Mr. Chiles. He said the proposal for block grants would penalize states like Arizona with high population growth and comparatively low levels of welfare spending.

Governor Symington said the block grants should be based not on past spending, but on each state's share of the total number of Americans living below the official poverty level ($11,817 for a family of three).

The block grants ''should not reward states that have been granting excessive benefits and penalize states that have maintained only a modest safety net,'' Mr. Symington said in a letter to Bob Dole, the Senate Republican leader.

Mr. MOYNIHAN. Mr. President, I thank the Chair for his kind attention.

By Mrs. HUTCHISON:

S. 829. A bill to provide waivers for the establishment of educational opportunity schools; to the Committee on Labor and Human Resources.

EDUCATION LEGISLATION

• Mrs. HUTCHISON. Mr. President, the bill I introduce would make it possible, in a limited number of school districts, for students to learn in a single-sex classroom setting if they so wish.

Let me emphasize—''If they wish.'' This bill does not compel any school to offer or any student to participate in single-sex classes. It merely allows students—and their parents—in a qualifying school district, to exercise that choice.

Our Nation has a compelling interest in assuring that all children receive a high-quality education. Providing families with another constructive educational option will further this interest.

This legislation has three purposes: First, I want the Secretary of Education to give schools the discretion to experiment with offering same-gender classes to low-income, educationally disadvantaged students. Second, I want to establish reliable information to determine whether or not single-gender classes make a difference in the educational opportunities and achievements of low-income, educationally disadvantaged students. Finally, I want to involve parents in the educational choices their children make.

Let me stress that this legislation imposes no financial obligation on the part of the Federal Government. My bill requires the Secretary of Education to grant up to 10 waivers to title IX of the Education Amendments of 1972. The bill would not provide school districts or schools any additional funding if they apply for and are granted a waiver of title IX. The waiver is very narrowly tailored to ensure the unimpeded development and operation of single-gender classes.

In recent years, efforts to experiment with same-gender classes and schools have been inhibited by lawsuits and threats of lawsuits from private groups, as well as Government. My bill would ensure that such threats can no longer interfere with educational innovation.

Nothing in my legislation affects efforts at overcoming the effects of past discrimination made on the basis of sex. Research indicates that single-sex classes can help minorities—girls and boys—perform better in school. African-American students in single-sex classrooms scored nearly a grade level higher than their coeducational counterparts in academic achievement tests. Girls in single-sex schools scored a full grade above their coeducational counterparts on academic ability tests. And girls in single-sex schools outperformed girls in coeducational schools almost a full grade level on science tests scores.

Some studies indicate that boys may perform better in single-sex schools as well. Cornelius Riordan, of Providence College, has found that a cognitive development among boys enrolled in single-sex Catholic high schools is more advanced than that of boys enrolled in coeducational Catholic high schools.

Mr. President, there is a compelling Government interest in granting the Secretary authority to insulate from lawsuits, for a limited time, a small number of local educational agencies and schools which experiment with same-gender classes.

My bill addresses this Government interest, and will allow data to be compiled to prove that single-sex classes can work to the advantage of children.

Most importantly, by offering parents and children a choice, this legislation would re-involve the family in educational decisionmaking processes.

It is my hope that my colleagues will recognize the value of such academic innovation and support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 829

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EDUCATIONAL OPPORTUNITY DEMONSTRATION PROGRAM.

(a) IN GENERAL.—Title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(1) by redesignating part F as part G;

(2) by redesignating sections 1601 through 1604 as sections 1701 through 1704, respectively; and

(3) by inserting after part E the following new part:

"PART F—EDUCATIONAL OPPORTUNITY DEMONSTRATION PROGRAM

"SEC. 1701. SHORT TITLE; FINDINGS; AND PURPOSES.

''(a) SHORT TITLE.—This part may be cited as the 'Educational Opportunity Demonstration Act'.

''(b) FINDINGS.—The Congress finds that—

''(1) while low-income students have made significant gains with respect to educational achievement and attainment, considerable gaps still persist for these students in comparison to those from more affluent socioeconomic backgrounds;

''(2) our Nation has a compelling interest in assuring that all children receive a high quality education;

''(3) new methods and experiments to revitalize educational achievement and opportunities of low-income individuals must be a part of any comprehensive solution to the problems in our Nation's educational system;

''(4) preliminary research shows that same gender classes and schools may produce promising academic and behavioral improvements in both sexes for low-income, educationally disadvantaged students;

''(5) extensive data on same gender classes and schools are needed to determine whether same gender classes and schools are closely tailored to achieving the compelling government interest in assuring that all children are educated to the best of their ability;

''(6) in recent years efforts to experiment with same gender classes and schools have been inhibited by lawsuits and threats of lawsuits by private groups as well as governmental entities; and

''(7) there is a compelling government interest in granting the Secretary authority to insulate a limited number of local educational agencies and schools which are experimenting with same gender classes for a limited period of time from certain law suits under title IX of the Education Amendments of 1972, section 204 of the Education Amendments of 1974, section 1979 of the Revised Statutes (42 U.S.C. 1983), or any other law prohibiting discrimination on the basis of sex, in order to collect data on the effectiveness of such classes in educating children from low-income, educationally disadvantaged backgrounds.

''(c) PURPOSES.—It is the purpose of this part—

''(1) to give the Secretary discretion to allow experimentation with same gender classes for low-income, educationally disadvantaged students;

''(2) to determine whether same gender classes make a difference in the educational achievement and opportunities of low-income, educationally disadvantaged individuals; and

''(3) to involve parents in the educational options and choices of their children.

"SEC. 1702. DEFINITIONS.

''As used in this part—

''(1) the term 'educational opportunity school' means a public elementary, middle, or secondary school established by a local educational agency receiving a waiver under this part, or a consortium of such schools, that—

''(A) establishes a plan for voluntary, same gender classes at one or more than one school in the community;

''(B) provides same gender classes for both boys and girls, as well as a coeducational option for any parent that chooses that option;

''(C) gives parents the option of choosing to send their child to a same gender class or to a coeducational class;

''(D) admits students on the basis of a lottery, if more students apply for admission to the same gender classes than can be accommodated;

''(E) has a program in which a member of the community is asked to volunteer such member's time in classes of children of the same gender as the member; and

''(F) operates in pursuit of improving achievement among all children based on a specific set of educational objectives determined by the local educational agency applying for a waiver under this part, in conjunction with the educational opportunity advisory board established under section 1703(b) and agreed to by the Secretary; and

''(2) the term 'educational opportunity advisory board' means an advisory board established in accordance with section 1703(b).

"SEC. 1703. WAIVER AUTHORITY.

''(a) AUTHORITY.—

''(1) IN GENERAL.—The Secretary shall waive any statutory or regulatory requirement of title IX of the Education Amendments of 1972, section 204 of the Education Amendments of 1974, section 1979 of the Revised Statutes (42 U.S.C. 1983), and any other law prohibiting discrimination on the basis of sex, for each local educational agency (but not more than 10) that has an application approved under section 1704 and otherwise meets the requirements of this part, and for any educational opportunity school established by such agency, but only to the extent the Secretary determines necessary to ensure the development and operation of same gender classes in accordance with this part.

''(2) DURATION.—The Secretary shall issue a waiver under subsection (a) for a period not to exceed 5 years.

''(b) EDUCATIONAL OPPORTUNITY ADVISORY BOARD.—Each local educational agency receiving a waiver under this part shall establish an educational opportunity advisory board. Such advisory board shall be composed of school administrators, parents, teachers, local government officials and volunteers involved with an educational opportunity school. Such advisory board shall assist the local educational agency in developing the application under section 1704 and serve as an advisory board in the functioning of the educational opportunity school.

"SEC. 1704. APPLICATIONS.

''(a) APPLICATIONS REQUIRED.—Each local educational agency desiring a waiver under this part shall submit, within 180 days of the date of enactment of the Educational Opportunity Demonstration Act, an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

''(b) SCOPE OF APPLICATION.—Each application described in subsection (a) may request a waiver for a single educational opportunity school or for a consortium of such schools.

''(c) APPLICATION CONTENTS.—Each application described in subsection (a) shall include—

''(1) a description of the educational program to be implemented by the proposed educational opportunity school, including—

''(A) the grade levels or ages of children to be served; and

''(B) the curriculum and instructional practices to be used;

''(2) a description of the objectives of the local educational agency and a description of how such agency intends to monitor and study the progress of children participating in the educational opportunity school;

''(3) a description of how the local educational agency intends to include in the educational opportunity school administrators, teaching personnel, and role models from the private sector;

''(4) a description of how school administrators, parents, teachers, local government, and volunteers will be involved in the design and implementation of the educational opportunity school;

''(5) a justification for the waiver or inapplicability of any Federal statutory or regulatory requirements that the local educational agency believes are necessary for the successful operation of the educational opportunity school and a description of any State or local statutory or regulatory requirements, that will be waived for, or will not apply to, the educational opportunity school, if necessary;

''(6) a description of how students in attendance at the educational opportunity school, or in the community, will be—

''(A) informed about such school; and

''(B) informed about the fact that admission to same gender classes is completely voluntary;

''(7) an assurance that the local educational agency will annually provide the Secretary such information as the Secretary may require to determine if the educational opportunity school is making satisfactory progress toward achieving the objectives described in paragraph (2);

''(8) an assurance that the local educational agency will cooperate with the Secretary in evaluating the waivers issued under this part;

''(9) assurances that resources shall be used equally for same gender classes for boys and for girls;

''(10) assurances that the activities assisted under this part will not have an adverse affect, on either sex, that is caused by—

''(A) the distribution of teachers between same gender classes for boys and for girls;

''(B) the quality of facilities for boys and for girls;

''(C) the nature of the curriculum for boys and for girls;

''(D) program activities for boys and for girls; and

''(E) instruction for boys and for girls;

''(11) an assurance that the local educational agency will comply with the research and evaluation protocols developed by the Secretary under section 1706(a); and

''(12) such other information and assurances as the Secretary may require.

"SEC. 1705. SELECTION OF GRANTEES.

''The Secretary shall issue waivers under this part on the basis of the quality of the applications submitted under section 1704, taking into consideration such factors as—

''(1) the quality of the proposed curriculum and instructional practices;

''(2) the organizational structure and management of the school;

''(3) the quality of the plan for assessing the progress made by children in same gender classes over the period of the waiver;

''(4) the extent of community support for the application;

''(5) the likelihood that the educational opportunity school will meet the objectives of such school and improve educational results for students; and

''(6) the assurances submitted pursuant to section 1704(c)(10).

''SEC. 1706. STUDY AND REPORT.

''(a) STUDY.—The Secretary shall conduct a study of the waivers issued under this part, including establishing appropriate research and evaluation protocols, to compare the educational and behavioral achievement of those students choosing same gender classes established under this part and those students choosing the coeducational option.

''(b) REPORT.—The Secretary shall submit, within 1 year after the date of enactment of the Educational Opportunity Demonstration Act, a report to the appropriate committees of the Congress regarding the findings of the study conducted under subsection (a).

''SEC. 1707. CONSTRUCTION.

''Nothing in this part shall be construed to affect the availability under title IX of the Education Amendments of 1972 of remedies to overcome the effects of past discrimination on the basis of sex.''.

(b) CONFORMING AMENDMENTS.—

(1) COMMITTEE OF PRACTITIONERS.—Section 1111(c)(5) of such Act (20 U.S.C. 6311(c)(5)) is amended by striking ''section 1603(b)'' and inserting ''section 1703(b)''.

(2) STATE ASSISTANCE FOR SCHOOL SUPPORT AND IMPROVEMENT.—Section 1117(a)(2) of such Act (20 U.S.C. 6318(a)(2)) is amended by striking ''section 1603(c)'' and inserting ''section 1703(c)''.

(3) STATE APPLICATIONS.—Section 1304(c)(2) of such Act (20 U.S.C. 6394(c)(2)) is amended by striking ''part F'' and inserting ''part G''.

(4) USE OF FUNDS.—Section 1415(a)(2)(C) of such Act (20 U.S.C. 6435(a)(2)(C)) is amended by striking ''part F'' and inserting ''part G''.

(5) STATE DATA.—The matter preceding subparagraph (A) of section 14204(a)(2) of such Act (20 U.S.C. 8824(a)(2)) is amended by striking ''section 1603'' and inserting ''section 1703''.●

By Mr. SPECTER:

S. 830. A bill to amend title 18, United States Code, with respect to fraud and false statements; to the Committee on the Judiciary.

CRIME LEGISLATION

Mr. SPECTER. Mr. President, earlier this week, the Supreme Court decided Hubbard versus United States. Overturning a 1955 decision called Bramblett versus United States, the Court held that section 1001 of title 18 of the United States Code, which prohibits making false statements to the Federal Government applies only to false statements made to executive branch agencies.

It is highly unusual that the Supreme Court reverses a prior decision on a question of statutory interpretation. The reversal of the longstanding decision in Bramblett is particularly troubling because of the nature of the offense.

The language of the statute itself criminalizes false statements made to any ''department or agency of the United States.'' Relying on the purpose and the legislative history of the provision, the Supreme Court held in Bramblett that the statute covered making false statements to Congress. The term ''department'' was read as broad enough to cover the executive, judicial, and legislative branches of government. Since then, it has always been understood to cover Congress and the courts.

As Chief Justice Rehnquist argued in his dissent in Hubbard, it has been ''the very justifiable expectation'' that one who lies to Congress, whether or not under oath, would be punished under section 1001.

While perjury laws and other statutes exist to cover false statements made under oath or under specific circumstances, section 1001 was a broad law covering all false statements made to Congress, as well as the courts and executive agencies. In order to protect the Congress, I believe we must restore section 1001 to its meaning under Bramblett.

In order to do so, I am introducing legislation to overturn the Supreme Court's decision in Hubbard. We are able to do so because the Court's decision rests solely on a question of statutory interpretation. There is no constitutional dimension to the Court's decision.

Accordingly, Congress is able to decide the public policy question for itself. I have no doubt of the importance of having in the law a provision that sets forth clearly and succinctly the principle that it is illegal to ''knowingly and willfully falsif[y], conceal[] or cover[] up by any trick, scheme, or device a material fact, or make[] any false, fictitious or fraudulent statements or representations'' to Congress or any committee or subcommittee in any matter within our jurisdiction.

My bill is quite simple. It will simply add to the text of section 1001 language that will broaden the newly narrowed statute to cover false statements made ''in any matter within the jurisdiction of any department, agency, or court of the United States, or of Congress or any duly constituted committee or subcommittee of Congress.''

The purpose of this provision is to restore the meaning of the statute that it was given under Bramblett and to overturn Hubbard. No other change in meaning is intended.

I believe this bill will not be controversial, and I urge my colleagues to support its prompt enactment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 830

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FRAUD AND FALSE STATEMENTS IN MATTERS WITHIN THE JURISDICTION OF THE COURTS OF CONGRESS.

Section 1001 of title 18, United States Code, is amended by striking ''any department or agency of the United States'' and inserting ''any department, agency, or court of the United States, or of Congress or any duly constituted committee or subcommittee of Congress,''.

By Mr. SMITH (for himself, Mr. DOLE, Mr. HELMS, Mr. THURMOND, Mr. GRASSLEY, Mr. GRAMM, Mr. CAMPBELL, and Mr. THOMAS):

S.J. Res. 34. A joint resolution prohibiting funds for diplomatic relations and most favored nation trading status with the Socialist Republic of Vietnam unless the President certifies to Congress that Vietnamese officials are being fully cooperative and forthcoming with efforts to account for the 2,205 Americans still missing and otherwise unaccounted for from the Vietnam war, as determined on the basis of all information available to the United States Government, and for other purposes; to the Committee on Foreign Relations.

VIETNAM POW/MIA FULL DISCLOSURE ACT

Mr. SMITH. Mr. President, on behalf of Senator DOLE, Senator THURMOND, Senator HELMS, Senator GRASSLEY, Senator GRAMM of Texas, Senator CAMPBELL, and Senator THOMAS, and myself, I rise to introduce a joint resolution entitled ''The Vietnam POW/MIA Full Disclosure Act of 1995.'' I understand a similar resolution is being introduced in the House this week by Congressman BEN GILMAN, the Chairman of the House International Relations Committee.

This resolution is aimed at getting the maximum amount of information possible from Vietnam on Americans still missing from the Vietnam war. Specifically, the resolution prohibits both the establishment of diplomatic relations with Vietnam and the extension of most favored nation trading status to Vietnam unless the President informs Congress that we are getting full cooperation and full disclosure by Vietnam on the POW/MIA issue.

If the Communist Government in Vietnam is continuing to withhold information that would account for missing Americans, as I believe they are, then now is not the time to normalize relations.

I am very pleased that this resolution is supported by the distinguished majority leader and the distinguished chairmen of both the Armed Services Committee and the Foreign Relations Committee, among others. I know Senators DOLE, THURMOND, and HELMS have been closely involved with this issue for many, many years, and they share my concerns.

Perhaps most importantly, this resolution is supported by virtually all of the families of the 2,205 Americans still unaccounted for from the Vietnam war. It is also consistent with the resolutions that have been passed in recent years by our national veterans organizations.

Will every single American support the approach to resolving the POW/MIA issue outlined in this resolution?

Of course not. Indeed, there are Vietnam veterans in this body other than myself who advocate a different approach, or have a different view on the cooperation we are getting from Vietnam. Some have said that we should normalize relations with Hanoi because Vietnam is being fully cooperative on the POW/MIA issue. Others say we should normalize relations because it would give an incentive for Vietnam to increase its cooperation. I still have not figured out which reason the President used when he lifted our embargo on Vietnam last year.

Nonetheless, I reject both these positions and would simply point out that the position of the majority of our Nation's veterans and the POW/MIA families is very clear—they want the Communist Government in Hanoi to come clean on the POW/MIA issue before we normalize relations.

In my judgment, using every reasonable standard I can come up with—and I have worked on this issue for 11 years in the Congress—Vietnam has not come clean on the POW/MIA issue. The Communist Government in Hanoi continues to withhold relevant politburo and military records pertaining to American POWS and MIAS from the war. There is no disputing that fact.

Earlier this week, they dribbled out more records for a high-level administration delegation. They have done this for years. I suspect Vietnamese officials looked the administration delegation in the eye and said ''we just located this information.'' In 1993, they did the same thing when documents surfaced in Russian archives indicating that more Americans were held than those who came home. They suddenly came up with records they had withheld for 20 years. They just pulled it off the shelf.

This ''timed'' release of documents, only when it is deemed important enough for Vietnam, proves to me that Hanoi's Communist Politburo is continuing to manipulate the POW/MIA issue for its own political advantage. As a result, Vietnam is prolonging the anguish and uncertainty of MIA family members.

I wrote a letter today, signed it today, and sent it out from a family who still is anguishing over this with new information that they received, even as recently as this month.

Mr. President, the American people are not naive. They know that many records could have been turned over long ago. If they held back the most recent set of records until the right moment surfaced, what else are they still holding? And why, Mr. President, has this administration failed to vigorously seek access to Vietnam's wartime central committee records on POWs? Every historian knows that those records might conclusively answer the most nagging and haunting questions that keep this issue alive and have kept the family members waiting for so many years.

And why is it that there are family members of MIAs who are being denied visas to go to Vietnam to look for answers? Is this a country that is cooperating? I do not think so. I though when the President lifted the embargo in 1994, we were supposed to get unprecedented access and cooperation, and the family members who have loved ones missing cannot get a visa to get into Vietnam.

My colleagues do not have to accept BOB SMITH's judgment on whether there's been full disclosure by Vietnam on missing Americans. Under the resolution we have introduced today, the President is required to make the final judgment, whoever the President is, after consultation with the Director of Central Intelligence. If he feels we are getting full disclosure, then he can move forward, so long as he notifies Congress. That is all we are asking.

I would remind the President, However, that he was the one who stated, following his election in 1992, and I quote, ''I have sent a clear message that will be no normalization of relations with any country that is at all suspected of withholding information on missing Americans.'' I submit to you that there is still information being withheld.

The resolution we have introduced today asks the President to keep the promise he made to the MIA families and our Nation's veterans during his last campaign.

And that's really what this is all about, Mr. President—keeping our commitment that we will not let Vietnam off the hook until there has been full disclosure on the fate of our POW's and MIA's.

Revisionists are in full bloom these days. There has been a lot of revisionist history and frankly a lot of propaganda recently as we marked the 20th anniversary of the Communist victory over South Vietnam. But make no mistake about it—Vietnam needs us more then we need Vietnam. And if the last 20 years have taught us anything about Communist Vietnamese behavior, it is this—Vietnam only responds on the POW/MIA issue when it is clear to them that the United States will go no further to meet Vietnam's agenda. If Vietnam is that desperate for American business investment and diplomatic relations, then let them come clean on the POW/MIA issue.

Unfortunately, there have been mixed signals, which have been fueled, in part, by certain lobbyists in the American business community who want to put business over principle. My response to this lobbying effort is let us put principle over profit, not viceversa. The only business we should be doing with Vietnam is the business of getting Hanoi to come clean on the POW/MIA issue.

Then and only then, should we normalize or restore any type of diplomatic relations. It is only fair. Think of the suffering of these families. How could we possibly want to do anything else but honor them?

There have also been statements from some administration officials seem eager to move forward with Vietnam by lowering the priority that was placed on the POW/MIA issue by Presidents Reagan and Bush. Perhaps these officials have become exhausted. I can understand that. It has been a long, long time.

Maybe they are embarrassed by their inability to convince Hanoi to come clean on the POW/MIA issue before we normalize. Maybe they would like this issue to go away. I know the families would like it to go away. But it ought to go away on honorable terms, honorable terms, a full accounting, a full accounting. That is the only way the issue should go away. In this environment, I would not be surprised if Vietnam might be thinking that they can hold out on disclosing their central committee records and meeting our intelligence community's expectations on what they can still do to help resolve this issue. They might think that they can achieve their economic and political goals just by waiting us out. That is the message we are sending.

Mr. President, I would simply say that I am not going to stay silent and let that happen. I have a responsibility here. This week, the President's top defense official on the POW/MIA issue, Deputy Assistant Secretary Jim Wold, stated that the decision on whether to move forward with Vietnam ''will be made by the President alone.'' The resolution we have introduced today states that Congress expects to be informed on whether there has been full disclosure by Vietnam on POW's and MIA's before the President moves forward. That is a very reasonable requirement. I am confident that the American people want this question answered before normalizing with Vietnam. That is a reasonable requirement, and I am confident the American people would like an answer to this question before we move forward with Vietnam.

I would remind my colleagues of something the English novelist Aldous Huxley once said—''Facts do not cease to exist just because they are ignored.'' Our intelligence community has made assessments of what Vietnam could still do if it truly wanted to come clean on the POW/MIA issue.

Those facts exist. Those facts are a matter of public record in some cases, and in other cases where they are not public, they are available for my colleagues to see.

This Chamber is also awaiting a final response from the Secretary of Defense on the total number of POW/MIA cases where the likelihood is greatest that Vietnam could produce additional information or remains, or perhaps in some cases possibly even a live American. This was a requirement, which I originally sponsored in last year's Defense Authorization Act. In February, we were told that only 50 percent of this work had thus far been done and that we will have to wait several more months just to get a complete list of names. We should have a chance to review this information required by law, Mr. President, before we even consider further overtures to Vietnam.

Finally, I would point out that President Clinton himself stated on January 26 of this year that he is not fully satisfied that progress on the POW/MIA issue has been sufficient to justify moving beyond the steps agreed to last year when we lifted the embargo.

I would say to the President, ''Keep your promise, Mr. President, because they have not made the progress that you asked for since we lifted the embargo.''

On that point, I would agree with the President. For those who take the time to really study this issue, as I have, it is difficult to see how you can come to any other conclusion—there has not been full disclosure by Vietnam.

With that in mind, I would urge my colleagues to join with the majority leader, and our distinguished committee chairmen and others by cosponsoring this resolution. Let us send a clear signal to Vietnam. Let us tell them that, while we appreciate some of the cooperation we have received to date, we will accept nothing less than full disclosure on the POW/MIA issue before agreeing to normalize relations.

That is the way to honor the men and women who served, and the men and women who are missing, and the families of the missing.

Mr. DOLE. Mr. President, I rise today in support of Senator SMITH's Vietnam POW/MIA bill. As the members of this Chamber know, Senator Smith has worked long and hard in the effort to make Hanoi account for our missing in action and prisoners of war from Vietnam. This bill is not only the most recent example of that fine work, but also a reminder to the administration and other supporters of rushing to diplomatic relations with Vietnam that Hanoi has 2,000 unanswered questions to answer before proceeding with recognition.

My association with Vietnam POW/MIA's goes way back to 1970. I helped found the National League of Families of POW/MIAs. I remember going to President Nixon and saying we had to do something about the POW and MIA problem—answers had to be given before the people of America could rest easy that all had been done to find their loved ones and account for their fate.

Mr. President, this is not an onerous bill. It requires Presidential certification on three key issues before moving ahead on normalization: (1) a listing of cases for which the likelihood is the greatest that Vietnam has information; (2) that Vietnam is fully cooperating in the four key areas outlined by President Clinton; and (3) that Vietnam is cooperating in providing access to records concerning Americans captured during the war.

Mr. President, I note that the distinguished chairman of the Foreign Relations Committee, Senator HELMS and the distinguished chairman of the Armed Services Committee, Senator THURMOND, as well as Senators THOMAS, GRASSLEY, CAMPBELL, and GRAMM of Texas are original sponsors of the Vietnam POW/MIA Full Disclosure Act of 1995. Once again, I commend Senator SMITH for his leadership on this issue and yield the floor.

ADDITIONAL COSPONSORS

S. 194

At the request of Mr. MCCAIN, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 194, a bill to repeal the Medicare and Medicaid Coverage Data Bank, and for other purposes.

S. 358

At the request of Mr. HEFLIN, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 358, a bill to amend the Internal Revenue Code of 1986 to provide for an excise tax exemption for certain emergency medical transportation by air ambulance.

S. 553

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of S. 553, a bill to amend the Age Discrimination in Employment Act of 1967 to reinstate an exemption for certain bona fide hiring and retirement plans applicable to State and local firefighters and law enforcement officers, and for other purposes.

S. 582

At the request of Mr. HATFIELD, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 582, a bill to amend title 28, United States Code, to provide that certain voluntary disclosures of violations of Federal laws made pursuant to an environmental audit shall not be subject to discovery or admitted into evidence during a Federal judicial or administrative proceeding, and for other purposes.

S. 770

At the request of Mr. DOLE, the names of the Senator from New Mexico [Mr. DOMENICI], the Senator from Connecticut, [Mr. LIEBERMAN], the Senator from Oklahoma [Mr. NICKLES], the Senator from Pennsylvania [Mr. SANTORUM, and the Senator from Maine [Mr. COHEN] were added as cosponsors of S. 770, a bill to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

AMENDMENTS SUBMITTED ON MAY 17, 1995

THE MEDICARE SELECT ACT OF 1995

CHAFEE (AND OTHERS) AMENDMENT NO. 1108

Mr. CHAFEE (for himself, Mr. PACKWOOD, Mr. DOLE, Mrs. HUTCHISON, Mr. ROCKEFELLER, Mr. KENNEDY, and Mr. GORTON) proposed an amendment to the bill (H.R. 483) to amend title XVIII of the Social Security Act to permit Medicare select policies to be offered in all States, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. PERMITTING MEDICARE SELECT POLICIES TO BE OFFERED IN ALL STATES FOR AN EXTENDED PERIOD.

Section 4358(c) of the Omnibus Budget Reconciliation Act of 1990, as amended by section 172(a) of the Social Security Act Amendments of 1994, is amended to read as follows:

''(c) EFFECTIVE DATE.—(1) The amendments made by this section shall only apply—

''(A) in 15 States (as determined by the Secretary of Health and Human Services) and such other States as elect such amendments to apply to them, and

''(B) subject to paragraph (2), during the 5 year period beginning with 1992.

''(2)(A) The Secretary of Health and Human Services shall conduct a study that compares the health care costs, quality of care, and access to services under medicare select policies with that under other medicare supplemental policies. The study shall be based on surveys of appropriate age-adjusted sample populations. The study shall be completed by June 30, 1996.

''(B) The Secretary shall determine during 1996 whether the amendments made by this section shall remain in effect beyond the 5 year period described in paragraph (1)(B). Such amendments shall remain in effect beyond such period unless the Secretary determines (based on the results of the study under subparagraph (A)) that—

''(i) such amendments have not resulted in savings of premiums costs to those enrolled in medicare select policies (in comparison to their enrollment in medicare supplemental policies that are not medicare select policies and that provide comparable coverage),

''(ii) there have been significant additional expenditures under the medicare program as a result of such amendments, or

''(iii) access to and quality of care has been significantly diminished as a result of such amendments.

(3) GAO study: The GAO shall study and report to Congress, no later than June 10, 1996, on options for modifying the Medigap market to make sure that continuously insured beneficiaries are able to switch plans without medical underwriting or new pre-existing condition exclusions. In preparing such options, the GAO shall determine if there are problems under the current system and the impact of each option on the cost and availability of insurance, with particular reference to the special problems that may arise for enrollees in Medicare Select plans.''.

THE CONGRESSIONAL BUDGET CONCURRENT RESOLUTION

FEINGOLD (AND OTHERS) AMENDMENT NO. 1109

(Ordered to lie on the table.)

Mr. FEINGOLD (for himself, Mr. BUMPERS, Mr. KERREY, Mr. ROBB, Mr. DORGAN, Mr. SIMON, Mrs. MURRAY, Mr. HOLLINGS, and Ms. MOSELEY-BRAUN) submitted an amendment intended to be proposed by them to the concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the U.S. Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002; as follows:

At the appropriate place, add the following:

SECTION . SENSE OF THE SENATE REGARDING DEFICIT REDUCTION AND TAX CUTS.

The Senate finds that—

(1) it is important that Congress clearly and decisively signal its commitment to significant further deficit reduction;

(2) enactment of any type of major tax cut measure in 1995 will hinder efforts to achieve significant further deficit reduction;

(3) the savings generated by the spending cuts being proposed in the budget process should be dedicated to deficit reduction; and

(4) it is the Sense of the Senate that adoption of major tax cuts at this point in time will set us back in our progress towards a balanced budget and significant deficit reduction.

AMENDMENTS SUBMITTED ON MAY 18, 1995

THE TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1995

WELLSTONE (AND OTHERS) AMENDMENT NO. 1110

(Ordered to lie on the table.)

Mr. WELLSTONE (for himself, Mr. FEINGOLD, Mr. LAUTENBERG, and Mr. BAUCUS) submitted an amendment intended to be proposed by them to the bill (S. 652) to provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition, and for other purposes; as follows:

At the end of the bill, add the following:

TITLE ___—GIFT REFORM

SEC. ___01. AMENDMENTS TO SENATE RULES.

Rule XXXV of the Standing Rules of the Senate is amended to read as follows:

''1. (a) No Member, officer, or employee of the Senate shall accept a gift, knowing that such gift is provided by a lobbyist or by an agent of a foreign principal registered under the Foreign Agents Registration Act.

''(b) The prohibition in subparagraph (a) includes the following:

''(1) Anything provided by a lobbyist or an agent of a foreign principal which is paid for, charged to, or reimbursed by a client or firm of such lobbyist or agent of a foreign principal.

''(2) Anything provided by a lobbyist or an agent of a foreign principal to an entity that is maintained or controlled by a Member, officer, or employee.

''(3) A charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) made by a lobbyist or an agent of a foreign principal on the basis of a designation, recommendation, or other specification of a Member, officer, or employee (not including a mass mailing or other solicitation directed to a broad category of persons or entities).

''(4) A contribution or other payment by a lobbyist or an agent of a foreign principal to a legal expense fund established for the benefit of a Member, officer, or employee.

''(5) A charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) made by a lobbyist or an agent of a foreign principal in lieu of an honorarium to a Member, officer, or employee.

''(6) A financial contribution or expenditure made by a lobbyist or an agent of a foreign principal relating to a conference, retreat, or similar event, sponsored by or affiliated with an official congressional organization, for or on behalf Members, officers, or employees.

''(c) The following are not gifts subject to the prohibition in subparagraph (a):

''(1) Anything for which the recipient pays the market value, or does not use and promptly returns to the donor.

''(2) A contribution, as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) that is lawfully made under that Act, or attendance at a fundraising event sponsored by a political organization described in section 527(e) of the Internal Revenue Code of 1986.

''(3) Food or refreshments of nominal value offered other than as part of a meal.

''(4) Benefits resulting from the business, employment, or other outside activities of the spouse of a member, officer, or employee, if such benefits are customarily provided to others in similar circumstances.

''(5) Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer.

''(6) Informational materials that are sent to the office of a Member, officer, or employee in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication.

''(d)(1) A gift given by an individual under circumstances which make it clear that the gift is given for a nonbusiness purpose and is motivated by a family relationship or close personal friendship and not by the position of the Member, officer, or employee shall not be subject to the prohibition in subparagraph (a).

''(2) A gift shall not be considered to be given for a nonbusiness purpose if the individual giving the gift seeks—

''(A) to deduct the value of such gift as a business expense on the individual's Federal income tax return, or

''(B) direct or indirect reimbursement or any other compensation for the value of the gift from a client or employer of such lobbyist or agent of a foreign principal.

''(3) In determining if the giving of a gift is motivated by a family relationship or close personal friendship, at least the following factors shall be considered:

''(A) The history of the relationship between the individual giving the gift and the recipient of the gift, including whether or not gifts have previously been exchanged by such individuals.

''(B) Whether the gift was purchased by the individual who gave the item.

''(C) Whether the individual who gave the gift also at the same time gave the same or similar gifts to other Members, officers, or employees.

''2. (a) In addition to the restriction on receiving gifts from lobbyists, lobbying firms, and agents of foreign principals provided by paragraph 1 and except as provided in this rule, no Member, officer, or employee of the Senate shall knowingly accept a gift from any other person.

''(b)(1) For the purpose of this rule, the term 'gift' means any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

''(2) A gift to the spouse or dependent of a Member, officer, or employee (or a gift to any other individual based on that individual's relationship with the Member, officer, or employee) shall be considered a gift to the Member, officer, or employee if it is given with the knowledge and acquiescence of the Member, officer, or employee and the Member, officer, or employee has reason to believe the gift was given because of the official position of the Member, officer, or employee.

''(c) The restrictions in subparagraph (a) shall not apply to the following:

''(1) Anything for which the Member, officer, or employee pays the market value, or does not use and promptly returns to the donor.

''(2) A contribution, as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) that is lawfully made under that Act, or attendance at a fundraising event sponsored by a political organization described in section 527(e) of the Internal Revenue Code of 1986.

''(3) Anything provided by an individual on the basis of a personal or family relationship unless the Member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of the official position of the Member, officer, or employee and not because of the personal or family relationship. The Select Committee on Ethics shall provide guidance on the applicability of this clause and examples of circumstances under which a gift may be accepted under this exception.

''(4) A contribution or other payment to a legal expense fund established for the benefit of a Member, officer, or employee, that is otherwise lawfully made, if the person making the contribution or payment is identified for the Select Committee on Ethics.

''(5) Any food or refreshments which the recipient reasonably believes to have a value of less than $20.

''(6) Any gift from another Member, officer, or employee of the Senate or the House of Representatives.

''(7) Food, refreshments, lodging, and other benefits—

''(A) resulting from the outside business or employment activities (or other outside activities that are not connected to the duties of the Member, officer, or employee as an officeholder) of the Member, officer, or employee, or the spouse of the Member, officer, or employee, if such benefits have not been offered or enhanced because of the official position of the Member, officer, or employee and are customarily provided to others in similar circumstances;

''(B) customarily provided by a prospective employer in connection with bona fide employment discussions; or

''(C) provided by a political organization described in section 527(e) of the Internal Revenue Code of 1986 in connection with a fundraising or campaign event sponsored by such an organization.

''(8) Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer.

''(9) Informational materials that are sent to the office of the Member, officer, or employee in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication.

''(10) Awards or prizes which are given to competitors in contests or events open to the public, including random drawings.

''(11) Honorary degrees (and associated travel, food, refreshments, and entertainment) and other bona fide, nonmonetary awards presented in recognition of public service (and associated food, refreshments, and entertainment provided in the presentation of such degrees and awards).

''(12) Donations of products from the State that the Member represents that are intended primarily for promotional purposes, such as display or free distribution, and are of minimal value to any individual recipient.

''(13) Food, refreshments, and entertainment provided to a Member or an employee of a Member in the Member's home State, subject to reasonable limitations, to be established by the Committee on Rules and Administration.

''(14) An item of little intrinsic value such as a greeting card, baseball cap, or a T shirt.

''(15) Training (including food and refreshments furnished to all attendees as an integral part of the training) provided to a Member, officer, or employee, if such training is in the interest of the Senate.

''(16) Bequests, inheritances, and other transfers at death.

''(17) Any item, the receipt of which is authorized by the Foreign Gifts and Decorations Act, the Mutual Educational and Cultural Exchange Act, or any other statute.

''(18) Anything which is paid for by the Federal Government, by a State or local government, or secured by the Government under a Government contract.

''(19) A gift of personal hospitality of an individual, as defined in section 109(14) of the Ethics in Government Act.

''(20) Free attendance at a widely attended event permitted pursuant to subparagraph (d).

''(21) Opportunities and benefits which are—

''(A) available to the public or to a class consisting of all Federal employees, whether or not restricted on the basis of geographic consideration;

''(B) offered to members of a group or class in which membership is unrelated to congressional employment;

''(C) offered to members of an organization, such as an employees' association or congressional credit union, in which membership is related to congressional employment and similar opportunities are available to large segments of the public through organizations of similar size;

''(D) offered to any group or class that is not defined in a manner that specifically discriminates among Government employees on the basis of branch of Government or type of responsibility, or on a basis that favors those of higher rank or rate of pay;

''(E) in the form of loans from banks and other financial institutions on terms generally available to the public; or

''(F) in the form of reduced membership or other fees for participation in organization activities offered to all Government employees by professional organizations if the only restrictions on membership relate to professional qualifications.

''(22) A plaque, trophy, or other memento of modest value.

''(23) Anything for which, in an unusual case, a waiver is granted by the Select Committee on Ethics.

''(d)(1) Except as prohibited by paragraph 1, a Member, officer, or employee may accept an offer of free attendance at a widely attended convention, conference, symposium, forum, panel discussion, dinner, viewing, reception, or similar event, provided by the sponsor of the event, if—

''(A) the Member, officer, or employee participates in the event as a speaker or a panel participant, by presenting information related to Congress or matters before Congress, or by performing a ceremonial function appropriate to the Member's, officer's, or employee's official position; or

''(B) attendance at the event is appropriate to the performance of the official duties or representative function of the Member, officer, or employee.

''(2) A Member, officer, or employee who attends an event described in clause (1) may accept a sponsor's unsolicited offer of free attendance at the event for an accompanying individual if others in attendance will generally be similarly accompanied or if such attendance is appropriate to assist in the representation of the Senate.

''(3) Except as prohibited by paragraph 1, a Member, officer, or employee, or the spouse or dependent thereof, may accept a sponsor's unsolicited offer of free attendance at a charity event, except that reimbursement for transportation and lodging may not be accepted in connection with the event.

''(4) For purposes of this paragraph, the term 'free attendance' may include waiver of all or part of a conference or other fee, the provision of local transportation, or the provision of food, refreshments, entertainment, and instructional materials furnished to all attendees as an integral part of the event. The term does not include entertainment collateral to the event, or food or refreshments taken other than in a group setting with all or substantially all other attendees.

''(e) No Member, officer, or employee may accept a gift the value of which exceeds $250 on the basis of the personal relationship exception in subparagraph (c)(3) or the close personal friendship exception in section 106(d) of the Lobbying Disclosure Act of 1994 unless the Select Committee on Ethics issues a written determination that one of such exceptions applies.

''(f)(1) The Committee on Rules and Administration is authorized to adjust the dollar amount referred to in subparagraph (c)(5) on a periodic basis, to the extent necessary to adjust for inflation.

''(2) The Select Committee on Ethics shall provide guidance setting forth reasonable steps that may be taken by Members, officers, and employees, with a minimum of paperwork and time, to prevent the acceptance of prohibited gifts from lobbyists.

''(3) When it is not practicable to return a tangible item because it is perishable, the item may, at the discretion of the recipient, be given to an appropriate charity or destroyed.

''3. (a)(1) Except as prohibited by paragraph 1, a reimbursement (including payment in kind) to a Member, officer, or employee for necessary transportation, lodging and related expenses for travel to a meeting, speaking engagement, factfinding trip or similar event in connection with the duties of the Member, officer, or employee as an officeholder shall be deemed to be a reimbursement to the Senate and not a gift prohibited by this rule, if the Member, officer, or employee—

''(A) in the case of an employee, receives advance authorization, from the Member or officer under whose direct supervision the employee works, to accept reimbursement, and

''(B) discloses the expenses reimbursed or to be reimbursed and the authorization to the Secretary of the Senate within 30 days after the travel is completed.

''(2) For purposes of clause (1), events, the activities of which are substantially recreational in nature, shall not be considered to be in connection with the duties of a Member, officer, or employee as an officeholder.

''(b) Each advance authorization to accept reimbursement shall be signed by the Member or officer under whose direct supervision the employee works and shall include—

''(1) the name of the employee;

''(2) the name of the person who will make the reimbursement;

''(3) the time, place, and purpose of the travel; and

''(4) a determination that the travel is in connection with the duties of the employee as an officeholder and would not create the appearance that the employee is using public office for private gain.

''(c) Each disclosure made under subparagraph (a)(1) of expenses reimbursed or to be reimbursed shall be signed by the Member or officer (in the case of travel by that Member or officer) or by the Member or officer under whose direct supervision the employee works (in the case of travel by an employee) and shall include—

''(1) a good faith estimate of total transportation expenses reimbursed or to be reimbursed;

''(2) a good faith estimate of total lodging expenses reimbursed or to be reimbursed;

''(3) a good faith estimate of total meal expenses reimbursed or to be reimbursed;

''(4) a good faith estimate of the total of other expenses reimbursed or to be reimbursed;

''(5) a determination that all such expenses are necessary transportation, lodging, and related expenses as defined in this paragraph; and

''(6) in the case of a reimbursement to a Member or officer, a determination that the travel was in connection with the duties of the Member or officer as an officeholder and would not create the appearance that the Member or officer is using public office for private gain.

''(d) For the purposes of this paragraph, the term 'necessary transportation, lodging, and related expenses'—

''(1) includes reasonable expenses that are necessary for travel for a period not exceeding 3 days exclusive of travel time within the United States or 7 days exclusive of travel time outside of the United States unless approved in advance by the Select Committee on Ethics;

''(2) is limited to reasonable expenditures for transportation, lodging, conference fees and materials, and food and refreshments, including reimbursement for necessary transportation, whether or not such transportation occurs within the periods described in clause (1);

''(3) does not include expenditures for recreational activities, or entertainment other than that provided to all attendees as an integral part of the event; and

''(4) may include travel expenses incurred on behalf of either the spouse or a child of the Member, officer, or employee, subject to a determination signed by the Member or officer (or in the case of an employee, the Member or officer under whose direct supervision the employee works) that the attendance of the spouse or child is appropriate to assist in the representation of the Senate.

''(e) The Secretary of the Senate shall make available to the public all advance authorizations and disclosures of reimbursement filed pursuant to subparagraph (a) as soon as possible after they are received.

''4. In this rule:

''(a) The term 'client' means any person or entity that employs or retains another person for financial or other compensation to conduct lobbying activities on behalf of that person or entity. A person or entity whose employees act as lobbyists on its own behalf is both a client and an employer of such employees. In the case of a coalition or association that employs or retains other persons to conduct lobbying activities, the client is—

''(1) the coalition or association and not its individual members when the lobbying activities are conducted on behalf of its membership and financed by the coalition's or association's dues and assessments; or

''(2) an individual member or members, when the lobbying activities are conducted on behalf of, and financed separately by, 1 or more individual members and not by the coalition's or association's dues and assessments.

''(b) The term 'lobbying firm'—

''(1) means a person or entity that has 1 or more employees who are lobbyists on behalf of a client other than that person or entity; and

''(2) includes a self-employed individual who is a lobbyist.

''(c) The term 'lobbyist' means a person registered under section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267) or required to be registered under any successor statute.

''(d) The term 'State' means each of the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.''.

SEC. ___02. AMENDMENTS TO HOUSE RULES.

Clause 4 of rule XLIII of the Rules of the House of Representatives is amended to read as follows:

''4. (a)(1) No Member, officer, or employee of the House of Representatives shall accept a gift, knowing that such gift is provided directly or indirectly by a lobbyist registered under the Federal Regulation of Lobbying Act or any successor statute, or an agent of a foreign principal registered under the Foreign Agents Registration Act.

''(2) The prohibition in subparagraph (1) includes the following:

''(A) Anything provided by a lobbyist or an agent of a foreign principal which is paid for, charged to, or reimbursed by a client or firm of such lobbyist or agent of a foreign principal.

''(B) Anything provided by a lobbyist or an agent of a foreign principal to an entity that is maintained or controlled by a Member, officer, or employee.

''(C) A charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) made by a lobbyist or an agent of a foreign principal on the basis of a designation, recommendation, or other specification of a Member, officer, or employee (not including a mass mailing or other solicitation directed to a broad category of persons or entities).

''(D) A contribution or other payment by a lobbyist or an agent of a foreign principal to a legal expense fund established for the benefit of a Member, officer, or employee.

''(E) A charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) made by a lobbyist or an agent of a foreign principal in lieu of an honorarium to a Member, officer, or employee.

''(F) A financial contribution or expenditure made by a lobbyist or an agent of a foreign principal relating to a conference, retreat, or similar event, sponsored by or affiliated with an official congressional organization, for or on behalf of Members, officers, or employees.

''(3) The following are not gifts subject to the prohibition in subparagraph (1):

''(A) Anything for which the recipient pays the market value, or does not use and promptly returns to the donor.

''(B) A contribution, as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) that is lawfully made under that Act, or attendance at a fundraising event sponsored by a political organization described in section 527(e) of the Internal Revenue Code of 1986.

''(C) Food or refreshments of nominal value offered other than as part of a meal.

''(D) Benefits resulting from the business, employment, or other outside activities of the spouse of a Member, officer, or employee if such benefits are customarily provided to others in similar circumstances.

''(E) Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer.

''(F) Informational materials that are sent to the office of a Member, officer, or employee in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication.

''(4)(A) A gift given by an individual under circumstances which make it clear that the gift is given for a nonbusiness purpose and is motivated by a family relationship or close personal friendship and not by the position of the Member, officer, or employee shall not be subject to the prohibition in subparagraph (1).

''(B) A gift shall not be considered to be given for a nonbusiness purpose if the individual giving the gift seeks—

''(i) to deduct the value of such gift as a business expense on the individual's Federal income tax return, or

''(ii) direct or indirect reimbursement or any other compensation for the value of the gift from a client or employer of such lobbyist or agent of a foreign principal.

''(C) In determining if the giving of a gift is motivated by a family relationship or close personal friendship, at least the following factors shall be considered:

''(i) The history of the relationship between the individual giving the gift and the recipient of the gift, including whether or not gifts have previously been exchanged by such individuals.

''(ii) Whether the gift was purchased by the individual who gave the item.

''(iii) Whether the individual who gave the gift also at the same time gave the same or similar gifts to other Members, officers, or employees.

''(b) In addition to the restriction on receiving gifts from registered lobbyists, lobbying firms, and agents of foreign principals provided by paragraph (a) and except as provided in this rule, no Member, officer, or employee of the House of Representatives shall knowingly accept a gift from any other person.

''(c)(1) For the purpose of this clause, the term 'gift' means any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

''(2) A gift to the spouse or dependent of a Member, officer, or employee (or a gift to any other individual based on that individual's relationship with the Member, officer, or employee) shall be considered a gift to the Member, officer, or employee if it is given with the knowledge and acquiescence of the Member, officer, or employee and the Member, officer, or employee has reason to believe the gift was given because of the official position of the Member, officer, or employee.

''(d) The restrictions in paragraph (b) shall not apply to the following:

''(1) Anything for which the Member, officer, or employee pays the market value, or does not use and promptly returns to the donor.

''(2) A contribution, as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) that is lawfully made under that Act, or attendance at a fundraising event sponsored by a political organization described in section 527(e) of the Internal Revenue Code of 1986.

''(3) Anything provided by an individual on the basis of a personal or family relationship unless the Member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of the official position of the Member, officer, or employee and not because of the personal or family relationship. The Committee on Standards of Official Conduct shall provide guidance on the applicability of this clause and examples of circumstances under which a gift may be accepted under this exception.

''(4) A contribution or other payment to a legal expense fund established for the benefit of a Member, officer, or employee, that is otherwise lawfully made, if the person making the contribution or payment is identified for the Committee on Standards of Official Conduct.

''(5) Any food or refreshments which the recipient reasonably believes to have a value of less than $20.

''(6) Any gift from another Member, officer, or employee of the Senate or the House of Representatives.

''(7) Food, refreshments, lodging, and other benefits—

''(A) resulting from the outside business or employment activities (or other outside activities that are not connected to the duties of the Member, officer, or employee as an officeholder) of the Member, officer, or employee, or the spouse of the Member, officer, or employee, if such benefits have not been offered or enhanced because of the official position of the Member, officer, or employee and are customarily provided to others in similar circumstances;

''(B) customarily provided by a prospective employer in connection with bona fide employment discussions; or

''(C) provided by a political organization described in section 527(e) of the Internal Revenue Code of 1986 in connection with a fundraising or campaign event sponsored by such an organization.

''(8) Pension and other benefits resulting from continued participation in an employee welfare and benefits plan maintained by a former employer.

''(9) Informational materials that are sent to the office of the Member, officer, or employee in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication.

''(10) Awards or prizes which are given to competitors in contests or events open to the public, including random drawings.

''(11) Honorary degrees (and associated travel, food, refreshments, and entertainment) and other bona fide, nonmonetary awards presented in recognition of public service (and associated food, refreshments, and entertainment provided in the presentation of such degrees and awards).

''(12) Donations of products from the State that the Member represents that are intended primarily for promotional purposes, such as display or free distribution, and are of minimal value to any individual recipient.

''(13) Food, refreshments, and entertainment provided to a Member or an employee of a Member in the Member's home State, subject to reasonable limitations, to be established by the Committee on Standards of Official Conduct.

''(14) An item of little intrinsic value such as a greeting card, baseball cap, or a T shirt.

''(15) Training (including food and refreshments furnished to all attendees as an integral part of the training) provided to a Member, officer, or employee, if such training is in the interest of the House of Representatives.

''(16) Bequests, inheritances, and other transfers at death.

''(17) Any item, the receipt of which is authorized by the Foreign Gifts and Decorations Act, the Mutual Educational and Cultural Exchange Act, or any other statute.

''(18) Anything which is paid for by the Federal Government, by a State or local government, or secured by the Government under a Government contract.

''(19) A gift of personal hospitality of an individual, as defined in section 109(14) of the Ethics in Government Act.

''(20) Free attendance at a widely attended event permitted pursuant to paragraph (e).

''(21) Opportunities and benefits which are—

''(A) available to the public or to a class consisting of all Federal employees, whether or not restricted on the basis of geographic consideration;

''(B) offered to members of a group or class in which membership is unrelated to congressional employment;

''(C) offered to members of an organization, such as an employees' association or congressional credit union, in which membership is related to congressional employment and similar opportunities are available to large segments of the public through organizations of similar size;

''(D) offered to any group or class that is not defined in a manner that specifically discriminates among Government employees on the basis of branch of Government or type of responsibility, or on a basis that favors those of higher rank or rate of pay;

''(E) in the form of loans from banks and other financial institutions on terms generally available to the public; or

''(F) in the form of reduced membership or other fees for participation in organization activities offered to all Government employees by professional organizations if the only restrictions on membership relate to professional qualifications.

''(22) A plaque, trophy, or other memento of modest value.

''(23) Anything for which, in exceptional circumstances, a waiver is granted by the Committee on Standards of Official Conduct.

''(e)(1) Except as prohibited by paragraph (a), a Member, officer, or employee may accept an offer of free attendance at a widely attended convention, conference, symposium, forum, panel discussion, dinner, viewing, reception, or similar event, provided by the sponsor of the event, if—

''(A) the Member, officer, or employee participates in the event as a speaker or a panel participant, by presenting information related to Congress or matters before Congress, or by performing a ceremonial function appropriate to the Member's, officer's, or employee's official position; or

''(B) attendance at the event is appropriate to the performance of the official duties or representative function of the Member, officer, or employee.

''(2) A Member, officer, or employee who attends an event described in subparagraph (1) may accept a sponsor's unsolicited offer of free attendance at the event for an accompanying individual if others in attendance will generally be similarly accompanied or if such attendance is appropriate to assist in the representation of the House of Representatives.

''(3) Except as prohibited by paragraph (a), a Member, officer, or employee, or the spouse or dependent thereof, may accept a sponsor's unsolicited offer of free attendance at a charity event, except that reimbursement for transportation and lodging may not be accepted in connection with the event.

''(4) For purposes of this paragraph, the term 'free attendance' may include waiver of all or part of a conference or other fee, the provision of local transportation, or the provision of food, refreshments, entertainment, and instructional materials furnished to all attendees as an integral part of the event. The term does not include entertainment collateral to the event, or food or refreshments taken other than in a group setting with all or substantially all other attendees.

''(f) No Member, officer, or employee may accept a gift the value of which exceeds $250 on the basis of the personal relationship exception in paragraph (d)(3) or the close personal friendship exception in section 106(d) of the Lobbying Disclosure Act of 1994 unless the Committee on Standards of Official Conduct issues a written determination that one of such exceptions applies.

''(g)(1) The Committee on Standards of Official Conduct is authorized to adjust the dollar amount referred to in paragraph (c)(5) on a periodic basis, to the extent necessary to adjust for inflation.

''(2) The Committee on Standards of Official Conduct shall provide guidance setting forth reasonable steps that may be taken by Members, officers, and employees, with a minimum of paperwork and time, to prevent the acceptance of prohibited gifts from lobbyists.

''(3) When it is not practicable to return a tangible item because it is perishable, the item may, at the discretion of the recipient, be given to an appropriate charity or destroyed.

''(h)(1)(A) Except as prohibited by paragraph (a), a reimbursement (including payment in kind) to a Member, officer, or employee for necessary transportation, lodging and related expenses for travel to a meeting, speaking engagement, factfinding trip or similar event in connection with the duties of the Member, officer, or employee as an officeholder shall be deemed to be a reimbursement to the House of Representatives and not a gift prohibited by this paragraph, if the Member, officer, or employee—

''(i) in the case of an employee, receives advance authorization, from the Member or officer under whose direct supervision the employee works, to accept reimbursement, and

''(ii) discloses the expenses reimbursed or to be reimbursed and the authorization to the Clerk of the House of Representatives within 30 days after the travel is completed.

''(B) For purposes of clause (A), events, the activities of which are substantially recreational in nature, shall not be considered to be in connection with the duties of a Member, officer, or employee as an officeholder.

''(2) Each advance authorization to accept reimbursement shall be signed by the Member or officer under whose direct supervision the employee works and shall include—

''(A) the name of the employee;

''(B) the name of the person who will make the reimbursement;

''(C) the time, place, and purpose of the travel; and

''(D) a determination that the travel is in connection with the duties of the employee as an officeholder and would not create the appearance that the employee is using public office for private gain.

''(3) Each disclosure made under subparagraph (1)(A) of expenses reimbursed or to be reimbursed shall be signed by the Member or officer (in the case of travel by that Member or officer) or by the Member or officer under whose direct supervision the employee works (in the case of travel by an employee) and shall include—

''(A) a good faith estimate of total transportation expenses reimbursed or to be reimbursed;

''(B) a good faith estimate of total lodging expenses reimbursed or to be reimbursed;

''(C) a good faith estimate of total meal expenses reimbursed or to be reimbursed;

''(D) a good faith estimate of the total of other expenses reimbursed or to be reimbursed;

''(E) a determination that all such expenses are necessary transportation, lodging, and related expenses as defined in this paragraph; and

''(F) in the case of a reimbursement to a Member or officer, a determination that the travel was in connection with the duties of the Member or officer as an officeholder and would not create the appearance that the Member or officer is using public office for private gain.

''(4) For the purposes of this paragraph, the term 'necessary transportation, lodging, and related expenses'—

''(A) includes reasonable expenses that are necessary for travel—

''(i) for a period not exceeding 4 days including travel time within the United States or 7 days in addition to travel time outside the United States; and

''(ii) within 24 hours before or after participation in an event in the United States or within 48 hours before or after participation in an event outside the United States,

unless approved in advance by the Committee on Standards of Official Conduct;

''(B) is limited to reasonable expenditures for transportation, lodging, conference fees and materials, and food and refreshments, including reimbursement for necessary transportation, whether or not such transportation occurs within the periods described in clause (A);

''(C) does not include expenditures for recreational activities or entertainment other than that provided to all attendees as an integral part of the event; and

''(D) may include travel expenses incurred on behalf of either the spouse or a child of the Member, officer, or employee, subject to a determination signed by the Member or officer (or in the case of an employee, the Member or officer under whose direct supervision the officer or employee works) that the attendance of the spouse or child is appropriate to assist in the representation of the House of Representatives.

''(5) The Clerk of the House of Representatives shall make available to the public all advance authorizations and disclosures of reimbursement filed pursuant to subparagraph (1) as soon as possible after they are received.

''(h) In this rule:

''(1) The term 'client' means any person or entity that employs or retains another person for financial or other compensation to conduct lobbying activities on behalf of that person or entity. A person or entity whose employees act as lobbyists on its own behalf is both a client and an employer of such employees. In the case of a coalition or association that employs or retains other persons to conduct lobbying activities, the client is—

''(A) the coalition or association and not its individual members when the lobbying activities are conducted on behalf of its membership and financed by the coalition's or association's dues and assessments; or

''(B) an individual member or members, when the lobbying activities are conducted on behalf of, and financed separately by, 1 or more individual members and not by the coalition's or association's dues and assessments.

''(2) The term 'lobbying firm'—

''(A) means a person or entity that has 1 or more employees who are lobbyists on behalf of a client other than that person or entity; and

''(B) includes a self-employed individual who is a lobbyist.

''(3) The term 'lobbyist' means a person registered under section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267) or required to be registered under any successor statute.

''(4) The term 'State' means each of the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.''.

SEC. ___03. MISCELLANEOUS PROVISIONS.

(a) AMENDMENTS TO THE ETHICS IN GOVERNMENT ACT.—Section 102(a)(2)(B) of the Ethics in Government Act (5 U.S.C. 102, App. 6) is amended by adding at the end thereof the following: ''Reimbursements accepted by a Federal agency pursuant to section 1353 of title 31, United States Code, or deemed accepted by the Senate or the House of Representatives pursuant to rule XXXV of the Standing Rules of the Senate or clause 4 of rule XLIII of the Rules of the House of Representatives shall be reported as required by such statute or rule and need not be reported under this section.''.

(b) REPEAL OF OBSOLETE PROVISION.—Section 901 of the Ethics Reform Act of 1989 (2 U.S.C. 31–2) is repealed.

(c) SENATE PROVISIONS.—

(1) AUTHORITY OF THE COMMITTEE ON RULES AND ADMINISTRATION.—The Senate Committee on Rules and Administration, on behalf of the Senate, may accept gifts provided they do not involve any duty, burden, or condition, or are not made dependent upon some future performance by the United States. The Committee on Rules and Administration is authorized to promulgate regulations to carry out this section.

(2) FOOD, REFRESHMENTS, AND ENTERTAINMENT.—The rules on acceptance of food, refreshments, and entertainment provided to a Member of the Senate or an employee of such a Member in the Member's home State before the adoption of reasonable limitations by the Committee on Rules and Administration shall be the rules in effect on the day before the effective date of this title.

(d) HOUSE PROVISION.—The rules on acceptance of food, refreshments, and entertainment provided to a Member of the House of Representatives or an employee of such a Member in the Member's home State before the adoption of reasonable limitations by the Committee on Standards of Official Conduct shall be the rules in effect on the day before the effective date of this title.

SEC. ___04. EXERCISE OF CONGRESSIONAL RULEMAKING POWERS.

Sections ___01, ___02, and ___03 (c) and (d) are enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and accordingly, they shall be considered as part of the rules of each House, respectively, or of the House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (insofar as they relate to that House) at any time and in the same manner and to the same extent as in the case of any other rule of that House.

Mr. WELLSTONE. Mr. President, as I promised I would do several weeks ago, today I am submitting, on behalf of myself, Senators FEINGOLD, LAUTENBERG, and BAUCUS, the tough, comprehensive gift ban that some of us have been pushing for over 2 years. These are exactly the same gift ban provisions that were developed last year by House-Senate conferees, but that were blocked at the end of last Congress, and again at the beginning of this Congress, by opponents of reform. They are the same gift ban provisions that were contained in last year's conference report on S. 349, the Lobbying Disclosure Act. So that there is no confusion, let me repeat that: these are exactly the same gift ban provisions that were contained in the conference report on the Lobbying Disclosure Act last year, and that have been supported by the vast majority of Democrats and Republicans on this Senate floor last year.

I do not need to rehearse the long history on this legislation, which made an arduous journey, with many twists and turns, through both houses of Congress last year, and through a House-Senate conference committee, only to be stopped by a Senate filibuster at the end of the 103d Congress. I intend to continue to press it forward, and I also intend to support efforts to enact promptly the lobbying disclosure bill to which this gift ban was attached in the last Congress. I believe that because the registration bill contains tighter definitions of who exactly is a lobbyist than current law, and actually imposes sanctions against representatives of special interests who fail to comply with the new rules, they work most effectively in tandem. But I also believe that because there will likely again be attempts to direct seemingly high-minded, though false, criticisms against the purported ''chilling effect'' on lobbying of the lobbying disclosure bill—a charge that is preposterous on its face, since the bill simply requires paid, professional lobbyists to register, it doesn't limit their activity—there should be another straight up or down debate and vote on the gift ban itself. These attacks, as they did last year, could come from the lobbying community, from right-wing radio talk show hosts, and others, even though the language which they claimed to be concerned about had been deleted altogether from the bill. I urge my colleagues to support both without weakening changes.

Today I am filing the gift ban as a proposed amendment to S. 652, the telecommunications legislation that is currently pending on the Senate Calendar. This has been one of the most heavily lobbied pieces of legislation in recent memory, from all sides, so it is appropriate that this be a vehicle for the gift ban—and perhaps also for the lobbying disclosure legislation to which it was attached last year.

I intend to bring the gift ban amendment to a vote in the Senate soon after we turn to this bill. If the Senate does not soon turn to the telecommunications bill, then I intend to continue to survey other appropriate vehicles for such an amendment. I suspect that the decision not to turn the telecommunications bill immediately following the budget resolution might have been affected by our decision to move forward now on the gift ban legislation as a proposed amendment to it. But whatever the vehicle, I intend at the very least to prompt a full and thorough debate on this issue, and I hope to get it voted on soon.

I hope that this time, unlike in January, the Majority Leader and my colleagues on the other side of the aisle will support this important legislation, as they publicly indicated they would do last year. In fact, last year 37 Republicans cosponsored these same gift ban provisions, but then proceeded to vote against them in January, after an indication from the Majority Leader that he intended to deal with this issue on the Senate floor this month.

Americans are watching closely to see if the new majority in Congress delivers on its promise of reforms. So far, they have not. This should not come as a surprise, since these were the same people who blocked major reform last year in each of these areas, solely out of a political concern that Democrats might get some credit for cleaning up Washington. Their reform promises have rung hollow all the way along, and they ring hollow today.

In a recent editorial the Washington Post again challenged the new congressional majority to enact a number of tough, sweeping political reform measures that have been opposed by congressional incumbents and bogged down for a number of years. They observed that the simplest and most straightforward of these reforms is legislation to impose a tough, sweeping ban on the gifts, meals, vacation travel and other perks—the same provisions that were killed at the end of the last Congress.

The President is prepared to sign this bill now, and I think we could and should have it on his desk within a few weeks. The President called for lobbying reform and a gift ban in his State of the Union Address, and yet my colleagues in the majority have blocked our bill and put forward no alternative. As I observed 2 weeks ago on this floor, our majority colleagues, frozen like deer in headlights, refuse to move forward on the gift ban. Enthusiastic about slashing free or reduced-price lunches for children, opponents wither when it comes to eliminating free lunches for Members of Congress. This bitter irony has not been lost on the American people. Passing the gift ban, and tough new lobby disclosure rules developed in tough bipartisan negotiations last year led by Senator LEVIN, is one of the best ways we have to begin to restore the confidence of Americans in the integrity of the legislative process.

It is long past time for enactment of this gift ban. This amendment would help to significantly change the Washington culture of special interest perks, favors, meals, travel, and gifts being provided to Members of Congress. There is no doubt that these kinds of gifts and other favors from lobbyists have contributed to Americans deepening distrust of government. They give the appearance of special access and influence, eroding public confidence in Congress as an institution and in each Member individually as a representative of his or her constituents.

This legislation imposes a sweeping ban on gifts, meals, entertainment and lobbyist-sponsored vacation travel, and imposes tough new restrictions on non-lobbyists. It should be passed and enacted this month, if necessary over the objections of those would-be reformers who have talked so much about reform out of one side of their mouths, while opposing it out of the other.

I point out again that these are the same provisions that were opposed by the Majority Leader when we offered them as an amendment to the Congressional Accountability Act in January. At that time, the Majority Leader indicated that he intended to have an alternative gift ban bill on the floor in May. Now it is well into May, and nothing has happened.

No hearings have been held, no bills have been introduced, nothing on gift reform is scheduled for floor consideration anytime soon. In the other body, it is basically the same story. The question today is: Where is the Majority Leader and where are the Republicans with their version of gift reform? Since 37 of them, including the Majority Leader, already cosponsored, at the end of last year, the same provisions that we offered in January, and will offer again soon to an appropriate vehicle here on the floor, what changes do they intend to try to make in the bill?

Do they again intend, as some did last year, to try to gut the provisions on charitable vacation travel to golf and tennis hotspots like Vail, Aspen, Florida, or the Bahamas, where Members and their families are wined and dined at the expense of lobbyists and major corporations? I hope not, but I expect that such an attempt will be made.

Do they again intend to try to hollow out gift ban reforms by just slightly lowering the existing thresholds for expensive meals, sports tickets, and other gifts paid for by special interests here in Washington, so they can say they are for reform? Again, I hope not, but is possible.

Do they really intend in this climate to try to stall their way through another Congress, or worse to sneak something through Congress that's not real reform? I hope not, and I will do everything I can to make sure that doesn't happen.

It is not by change that the so-called ''Contract with America'' contains not a word about real reforms like these that would clean up the way Washington works. It is because there is seemingly no commitment to the real reform agenda of campaign reform, lobby reform, and the gift ban on the part of the new Congressional majority. In the other body, proponents of the gift ban announced recently that they have again been forced to resort to complex procedural strategies to circumvent the normal committee process by trying to discharge gift ban legislation, in order to even get a vote on it in that body.

The real standard for gift ban reform is the tight, tough bill that Senator LEVIN and I and others put forward in January, the same provisions as were contained in last year's House-Senate conference report which after months of struggling had been supported by overwhelming bipartisan majorities in both houses—until push came to shove at the end of the Congress and the bill was killed in the face of a massive disinformation campaign by the Republican leadership and their friends in the right-wing talk show circuit.

In the past there have been those on both sides of the aisle who have opposed a ban of gifts and other perks. But in the end, overwhelming majorities of both parties have voted for this legislation. And overwhelming majorities would support it again. We have waited over two years for a bill that should have taken us two weeks to enact into law. I intend to fight to make sure this bill is enacted into law this year.

Since it was decided that Members and the Ethics Committee would have needed some time to digest these new rules, last year's bill would not have become effective until the end of this month. There is no good reason that we cannot have new rules in place to meet the deadline. As those of us who have pushed this issue forward for two years said before the congressional recess, we are tired of waiting. The American people are tired of waiting. It is long past time to act on tough new gift reforms.

The Senate should act, now, on tough, sweeping gift ban reforms. And we should follow it up with comprehensive lobbying registration and campaign finance laws. That is the real reform agenda. That is what Americans are really looking for as they press for changes that will clean up Washington. I urge my colleagues to support this legislation, and I invite them to cosponsor our amendment which embodies a tough gift ban bill when it comes to the floor.

Mr. FEINGOLD. Mr. President, I would like to commend the Senator from Minnesota for his persistence on this issue and join with him in once again pointing out the need for legislation that will fundamentally reform the way Congress deals with the thousands and thousands of gifts and other perks that are offered to Members each year from individuals, lobbyists and associations that seek special access and influence on Capitol Hill.

It has been roughly one year since this body approved a strong, bipartisan gift ban bill by a vote of 95 to 4. 95 to 4. That bill would have strictly limited the acceptance of gifts from lobbyists and provided only a few limited exceptions for non-lobbyists. One would think, that on a 95 to 4 vote, that this body, invigorated by the new Republican leadership supposedly determined to change the way Washington does business and to bring government back to the people, would have no problem raising this issue in the new Congress and passing another strong bipartisan piece of legislation.

But here we are, several months into the new Congress, and still no action from the Republican leadership.

Perhaps some of our Republican colleagues feel that there is not really a problem with gift-giving to elected officials and their staffs.

Maybe they feel that the American people really do have faith and trust in their government and their elected officials.

But the fact is, once you leave the greater Washington area, you cannot help but immediately sense the anger and the cynicism with which the American people have come to look upon this institution. They do not see the beltway as a simple road encircling this city—they have come to see it almost as a boundary separating the rest of America from a kingdom of special interest influence known as Washington, D.C.

Mr. President, I firmly believe that there should not be an easier vote to cast than a vote to ban the gift-giving practice. I have said before that this should be a no-brainer. I have held nearly 175 listening sessions in my home State of Wisconsin in the past 2½ years. Thousands of constituents have raised their concerns and expressed their views on a wide spectrum of issues at these listening sessions. There is almost always disagreement about these issues, whether it is government spending, trade agreements, gun control or reforming our health and welfare systems.

But on this issue of gift-giving, the audience sentiment is almost always in perfect unanimity. They are disgusted that this practice is permitted. Without exception, every time I raise the idea of a gift ban I cannot even get a full sentence out before the audience breaks out in spontaneous applause and approval of free gifts and trips.

I have said it now a number of times here on the floor and I will say it again: the Wisconsin State Legislature has had a strict gift prohibition in place for over 20 years now and it has worked fine. In fact, the Wisconsin Legislature is regarded as one of the most ethical legislative bodies in the country. And as has been pointed out by my former colleague in the Senate, Congressman TOM BARRETT, no one in the Wisconsin State Legislature has starved to death because of the gift ban.

Well, Mr. President, there are several of us who are determined to bring this practice to an end. Acting on a tough gift ban will fundamentally reform the way Congress deals with the many gifts and other perks that are offered to members each year, and would mark a sea change in the way Washington, D.C. does business.

But we need to do more than simply pass though gift ban legislation. We need to strengthen our current lobbying disclosure laws that are riddled with gaping loopholes. We need to shut down the revolving door that allows public officials to trade on their government experience and contracts for lucrative post-employment in the private sector.

But most importantly, Mr. President, most importantly we need to pass comprehensive campaign finance reform that will level the playing field between incumbents and challengers, and diminish the role of special interest money that has come to dominate our election system. It is my sincere hope that this body will begin this process of reform by acting on this measure at the earliest possibility.

These are all links in a chain of special interest influence that is wrapped around the U.S. Capitol. Each link of the chain must be broken and this would mark a dramatic first step.

CONGRESSIONAL BUDGET RESOLUTION

DOMENICI AMENDMENT NO. 1111

Mrs. HUTCHISON (for Mr. DOMENICI) proposed an amendment to the concurrent resolution (S. Con. Res. 13) concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002; as follows:

Strike all after the resolving clause and insert the following:

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996.

(a) DECLARATION.—The Congress determines and declares that this resolution is the concurrent resolution on the budget for fiscal year 1996, including the appropriate budgetary levels for fiscal years 1997, 1998, 1999, and 2000, as required by section 301 of the Congressional Budget Act of 1974.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

Sec. 1. Concurrent resolution on the budget for fiscal year 1996.
Sec. 2. Recommended levels and amounts.
Sec. 3. Debt increase.
Sec. 4. Social Security.
Sec. 5. Major functional categories.

TITLE I—LEVELS AND AMOUNTS

SEC. 2. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for the fiscal years 1997, 1998, 1999, and 2000:

(1) FEDERAL REVENUES.—(A) For purposes of the enforcement of this resolution—

(i) The recommended levels of Federal revenues are as follows:

Fiscal year 1996: $1,040,900,000,000.
Fiscal year 1997: $1,072,200,000,000.
Fiscal year 1998: $1,122,400,000,000.
Fiscal year 1999: $1,172,900,000,000.
Fiscal year 2000: $1,226,000,000,000.

(ii) The amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1996: $2,100,000,000.
Fiscal year 1997: $11,300,000,000.
Fiscal year 1998: $12,600,000,000.
Fiscal year 1999: $14,600,000,000.
Fiscal year 2000: $20,200,000,000.

(iii) The amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1996: $103,800,000,000.
Fiscal year 1997: $109,000,000,000.
Fiscal year 1998: $114,900,000,000.
Fiscal year 1999: $120,700,000,000.
Fiscal year 2000: $126,900,000,000.

(B) For purposes of section 710 of the Social Security Act (excluding the receipts and disbursements of the Hospital Insurance Trust Fund)—

(i) The recommended levels of Federal revenues are as follows:

Fiscal year 1996: $937,100,000,000.
Fiscal year 1997: $963,200,000,000.
Fiscal year 1998: $1,007,500,000,000.
Fiscal year 1999: $1,052,200,000,000.
Fiscal year 2000: $1,099,100,000,000.

(ii) The amounts by which the aggregate levels of Federal revenues should be reduced are as follows:

Fiscal year 1996: $2,100,000,000.
Fiscal year 1997: $11,300,000,000.
Fiscal year 1998: $12,600,000,000.
Fiscal year 1999: $14,600,000,000.
Fiscal year 2000: $20,200,000,000.

(2) NEW BUDGET AUTHORITY.—(A) For purposes of comparison with the maximum deficit amount under sections 601(a)(1) and 606 of the Congressional Budget Act of 1974 and for purposes of the enforcement of this resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 1996: $1,337,500,000,000.
Fiscal year 1997: $1,385,100,000,000.
Fiscal year 1998: $1,454,200,000,000.
Fiscal year 1999: $1,520,200,000,000.
Fiscal year 2000: $1,600,600,000,000.

(B) For purposes of section 710 of the Social Security Act (excluding the receipts and disbursements of the Hospital Insurance Trust Fund), the appropriate levels of total new budget authority are as follows:

Fiscal year 1996: $1,230,700,000,000.
Fiscal year 1997: $1,267,400,000,000.
Fiscal year 1998: $1,325,100,000,000.
Fiscal year 1999: $1,378,700,000,000.
Fiscal year 2000: $1,446,700,000,000.

(3) BUDGET OUTLAYS.—(A) For purposes of comparison with the maximum deficit amount under sections 601(a)(1) and 606 of the Congressional Budget Act of 1974 and for purposes of the enforcement of this resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 1996: $1,325,500,000,000.
Fiscal year 1997: $1,385,900,000,000.
Fiscal year 1998: $1,441,800,000,000.
Fiscal year 1999: $1,520,500,000,000.
Fiscal year 2000: $1,601,300,000,000.

(B) For purposes of section 710 of the Social Security Act (excluding the receipts and disbursements of the Hospital Insurance Trust Fund), the appropriate levels of total budget outlays are as follows:

Fiscal year 1996: $1,219,000,000,000.
Fiscal year 1997: $1,266,200,000,000.
Fiscal year 1998: $1,310,700,000,000.
Fiscal year 1999: $1,377,700,000,000.
Fiscal year 2000: $1,445,300,000,000.

(4) DEFICITS.—(A) For purposes of comparison with the maximum deficit amount under sections 601(a)(1) and 606 of the Congressional Budget Act of 1974 and for purposes of the enforcement of this resolution, the amounts of the deficits are as follows:

Fiscal year 1996: $284,600,000,000.
Fiscal year 1997: $313,700,000,000.
Fiscal year 1998: $319,400,000,000.
Fiscal year 1999: $347,600,000,000.
Fiscal year 2000: $375,300,000,000.

(B) For purposes of section 710 of the Social Security Act (excluding the receipts and disbursements of the Hospital Insurance Trust Fund), the amounts of the deficits are as follows:

Fiscal year 1996: $281,900,000,000.
Fiscal year 1997: $303,000,000,000.
Fiscal year 1998: $303,200,000,000.
Fiscal year 1999: $325,500,000,000.
Fiscal year 2000: $346,200,000,000.

(5) PUBLIC DEBT.—The appropriate levels of the public debt are as follows:

Fiscal year 1996: $3,851,500,000,000.
Fiscal year 1997: $4,109,500,000,000.
Fiscal year 1998: $4,372,300,000,000.
Fiscal year 1999: $4,658,300,000,000.
Fiscal year 2000: $4,964,600,000,000.

(6) DIRECT LOAN OBLIGATIONS.—The appropriate levels of total new direct loan obligations are as follows:

Fiscal year 1996: $37,600,000,000.
Fiscal year 1997: $40,200,000,000.
Fiscal year 1998: $42,300,000,000.
Fiscal year 1999: $45,700,000,000.
Fiscal year 2000: $45,800,000,000.

(7) PRIMARY LOAN GUARANTEE COMMITMENTS.—The appropriate levels of new primary loan guarantee commitments are as follows:

Fiscal year 1996: $193,400,000,000.
Fiscal year 1997: $187,900,000,000.
Fiscal year 1998: $185,300,000,000.
Fiscal year 1999: $183,300,000,000.
Fiscal year 2000: $184,700,000,000.

SEC. 3. DEBT INCREASE.

The amounts of the increase in the public debt subject to limitation are as follows:

Fiscal year 1996: $5,252,300,000,000.
Fiscal year 1997: $5,627,200,000,000.
Fiscal year 1998: $6,006,900,000,000.
Fiscal year 1999: $6,404,800,000,000.
Fiscal year 2000: $6,823,200,000,000.

SEC. 4. SOCIAL SECURITY.

(a) SOCIAL SECURITY REVENUES.—For purposes of Senate enforcement under sections 302 and 311 of the Congressional Budget Act of 1974, the amounts of revenues of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1996: $374,700,000,000.
Fiscal year 1997: $392,000,000,000.
Fiscal year 1998: $411,400,000,000.
Fiscal year 1999: $430,900,000,000.
Fiscal year 2000: $452,000,000,000.

(b) SOCIAL SECURITY OUTLAYS.—For purposes of Senate enforcement under sections 302 and 311 of the Congressional Budget Act of 1974, the amounts of outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 1996: $299,400,000,000.
Fiscal year 1997: $310,900,000,000.
Fiscal year 1998: $324,600,000,000.
Fiscal year 1999: $338,500,000,000.
Fiscal year 2000: $353,100,000,000.

SEC. 5. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority, budget outlays, new direct loan obligations, and new primary loan guarantee commitments for fiscal years 1996 through 2000 for each major functional category are:

(1) National Defense (050):

Fiscal year 1996:

(A) New budget authority, $257,700,000,000.

(B) Outlays, $261,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1997:

(A) New budget authority, $253,400,000,000.

(B) Outlays, $257,000,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1998:

(A) New budget authority, $259,600,000,000.

(B) Outlays, $254,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 1999:

(A) New budget authority, $266,200,000,000.

(B) Outlays, $259,600,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $1,700,000,000.

Fiscal year 2000:

(A) New budget authority, $276,000,000,000.

(B) Outlays, $267,800,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $1,700,000,000.

(2) International Affairs (150):

Fiscal year 1996:

(A) New budget authority, $18,800,000,000.

(B) Outlays, $17,500,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1997:

(A) New budget authority, $17,600,000,000.

(B) Outlays, $16,700,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1998:

(A) New budget authority, $16,800,000,000.

(B) Outlays, $16,500,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 1999:

(A) New budget authority, $15,800,000,000.

(B) Outlays, $16,000,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $18,300,000,000.

Fiscal year 2000:

(A) New budget authority, $17,300,000,000.

(B) Outlays, $15,800,000,000.

(C) New direct loan obligations, $5,700,000,000.

(D) New primary loan guarantee commitments, $18,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1996:

(A) New budget authority, $17,300,000,000.

(B) Outlays, $17,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $16,700,000,000.

(B) Outlays, $16,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1998:

(A) New budget authority, $16,400,000,000.

(B) Outlays, $16,500,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:

(A) New budget authority, $16,100,000,000.

(B) Outlays, $16,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:

(A) New budget authority, $15,700,000,000.

(B) Outlays, $15,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(4) Energy (270):

Fiscal year 1996:

(A) New budget authority, $5,300,000,000.

(B) Outlays, $4,500,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $4,900,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1998:

(A) New budget authority, $5,000,000,000.

(B) Outlays, $4,300,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:

(A) New budget authority, $4,500,000,000.

(B) Outlays, $3,900,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:

(A) New budget authority, $4,400,000,000.

(B) Outlays, $3,300,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $0.

(5) Natural Resources and Environment (300):

Fiscal year 1996:

(A) New budget authority, $22,900,000,000.

(B) Outlays, $21,900,000,000.

(C) New direct loan obligations, $100,000,0000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $22,300,000,000.

(B) Outlays, $22,200,000,000.

(C) New direct loan obligations, $100,000,0000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1998:

(A) New budget authority, $21,700,000,000.

(B) Outlays, $21,900,000,000.

(C) New direct loan obligations, $100,000,0000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1999:

(A) New budget authority, $21,200,000,000.

(B) Outlays, $21,500,000,000.

(C) New direct loan obligations, $100,000,0000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 2000:

(A) New budget authority, $20,600,000,000.

(B) Outlays, $20,800,000,000.

(C) New direct loan obligations, $100,000,0000.

(D) New primary loan guarantee commitments, $0.

(6) Agriculture (350):

Fiscal year 1996:

(A) New budget authority, $14,500,000,000.

(B) Outlays, $13,100,000,000.

(C) New direct loan obligations, $11,500,000,000.

(D) New primary loan guarantee commitments, $5,700,000,000.

Fiscal year 1997:

(A) New budget authority, $14,200,000,000.

(B) Outlays, $12,800,000,000.

(C) New direct loan obligations, $11,500,000,000.

(D) New primary loan guarantee commitments, $5,700,000,000.

Fiscal year 1998:

(A) New budget authority, $13,800,000,000.

(B) Outlays, $12,700,000,000.

(C) New direct loan obligations, $10,900,000,000.

(D) New primary loan guarantee commitments, $5,700,000,000.

Fiscal year 1999:

(A) New budget authority, $13,500,000,000.

(B) Outlays, $12,300,000,000.

(C) New direct loan obligations, $11,600,000,000.

(D) New primary loan guarantee commitments, $5,700,000,000.

Fiscal year 2000:

(A) New budget authority, $13,300,000,000.

(B) Outlays, $12,100,000,000.

(C) New direct loan obligations, $11,400,000,000.

(D) New primary loan guarantee commitments, $5,700,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1996:

(A) New budget authority, $4,300,000,000.

(B) Outlays, −$5,800,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $123,100,000,000.

Fiscal year 1997:

(A) New budget authority, $3,600,000,000.

(B) Outlays, −$3,500,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $123,100,000,000.

Fiscal year 1998:

(A) New budget authority, $3,000,000,000.

(B) Outlays, −$4,700,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $123,100,000,000.

Fiscal year 1999:

(A) New budget authority, $2,700,000,000.

(B) Outlays, −$2,500,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $123,100,000,000.

Fiscal year 2000:

(A) New budget authority, $5,200,000,000.

(B) Outlays, $900,000,000.

(C) New direct loan obligations, $1,400,000,000.

(D) New primary loan guarantee commitments, $123,100,000,000.

(8) Transportation (400):

Fiscal year 1996:

(A) New budget authority, $38,600,000,000.

(B) Outlays, $39,300,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

Fiscal year 1997:

(A) New budget authority, $40,300,000,000.

(B) Outlays, $37,900,000,000.

(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $38,700,000,000.
(B) Outlays, $38,400,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $35,600,000,000.
(B) Outlays, $37,900,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $36,500,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
(9) Community and Regional Development (450):
Fiscal year 1996:
(A) New budget authority, $9,900,000,000.
(B) Outlays, $10,900,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
Fiscal year 1997:
(A) New budget authority, $9,400,000,000.
(B) Outlays, $10,700,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
Fiscal year 1998:
(A) New budget authority, $9,300,000,000.
(B) Outlays, $10,400,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
Fiscal year 1999:
(A) New budget authority, $9,000,000,000.
(B) Outlays, $10,700,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
Fiscal year 2000:
(A) New budget authority, $8,600,000,000.
(B) Outlays, $9,400,000,000.
(C) New direct loan obligations, $2,700,000,000.
(D) New primary loan guarantee commitments, $1,200,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1996:
(A) New budget authority, $58,300,000,000.
(B) Outlays, $56,400,000,000.
(C) New direct loan obligations, $13,600,000,000.
(D) New primary loan guarantee commitments, $16,300,000,000.
Fiscal year 1997:
(A) New budget authority, $57,000,000,000.
(B) Outlays, $57,300,000,000.
(C) New direct loan obligations, $16,300,000,000.
(D) New primary loan guarantee commitments, $15,900,000,000.
Fiscal year 1998:
(A) New budget authority, $56,800,000,000.
(B) Outlays, $56,900,000,000.
(C) New direct loan obligations, $19,100,000,000.
(D) New primary loan guarantee commitments, $15,200,000,000.
Fiscal year 1999:
(A) New budget authority, $57,300,000,000.
(B) Outlays, $57,200,000,000.
(C) New direct loan obligations, $21,800,000,000.
(D) New primary loan guarantee commitments, $14,300,000,000.
Fiscal year 2000:
(A) New budget authority, $57,600,000,000.
(B) Outlays, $57,400,000,000.
(C) New direct loan obligations, $21,900,000,000.
(D) New primary loan guarantee commitments, $15,000,000,000.
(11) Health (550):
Fiscal year 1996:
(A) New budget authority, $127,500,000,000.
(B) Outlays, $126,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1997:
(A) New budget authority, $137,900,000,000.
(B) Outlays, $138,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1998:
(A) New budget authority, $149,900,000,000.
(B) Outlays, $150,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 1999:
(A) New budget authority, $163,000,000,000.
(B) Outlays, $163,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
Fiscal year 2000:
(A) New budget authority, $176,500,000,000.
(B) Outlays, $176,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $300,000,000.
(12) Medicare (570):
Fiscal year 1996:
(A) New budget authority, $184,200,000,000.
(B) Outlays, $181,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $201,600,000,000.
(B) Outlays, $200,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $219,900,000,000.
(B) Outlays, $218,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $239,600,000,000.
(B) Outlays, $237,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $259,400,000,000.
(B) Outlays, $257,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(13) For purposes of section 710 of the Social Security Act, Federal Supplementary Medical Insurance Trust Fund:
Fiscal year 1996:
(A) New budget authority, $64,800,000,000.
(B) Outlays, $64,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $71,600,000,000.
(B) Outlays, $71,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $79,200,000,000.
(B) Outlays, $78,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $87,800,000,000.
(B) Outlays, $87,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $97,100,000,000.
(B) Outlays, $96,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(14) Income Security (600):
Fiscal year 1996:
(A) New budget authority, $228,500,000,000.
(B) Outlays, $232,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,0000.
Fiscal year 1997:
(A) New budget authority, $241,500,000,000.
(B) Outlays, $249,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,0000.
Fiscal year 1998:
(A) New budget authority, $263,200,000,000.
(B) Outlays, $263,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,000.
Fiscal year 1999:
(A) New budget authority, $271,000,000,000.
(B) Outlays, $280,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,000.
Fiscal year 2000:
(A) New budget authority, $285,400,000,000.
(B) Outlays, $297,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $100,000,000.
(15) Social Security (650):
Fiscal year 1996:
(A) New budget authority, $5,900,000,000.
(B) Outlays, $9,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $8,100,000,000.
(B) Outlays, $11,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $8,800,000,000.
(B) Outlays, $12,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $9,600,000,000.
(B) Outlays, $12,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $10,500,000,000.
(B) Outlays, $13,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(16) Veterans Benefits and Services (700):
Fiscal year 1996:
(A) New budget authority, $39,100,000,000.
(B) Outlays, $37,300,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $26,700,000,000.

Fiscal year 1997:
(A) New budget authority, $38,900,000,000.
(B) Outlays, $38,800,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $21,600,000,000.
Fiscal year 1998:
(A) New budget authority, $39,000,000,000.
(B) Outlays, $39,000,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $19,700,000,000.
Fiscal year 1999:
(A) New budget authority, $39,100,000,000.
(B) Outlays, $39,100,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $18,600,000,000.
Fiscal year 2000:
(A) New budget authority, $39,100,000,000.
(B) Outlays, $40,600,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $19,300,000,000.
(17) Administration of Justice (750):
Fiscal year 1996:
(A) New budget authority, $21,900,000,000.
(B) Outlays, $20,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $22,300,000,000.
(B) Outlays, $21,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $23,300,000,000.
(B) Outlays, $22,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $24,500,000,000.
(B) Outlays, $23,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $24,700,000,000.
(B) Outlays, $24,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(18) General Government (800):
Fiscal year 1996:
(A) New budget authority, $14,700,000,000.
(B) Outlays, $14,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $14,300,000,000.
(B) Outlays, $13,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $14,100,000,000.
(B) Outlays, $13,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $14,000,000,000.
(B) Outlays, $13,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $13,600,000,000.
(B) Outlays, $13,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(19) Net Interest (900):
Fiscal year 1996:
(A) New budget authority, $300,000,000,000.
(B) Outlays, $300,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $315,900,000,000.
(B) Outlays, $315,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $330,600,000,000.
(B) Outlays, $330,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $350,800,000,000.
(B) Outlays, $350,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $372,600,000,000.
(B) Outlays, $372,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(20) For purposes of section 710 of the Social Security Act, Net Interest (900):
Fiscal year 1996:
(A) New budget authority, $310,300,000,000.
(B) Outlays, $310,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $325,700,000,000.
(B) Outlays, $325,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $339,500,000,000.
(B) Outlays, $339,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $358,300,000,000.
(B) Outlays, $358,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $378,200,000,000.
(B) Outlays, $378,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(21) The corresponding levels of gross interest on the public debt are as follows:
Fiscal year 1996: $371,300,000,000.
Fiscal year 1997: $386,800,000,000.
Fiscal year 1998: $402,300,000,000.
Fiscal year 1999: $423,900,000,000.
Fiscal year 2000: $446,800,000,000.
(22) Allowances (920):
Fiscal year 1996:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, $0.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(23) Undistributed Offsetting Receipts (950):
Fiscal year 1996:
(A) New budget authority, −$31,900,000,000.
(B) Outlays, −$31,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, −$34,800,000,000.
(B) Outlays, −$34,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, −$35,700,000,000.
(B) Outlays, −$35,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, −$33,300,000,000.
(B) Outlays, −$33,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, −$34,900,000,000.
(B) Outlays, −$34,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(24) For purposes of section 710 of the Social Security Act, Undistributed Offsetting Receipts (950):
Fiscal year 1996:
(A) New budget authority, −$29,400,000,000.
(B) Outlays, −$29,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1997:
(A) New budget authority, −$32,200,000,000.
(B) Outlays, −$32,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1998:
(A) New budget authority, −$33,000,000,000.
(B) Outlays, −$33,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 1999:
(A) New budget authority, −$30,500,000,000.
(B) Outlays, −$30,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
Fiscal year 2000:
(A) New budget authority, −$31,900,000,000.
(B) Outlays, −$31,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.

NOTICES OF HEARINGS

Mr. McCAIN. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will be holding a hearing on Tuesday, May 23, 1995, beginning at 9:30 a.m., in room 485 of the

Russell Senate Office Building on S. 479, a bill to provide for administrative procedures to extend Federal recognition to certain Indian groups.

Those wishing additional information should contact the Committee on Indian Affairs at 224–2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, May 18, 1995, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 p.m. The purpose of this hearing is to receive testimony on administration of timber contracts in the Tongass National Forest, and administration of the Tongass Timber Reform Act of 1990.

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

COMMITTEE ON FINANCE

Mr. DOLE. Mr. President, I ask unanimous consent that the Finance Committee be permitted to meet Thursday, May 18, 1995, beginning at 9:30 a.m. in room SD–215, to conduct a hearing on various flat tax proposals.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, May 18, 1995, at 10 a.m.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. DOLE. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Thursday, May 18, 1995, at 10 a.m., for a hearing on Executive Reorganization: Various Proposals.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet on Thursday, May 18, 1995, beginning at 9:30 a.m. in room 485 of the Russell Senate Office Building on the recommendations of the Joint DOI/BIA/Tribal Task Force on Reorganization of the Bureau of Indian Affairs.

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

COMMITTEE ON THE JUDICIARY

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to hold a business meeting during the session of the Senate on Thursday, May 18, 1995.

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

COMMITTEE ON SMALL BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Small Business be authorized to meet during the session of the Senate on Thursday, May 18, 1995, at 9:30 a.m., in room SD–628, to conduct a hearing focusing on the Small Business Administration's 7(a) Business Loan Program.

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

COMMITTEE ON RULES AND ADMINISTRATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Thursday, May 18, 1995, at 9:30 a.m., to hold a hearing to receive testimony on the Smithsonian Institution: Management Guidelines for the Future.

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

SUBCOMMITTEE ON ENERGY PRODUCTION AND REGULATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Energy Production and Regulation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, May 18, 1995, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2 p.m. The purpose of the hearing is to receive testimony on S. 283, a bill to provide for the extension of the deadline under the Federal Power Act applicable to two hydroelectric projects in Pennsylvania, and for other purposes; S. 468, a bill to provide for the extension of the deadline under the Federal Power Act applicable to the construction of a hydroelectric project in Ohio, and for other purposes; S. 543, a bill to provide for the extension of the deadline under the Federal Power Act applicable to the construction of a hydroelectric project in Oregon and for other purposes; S. 547, a bill to provide for the extension of the deadlines applicable to certain hydroelectric projects under the Federal Power Act, and for other purposes; S. 549, a bill to provide for the extension of the deadline under the Federal Power Act applicable to the construction of three hydroelectric projects in the State of Arkansas, S. 552, a bill to provide for the refurbishment and continued operation of a small hydroelectric facility in central Montana by adjusting the amount of charges to be paid to the United States under the Federal Power Act and for other purposes; S. 595, a bill to provide for the extension of a hydroelectric project located in the State of West Virginia; and S. 611, a bill to provide for the extension of the time limitation for a FERC-issued hydroelectric license.

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

SUBCOMMITTEE ON SEAPOWER

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Seapower of the Committee on Armed Services be authorized to meet at 1 p.m. on Thursday, May 18, 1995, in open session, to receive testimony on the U.S. Marine Corps program and current operations in review of S. 727, the National Defense Authorization Act for Fiscal Year 1996 and the future years defense program.

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

SUBCOMMITTEE ON STRATEGIC FORCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Strategic Forces of the Committee on Armed Services be authorized to meet at 3 p.m. on Thursday, May 18, 1995, in open and closed session, to receive testimony on bomber force issues in review of S. 727, the National Defense Authorization Act for fiscal year 1996, and the future years defense program.

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

ADDITIONAL STATEMENTS

FEDERAL GUN DEALER LICENSE ABUSES

• Mr. SIMON. Mr. President, today, I would like to share an important Chicago Sun-Times article with my colleagues. It examines yet another example of the sometimes deadly link between federally licensed firearms dealer and the sale of weapons to criminals.

James L. Bush, of Bolingbrook, IL, a federally licensed gun dealer, has pleaded guilty to selling 350 guns to criminals. To make extra money, he and a friend used a grinding stone attached to an electric drill to erase the guns' serial numbers, and then sold those guns to gang members and drug dealers in the market for guns. Those guns were then added to the explosion of weapons on the streets of our communities. Mr. Bush's case reminds me of the 1992 arrest of James Board of Highland, IN, who police say sold more than 1,000 guns to Chicago street gangs. At least 50 of those guns have been recovered from crime scenes, according to an ATF spokesman.

Certainly, Mr. Bush is responsible for his criminal actions, but we should not disregard the fact that since receiving his license in January 1990, he heard from an ATF agent only once. In Illinois, 15 ATF inspectors must monitor 6,529 federally licensed firearms dealers. These inspectors are overburdened and underfunded. Given the evident connection between unmonitored licensees and the presence of illegal weapons on our streets, we must ensure that licensees undergo sufficient scrutiny to detect such criminal activity.

That is why I sponsored Federal firearms dealer license reforms last year. As a result of my reforms, Federal firearms licenses now require a photograph and fingerprints, dealers are required to comply with State and local laws, and the ATF now has 60 days, instead of 45, to investigate before granting a license. Additional reforms raised the licensing fee from a mere $30 to $200.

As a result of these common-sense reforms, there is some good news. Since licensing reform was enacted in December 1993, the number of dealers in the United States has dropped from 283,000 to 239,000 in December 1994. For the first time in years, according to the Violence Policy Center, there are now more gas stations than gun dealers in this country.

Opponents of gun control legislation say that measures such as these make no difference in crime and the flow of illegal weapons. Even supporters of gun control legislation often dismiss these type of reforms as too small, too narrow, and insufficient to address such overwhelming problems.

Clearly, these reforms do not solve our problems with violence and crime. But there should no longer be any doubt that small steps make a big difference. The struggle to free our communities from rampant gun violence will only be won with commitment, determination and measures just like these. I ask that the article be printed in the RECORD.

The article follows:

CONFESSIONS OF A GUN RUNNER; HOW SUBURBANITE SUPPLIED CHICAGO GANG

(By Alex Rodriguez)

Easy money, James L. Bush thought to himself. Buy a gun for $100, sell it for $250 on the streets. And in the bullet-scarred neighborhoods of the West Side, customers weren't hard to find.

So several times last winter Bush—suburbanite, homeowner and father of two—drove to the city and sold boxes of guns to the Vice Lords street gang. He drove away with a wallet stuffed with cash.

Getting the guns wasn't a problem. Bush owned a federal firearms dealer license, about as easy to get as a library card.

''It was very easy to abuse the system,'' Bush, 39, said during a recent interview at his home in Bolingbrook. A federal judge will sentence him this summer on a conviction of illegal delivery of firearms.

''There are probably people out there doing it right now,'' he continued, ''but they just haven't gotten caught.''

Just how significant a role crooked federal firearms dealers play in the availability of guns to criminals is hard to measure, federal officials say. Most federal firearms dealers don't break the law, and law enforcement agencies don't keep statistics on those who do.

Still, the access to volume that comes with the license means that just one crooked firearms dealer can become a street gang's conduit for hundreds, even thousands of guns, federal law enforcement officials say. Bush supplied gang members and drug dealers with more than 350 guns before federal agents arrested him in February. In 1992, federal agents arrested James Board of Highland, Ind., who police say sold more than 1,000 guns to Chicago street gangs.

At least 50 of those guns have been recovered from crime scenes, said Jerry Singer, spokesman for the U.S. Bureau of Alcohol, Tobacco and Firearms. Board pleaded guilty to one count of illegal firearms delivery and was sentenced to 21 months in jail.

The federal government has responded by tightening regulations governing the issuance of federal firearms licenses.

Before the changes, anyone could obtain a federal firearms license by paying $30 and filling out a one-page application.

With that license, they could buy and sell large numbers of guns across state lines—from home if they wanted. They could buy in volume because they bought wholesale.

License holders can still do all that, but now applicants must pay $200 for a license, submit fingerprints and live in a town without laws prohibiting gun dealerships.

Gun proponents have decried the new regulations as unnecessary and misguided.

''We see (ATF) as committed to driving down the number of federal firearms license holders as a ploy to drive down lawful gun ownership,'' said Mary Sue Faulkner, spokeswoman for the National Rifle Association. ''It's like gun control. There are already plenty of laws on the books to enforce.''

ATF officials, however, say the new regulations are needed to pare down the universe of license holders. One reason the agency struggles to ferret out crooked firearms dealers is that it isn't armed with enough inspectors to monitor them.

In Illinois, 15 inspectors must cover 6,529 federally licensed firearms dealers along with countless other duties, including making sure distilleries, breweries and wineries pay federal liquor taxes.

''It's a very difficult job, when you have that few inspectors for that many federal firearms licenses,'' Singer said. ''There's only so much resources to go around.''

If the goal is fewer dealers, the new regulations are working. Before December, 1993, when the federal government raised the application fee from $30 to $200, ATF had to oversee some 284,000 license holders nationwide. Nine months later, the number of licensed dealers dropped to around 255,000.

Then in September, Congress enacted new rules that required applicants to submit fingerprints, notify their local police chief of their application and certify that their dealership isn't prohibited by local law.

Since then, the number of licensed dealers has dropped to 223,476. By 1997, ATF officials predict the number of licensed dealers will dwindle to 80,000.

''Maybe by 1997 we'll have a more manageable universe,'' said ATF spokesman Michael Fitzgerald.

Bush only heard once from the ATF after getting his federal firearms license in January, 1990. An agent visited him February, 1993, to review his records. Later that month, the agency renewed his license.

At the time, Bush was a Chicago Transit Authority purchasing clerk living with his family in a $180,000 house in Bolingbrook, but struggling to erase a $40,000 debt from a failed laundromat business, according to Bush and court documents.

In September, 1994, an acquaintance of Bush—not named in court documents—offered to find Bush gang members and drug dealers in the market for guns, court records showed. The two agreed to split the profits.

According to court records, Bush sold 350 guns to criminals, at first with the help of his friend—a driver with United Parcel Service—and later on his own. The two used a grinding stone attached to a cordless drill to erase the guns' serial numbers.

Bush was arrested Feb. 2 after selling 47 guns to an undercover ATF agent. He pleaded guilty April 4 and faces sentencing in July.

Bush, who is black, says he wrestles daily with the knowledge that he sold guns in mostly black neighborhoods under siege from gangs for decades.

''I know it wasn't right,'' Bush said. ''They were going in the hands of gang-bangers, and it was mostly black-on-black crime. Maybe by me getting busted, that was God's way to tell me to stop.''

As a federally licensed firearms dealer, James L. Bush supplied West Side gang members with more than 350 guns before U.S. agents arrested him in February, seizing dozens of weapons. The Bolingbrook resident was convicted in April of illegal firearms delivery.●

CHELSEA NEIGHBORHOOD HOUSING SERVICES, INC., AND CITIZENS BANK OF MASSACHUSETTS

● Mr. KERRY. Mr. President, I rise to commend Chelsea Neighborhood Housing Services, Inc. [CNHS], and Citizens Bank of Massachusetts [Citizens], which were nationally recognized for their exceptional partnership achievements by the Social Compact in its 1995 Outstanding Community Investment Awards Program Tuesday night. Together, CNHS and Citizens have developed a unique pilot program that helps former low-income renters become homeowners and building managers. The two organizations have designed this successful program specifically to meet the needs of low-income residents in Chelsea, MA.

Chelsea, historically a city of immigrants, has a population that often is the last hired and the first fired. Consequently, when the State of Massachusetts experienced a severe economic downturn in the early 1990's, Chelsea's residents were greatly affected. This population, with a per capita income of less than $8,600, is unable to accumulate savings for downpayments or closing costs for home purchases, even when working overtime or holding two jobs. Nevertheless, despite the problems, many residents are determined to stay in Chelsea and buy their own homes.

Citizens—formerly known as Boston Five—originally approached CNHS to discuss a collaboration because it wanted to increase loans in Chelsea and create a successful program that could be replicated in other cities. When CNHS and Citizens designed rent-to-own, they carefully considered the needs of Chelsea residents. They recognized that additional financial assistance would be needed for first-time homehbuyers in order for them to have downpayments and meet closing cost requirements. Triple-decker properties, three-story buildings with a two-bedroom apartment on the ground floor and two three-bedroom apartments upstairs, provided part of the answer. The income from rental units helps decrease the barrier to homeownership. To qualify for the program, the potential managers/buyers must commit to a 3-year program that requires them to attend monthly training sessions and learn how to be good landlords. In return for their work and training, they receive 100 points a month and are docked if absent from training or if they do not fulfill management responsibilities. At the end of each year, the points earned are converted to a maximum of $1,200 and deposited to an escrow account at Citizens Bank. After 2 years, the account's balance—potentially $2,400—is considered the manager/buyer's cash downpayment toward the average purchase price of $120,000 for his or her home.

CNHS piloted the program in one of the poorest neighborhoods in the city. With initial financial assistance from Citizens and further assistance from the Neighborhood Reinvestment Corporation, a State grant from the corpus of the Federal community development block grant to Massachusetts, Neighborhood Housing Services of America, and the State Executive Office of Communities and Development, CNHS bought a vacant and vandalized condominium and converted the early 20th-century building into four tripledeckers now called Garden Apartments I.

The commitment of Citizens to the rent-to-own project is impressive. Over 150 hours of staff time was logged to develop and shape a program that would fit the needs of both clients and sponsoring institutions. Additionally, Citizens' senior staff worked with CHHS to gain approval of the program for Fannie Mae's secondary market.

Since the first days of occupancy, the rent-to-own project has been self-sufficient. The residents keep the building immaculate, so its presence visibly improves the entire neighborhood. Both partners are pleased—Citizens is achieving its original mission, the development of a model program that can be expanded and adapted in other cities, and CNHS has a program that serves its special constituency. They are now acquiring one building a month, and 50 percent of those will be rent-to-own units.

On behalf of the Commonwealth of Massachusetts, I commend Chelsea Neighborhood Housing Services and Citizens Bank for their distinguished cooperation and success, and suggest that their model be considered for replication throughout the country.●

FOREIGN CURRENCY REPORTS

In accordance with the appropriate provisions of law, the Secretary of the Senate herewith submits the following report(s) of standing committees of the Senate, certain joint committees of the Congress, delegations and groups, and select and special committees of the Senate, relating to expenses incurred in the performance of authorized foreign travel:

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384–22 U.S.C. 1754(b), COMMITTEE ON APPROPRIATIONS FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1995

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Patrick Leahy.									
Haiti	Gourde	1,896.5	150.00					1,896.5	150.00
William N. Witting.									
Haiti	Gourde	1,896.5	150.00					1,896.5	150.00
Total			300.00						300.00

MARK O. HATFIELD,
Chairman, Committee on Appropriations, May 1, 1995.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON APPROPRIATIONS FOR TRAVEL FROM OCT. 1 TO DEC. 31, 1994

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Barbara A. Mikulski.									
Vietnam	Dollar		289.88				103.56		393.44
Thailand	Dollar		415.42				313.31		728.73
Hong Kong	Dollar		691.53				609.42		1,300.95
France	Dollar		50.00				65.21		115.21
China	Dollar		444.67				233.33		678.00
Malaysia	Dollar		711.48				470.00		1,181.48
Richard L. Collins.									
China	Yuan	6,386.80	747.00					6,386.80	747.00
Philippines	Peso	2,982.50	125.00					2,982.50	125.00
Korea	Won	242,400	303.00					242,400	303.00
United States	Dollar				1,229.45				1,229.45
Total			3,777.98		1,229.45		1,794.83		6,802.26

ROBERT C. BYRD,
Chairman, Committee on Appropriations, Apr. 7, 1995.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON ARMED SERVICES FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1995

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Richard D. DeBobes.									
Belgium	Franc	7,720	266.39					7,720	266.39
England	Pound	213.5	339.64					213.5	339.64
John Douglass.									
Belgium	Franc	7,600	252.08					7,600	252.08
England	Pound	168.5	283.08					168.5	283.08
Germany	Mark	297.90	204.03					297.90	204.03
Senator John S. McCain.									
Germany	Mark	375.44	247.00					375.44	247.00
Senator William S. Cohen.									
Germany	Mark	427.79	282.00					427.79	282.00
Senator Sam Nunn.									
Belgium	Franc	9,040	299.82					9,040	299.82
England	Pound	126	211.68					126	211.68
Germany	Mark	175	119.87					175	119.87
Senator John Glenn.									
Germany	Mark	423.80	279.36					423.80	279.36
Senator Joseph I. Lieberman.									
Germany	Mark	451.44	297.00					451.44	297.00
James M. Bodner.									

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON ARMED SERVICES FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1995—Continued

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Germany	Mark	426.45	281.20					426.45	281.20
Senator Sam Nunn.									
Haiti	Gourde	1,218	87.00					1,218	87.00
Richard D. DeBobes.									
Haiti	Gourde	2,436	174.00					2,436	174.00
	Dollar						25.00		25.00
Total			3,624.15				25.00		3,649.15

STROM THURMOND,
Chairman, Committee on Armed Services, May 8, 1995.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON FINANCE FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1995

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator John D. Rockefeller IV.									
Japan	Yen		1,534.00						1,534.00
Taiwan	Dollar		648.00						648.00
United States	Dollar				5,359.95				5,359.95
Lane Bailey.									
Japan	Yen		1,534.00						1,534.00
Taiwan	Dollar		648.00						648.00
United States	Dollar				2,994.95				2,994.95
Total			4,364.00		8,354.90				12,718.90

BOB PACKWOOD,
Chairman, Committee on Finance, Apr. 28, 1995.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS FOR TRAVEL FROM JAN. 1 TO MAR. 31, 1995

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Elizabeth De Moss.									
Costa Rica	Colon	71,514	415.18					71,514	415.18
	Dollar		30.36						30.36
United States	Dollar				605.00				605.00
Michael Haltzel.									
France	Dollar		1,500.00						1,500.00
United States	Dollar				647.05				647.05
Total			1,945.54		1,252.05				3,197.59

JESSE HELMS,
Chairman, Committee on Foreign Relations, Apr. 25, 1995.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE MAJORITY LEADER FROM JAN. 1 TO MAR. 31, 1995

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator William V. Roth, Jr..									
Germany	Mark	666.35	439.25					666.35	439.25
Senator Connie Mack.									
Germany	Mark	380	250.49					380	250.49
Total			689.74						689.74

ROBERT J. DOLE,
Majority Leader, Apr. 26, 1995.

ADDENDUM—CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, P.L. 95–384—22 U.S.C. 1754(b), FOR TRAVEL AUTHORIZED BY THE REPUBLICAN LEADER FROM JULY 1 TO SEPT. 30, 1994

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator John Warner.									
United Kingdom	Dollar				1,763.95				1,763.95
Total	Dollar				1,763,95				1,763.95

ROBERT J. DOLE,
Republican Leader, Apr. 26, 1995.

TRIBUTE TO MOUNTAIN CITY CARE CENTER

● Mr. FRIST. Mr. President, I rise today to recognize this week as Nursing Home Week in Tennessee, and to commend one of the finest nursing homes in east Tennessee for its excellent staff and the generous care it provides its residents—the Mountain City Care Center in Mountain City, TN.

Nursing homes in Tennessee are reviewed each year in a Tennessee State survey, with the results highlighting each center's strengths and weaknesses. Just 2 years ago, Mountain City Care Center was widely recognized as one of the worst facilities in east Tennessee, and it was almost forced to close. After receiving poor State survey results, the staff and new management of the facility immediately began retraining and hiring new care providers. Within 90 days, the State found that significant changes were being made, and Mountain City Care Center's surveys, as well as public opinion about the facility, have been improving ever since.

Just 2 weeks ago, the care center received its best inspection yet in the annual surveys, and it is widely recognized as one of the most improved, progressive nursing homes in east Tennessee. Mountain City Care Center even sponsors school projects, Johnson County Little League, sports programs, Rotary Club, American Red Cross, and other community programs.

Mr. President, I would like to thank the Tennesseans who were involved in turning around Mountain City Care Center and turning it into one of the best facilities in the State. Without their hard work and dedication to quality care, elderly residents in Mountain City would not receive the attention and care that they deserve.●

MUSICALYMPICS

● Mr. BIDEN. Mr. President, earlier this week an article in the Science Times section of the New York Times explored what it called ''the mystery of music.'' Scientists are attempting to find how and where the sense and art of music arise in the brain. It is a search in which much remains to be discovered, but it has already produced fascinating results, including the possibility that, even as it provides the child with a constructive source of pleasure and reward, early musical training may also enhance the ability to think and reason in terms of time and space. That possibility suggests, in turn, the significant role that music and musical education play in achieving the fundamental goals of our educational system.

That suggestion lends a special emphasis to an innovative musical program inaugurated this spring at three Los Angeles-area high schools. This program, I believe, serves as an excellent model for improving education through the cooperation of the private and public sectors.

''Musicalympics,'' an artistic competition for high schools, was conceived by David Griffin, a Warner Brothers Records representative. Griffin enlisted the interest of Warner Brothers Records chairman, Danny Goldberg, who signed the record company on as the Musicalympics' founding benefactor, the first, Griffin hopes, of other corporate sponsors to follow. Similarly, he hopes to see this year's inaugural competition among the three high schools extended to other schools in the future. The thoughtful design of the competition and the solid professional backing it is receiving make its prospects good, I believe, on both counts.

Each school participating in Musicalympics has created a team of student songwriters, musicians, choreographers, dancers, costume designers, set designers and production personnel such as television camera operators, lighting designers and recording engineers to pursue the creation of a musical performance from the writing of an original song to the final television production. Each school has been given a small cash stipend to underwrite expenses, and production professionals have guided the students in mastering technical production details.

Professional Musicalympics television crews have visited each school periodically to videotape students preparing their productions. David Griffin is producing and directing a television documentary special which showcases the competition, which will end in a complete television performance of each school's production. The competition is being judged by Griffin, a Warner Records artist and other television professionals. The documentary will premiere early next month and the winning school will be announced before each school's participating students and invited guests, sponsors, contributors and other key supporters. Each participating student will receive a videotape of the finished television program, and all three participating schools will receive cash prizes, or musical instruments and recording equipment.

Mr. President, the Musicalympics directly addresses a number of educational dimensions which concern the Nation today. In the first place, it offers an opportunity for interested students to participate directly in the creation of an original artistic performance; it provides those students with an intimate, personal perspective on the origin and nature of a production in one of the performing arts which are a chief feature of our culture. It helps these students develop the practical, hands-on skills that make such performances possible. It combines the resources of the private and public sectors to achieve a worthwhile goal few schools could manage on their own. It provides for both the participating students and their schools the challenge and the reward of disciplined teamwork focused on a constructive conclusion. And, finally, it takes broad theoretical and practical advantage of the fundamental, universal, and characteristically human creation and appreciation of music.

Mr. President, I commend the founders and supporters of Musicalympics. This is a program that deserves scrutiny, encouragement and support.●

IN SUPPORT OF THE NEA

● Mr. SARBANES. Mr. President, I rise today to express my concerns about proposals in the House of Representatives that would abolish the National Endowment for the Arts. Support for the arts and humanities is the hallmark of a civilized society and since our nation's founding, the arts have held a respected place in our country.

The National Endowment for the Arts and the National Endowment for the Humanities were created 30 years ago with the passage of the National Foundation on the Arts and Humanities Act of 1965. This act was conceived fundamentally to maintain intellectual freedom and preserve American culture for future generations. Since its inception, the National Endowment for the Arts and Humanities have become the principal funding organizations for many of our national museums, historical sights, and cultural institutions.

While we are currently facing a time of serious budgetary constraints, it is important for us to remember how small our investment in the arts really is. If you look at other civilized countries, they do far more from the public treasury in helping support the arts and humanities than we do in this country. Currently, the United States spends 64 cents per American per year, the equivalent of 2 postage stamps. In light of the tremendous return on investment in the arts and humanities, proposals to terminate funding for the Endowments seem shortsighted.

Federal support for the arts and humanities constitutes only five to ten percent of the total funding for the arts in this nation. This small investment functions as a catalyst to draw into the arts very significant amounts of money from the state and local levels as well as from private sources.

A grant from the NEA or NEH gives a tremendous boost to organizations such as symphonies and museums by assisting them in fundraising efforts in their own communities. Organizations all across the State of Maryland—from Baltimore's Museum of Art to Hagerstown's Maryland Symphony Orchestra—have all been able to use their NEA grant awards to leverage much-needed funding from their own communities. In fact, $1 endowment attracts $11 for the arts from States and local governments, regional and local art agencies, foundations and corporations, and businesses and individuals.

All of these contributions recognize the tremendous return on an investment in the arts. The arts have brought increased economic development to communities across the Nation's revitalizing inner cities, stimulating revenue and creating jobs. Nationally, the nonprofit arts industry generates an estimated $37 billion in economic activity and employs 1.3 million Americans. The arts attract tourist dollars, encourage business development, spur urban renewal, and improve the overall quality of life in our cities and towns.

Endowment grants also support important education and public programs. In my own State of Maryland, NEH grants are assisting Essex Community College in developing its curriculum and training faculty members to teach it; aiding in the preservation of historic Maryland newspapers such as the Log Cabin Advocate and the Independent Farmer; and funding museum exhibits such as the one on enlisted airmen in World War II at the Airmen Memorial Museum in Suitland, Maryland.

Endowment grants enrich the lives of all Americans by bringing diverse aspects of our cultural heritage right into our own communities. Among the most important beneficiaries of the arts are the children of this Nation. Exposure to the arts motivates children—stimulating their imaginations and increasing their confidence. For young people especially, a whole new world opens up to them when they enter a museum. The House proposals terminating funding for the arts would effectively slam the door to that new world. In my view, it is imperative that we keep that door open for Americans of all ages.●

OFFICE FOR RARE DISEASE RESEARCH ACT

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar Order No. 104, S. 184.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 184) to establish an Office for Rare Disease Research in the National Institutes of Health, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed at the appropriate place in the RECORD.

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

So the bill (S. 184) was passed, as follows:

S. 184

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 ''Office for Rare Disease Research Act of 1995''.

SEC. 2. ESTABLISHMENT OF OFFICE FOR RARE DISEASE RESEARCH.

Part A of title IV of the Public Health Service Act (42 U.S.C. 281 et seq.) is amended by adding at the end thereof the following new section:

''SEC. 404F. OFFICE FOR RARE DISEASE RESEARCH.

''(a) ESTABLISHMENT.—There is established within the Office of the Director of the National Institutes of Health an office to be known as the Office for Rare Disease Research (in this section referred to as the 'Office'). The Office shall be headed by a director, who shall be appointed by the Director of the National Institutes of Health.

''(b) PURPOSE.—The purpose of the Office is to promote and coordinate the conduct of research on rare diseases through a strategic research plan and to establish and manage a rare disease research clinical database.

''(c) ADVISORY COUNCIL.—The Secretary shall establish an advisory council for the purpose of providing advice to the director of the Office concerning carrying out the strategic research plan and other duties under this section. Section 222 shall apply to such council to the same extent and in the same manner as such section applies to committees or councils established under such section.

''(d) DUTIES.—In carrying out subsection (b), the director of the Office shall—

''(1) develop a comprehensive plan for the conduct and support of research on rare diseases;

''(2) coordinate and disseminate information among the institutes and the public on rare diseases;

''(3) support research training and encourage the participation of a diversity of individuals in the conduct of rare disease research;

''(4) identify projects or research on rare diseases that should be conducted or supported by the National Institutes of Health;

''(5) develop and maintain a central database on current government sponsored clinical research projects for rare diseases;

''(6) determine the need for registries of research subjects and epidemiological studies of rare disease populations; and

''(7) prepare biennial reports on the activities carried out or to be carried out by the Office and submit such reports to the Secretary and the Congress.''.

ORDERS FOR FRIDAY, MAY 19, 1995

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 8:45 a.m. on Friday, May 19; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then resume consideration of the concurrent budget resolution.

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

PROGRAM

Mrs. HUTCHISON. For the information of all Senators, tomorrow morning the Senate will debate the Domenici substitute, which is the text of President Clinton's budget, with that vote to occur at 10:45 a.m. That will be the last vote for the day. However, Senators LAUTENBERG and ROCKEFELLER will offer an amendment on which there will be debate. A vote will occur on that amendment at 3:15 p.m., Monday, under a previous order. That 3:15 vote on Monday is the first vote of the day. Additional rollcall votes can be expected throughout the day and into the evening on Monday.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 6968(a), appoints the following Senators to the Board of Visitors of the U.S. Naval Academy:

The Senator from Oregon [Mr. HATFIELD], from the Committee on Appropriations; the Senator from Arizona [Mr. MCCAIN], from the Committee on Armed Services; the Senator from Maryland [Ms. MIKULSKI], from the Committee on Appropriations; and the Senator from Maryland [Mr. SARBANES], at large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 4355(a), appoints the following Senators to the Board of Visitors of the U.S. Military Academy:

The Senator from Mississippi [Mr. COCHRAN], from the Committee on Appropriations; the Senator from Texas [Mrs. HUTCHISON], from the Committee on Armed Services; and the Senator from Nevada [Mr. REID], from the Committee on Appropriations.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 9355(a), appoints the following Senators to the Board of Visitors of the U.S. Air Force Academy:

The Senator from Montana [Mr. BURNS], from the Committee on Appropriations; the Senator from Idaho [Mr. KEMPTHORNE], from the Committee on Armed Services; the Senator from South Carolina [Mr. HOLLINGS], from the Committee on Appropriations; and the Senator from Nebraska [Mr. EXON], at large.

Mrs. HUTCHISON. Mr. President, for a very important negotiating session, 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.

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

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

RECESS UNTIL 8:45 A.M. TOMORROW

Mrs. HUTCHISON. Mr. President, I want to report that I lost the negotiation and, therefore, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 10 p.m., recessed until Friday, May 19, 1995, at 8:45 a.m.