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Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore (Mr. STEVENS).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

God of the ages, our God, great are the works of Your hands and of Your heart. You bless those who seek You. Forgive us when our self-will prevents You from doing in and through us all that You desire to see in our lives.

Bless the Members of this body and those who work to support them. Let no shadow of shame darken their faces. Keep them on the road of integrity. Deliver them from foolish pride and give them the courage to pursue and embrace truth. Remind them that we harvest what we plant, whether good or bad. Reward their diligence with bountiful blessings.

We pray in Your loving Name. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

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

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 2006

The PRESIDENT pro tempore. Under the previous order, the Senate will proceed to consideration of S. Con. Res. 18, which the clerk will report.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 18) setting forth the congressional budget for the United States Government for the fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2006 and 2007 through 2010.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning we will immediately begin consideration of the budget resolution which was reported from the Budget Committee last week. There are now 45 hours remaining of the statutory 50-hour limit. The chairman and ranking member are ready for opening statements, and then it is our expectation to begin the amendment process.

As we announced last week, we do anticipate a vote around 5:30 p.m. today in relation to an amendment. Once we get underway, we will alert Senators as to what amendment will be voted on this afternoon.

I also want to reiterate that this will be a busy week of Senate business. We will complete the budget resolution this week. We will obviously have lengthy sessions over the course of each day and likely well into the evening. I will be working with the Democratic leader to see if we can keep a steady pace throughout the week so that we can avoid what has come to be known as the vote-arama, if at all possible. I know the managers of the bill will be doing everything possible to continue to have this bill move in an orderly, systematic way. This will require the cooperation of all Senators, and we have asked all to keep their schedules flexible around the floor schedule.

We will need to keep the length of each rollcall vote to a reasonable limit. We again request Members to come as soon as possible to vote when votes are called. If not, we will have to cut off the time with which we have flexibly in the past allowed our colleagues to meander over. We have to keep the bill moving expeditiously.

I thank everybody in advance for what I know will be a busy week, and I look forward to completing our work prior to the start of the Easter break.

I particularly thank JUDD GREGG and Senator CONRAD for their hard work and leadership. They have worked very hard over the course of the last several weeks completing the work of the budget at the committee level at the end of last week. As I said earlier, we will complete action on the bill before we adjourn for the March recess.

The budget is a tough budget. It is an austere budget. It is a disciplined budget. That is what is appropriate at this point in time. It restrains spending. It cuts the deficit in half over 5 years. It extends the progrowth tax relief that has continued to fuel the economy. Some will say that it goes too far in terms of restrained spending; others will say it does not go far enough.

Budgets are never easy. This one is no different, but it is absolutely essential that we complete the budget this week. It provides the blueprint for just about everything else that occurs over the remainder of this session, most importantly the appropriations bills.

We have had good discussion among the leadership about focusing amendments and making sure that amendments that are brought to the floor are done so in an orderly way but also that the amendments that are brought to the floor are, indeed, substantive amendments. We don't want dozens and dozens of amendments to be brought to the floor because typically all these amendments can be overlapping and repetitive of earlier amendments. It is that sort of disorganization and chaos we want to get rid of and focus on the important amendments, debate them under the time agreements we have.

I was just talking to the Democratic manager, and that orderly process that the two managers are talking about is one that would give some certainty as to when amendments would come to

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

the floor. That is going to take planning right now and not having amendments come flowing in at the very end. I do believe that if we work together and keep our focus, we will take potentially a chaotic process and give it clear definition and clear order.

We will have a lively and spirited debate. Such debate was manifested in the committee last week, and it will continue on the Senate floor with the broader participation of all of our colleagues over the next 4 days. I look forward to delivering a blueprint that reflects our commitment to fiscal responsibility, to economic growth, and a bill that does keep America moving forward.

Mr. President, I ask unanimous consent that the staff of the Senate Budget Committee on the list I send to the desk be permitted to remain on the Senate floor during consideration of S. Con. Res. 18 and the conference report thereon and that the list be printed in the RECORD.

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

SENATE BUDGET COMMITTEE FLOOR PRIVILEGES LIST, 109TH CONGRESS

Amdur, Rochelle; Bailey, Stephen; Bargo, Kevin; Brandt, Dan; Cheung, Rock E.; Dempsey, Don; Duckworth, Cara; Esquea, Jim; Eyster, Sarah; Fisher, David; Friesen, Katherine; Green, Vanessa; Gudes, Scott B. (Staff Director, Full Access Pass); Haskell, Tyler; Havlik, Matthew.

Hearn, Jim; Howe, Matthew; Isenberg, Cliff; Jones, Michael; Kermick, Andrew; Klumpner, James; Konwinski, Lisa (General Counsel, Full Access Pass); Kuehl, Sarah; Lofgren, Michael; Lucia, William; Mashburn, John; Millar, Gail; Miller, Jim; Mittal, Seema; Monk, Kimberly.

Morin, Jamie; Myers, David; Nagurka, Stuart; Naylor, Mary (Staff Director, Full Access Pass); Nelson, Sue; Noel, Kobye; O'Keefe, Shannon; O'Neill, Maureen; Ortega, David A.; Osterberg, K. Gayle; Page, Anne; Pappone, David; Parent, Allison; Phillips, Roy; Posner, Steven.

Reidy, Cheri; Righter, John; Seymour, Lynne; Vandivier, David; Ventimiglia, Vincent; Weiblinger, Richard; and Woodall, George.

SENATE BUDGET COMMITTEE FLOOR PRIVILEGES DETAILEES, 109TH CONGRESS

Binzer, Peggy (Detailee); Browne, Mara (Detailee); Konove, Elissa (Detailee); Pollom, Jennifer (Detailee); and Richardson, Stephen (Fellow).

Mr. FRIST. Mr. President, I ask unanimous consent that the following four staff members—two from the Republican staff and two from Senator CONRAD's staff—named on the list that I send to the desk be given ''all access'' floor passes for Senate floor consideration of S. Con. Res. 18: Cheri Reidy and Jim Hearn from the Republican staff; John Righter and Sue Nelson from the Democratic staff.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FRIST. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during consideration of the fiscal year 2006 concurrent resolution on the budget.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FRIST. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GREGG. Mr. President, today we begin discussion of the Federal budget, which is, of course, one of the primary functions we are supposed to do as a governing body in the Senate and the House. Interestingly enough, under the rules of the Congress, something which I don't think most people recognize, the President has no official role in the budget. It is a document which is produced by the Senate and the House. It is called a resolution. The President doesn't sign it. The President sends up his budget, but his budget is not officially part of the process in the sense that he signs the final document. In a unique way, the Budget Act puts on the Congress the responsibility of doing a budget.

Now, the President has sent up a budget. Of course, he is the leader of our party and of the country. As such, we have given it very significant credibility and have actually tracked it quite closely in the budget which was produced by the Budget Committee.

Before we begin the specifics of the discussion on the budget, I want to thank the members of the Budget Committee for pursuing a very efficient and professional markup last Thursday. I especially thank members on my side, who were there for all of the votes. It is the only committee in the Senate that requires that you actually be there and physically vote versus using a proxy. They participated aggressively in the debate. I also thank the ranking member, Senator CONRAD, and the members of his party for expediting the process. They had a lot of amendments they wanted to put forward. They put them forward in an extraordinarily professional and effective way. As a result, we were able to move through the process and debate issues which are critical to the Nation.

A lot of issues are raised by the budget because it touches everything. There are two basic issues which I think our budget attempts to address. The first, of course, is how you control spending, how you make sure that you do the most with the dollars you have, but that you don't demand of the American people more dollars than they can afford to pay through taxes, and that you not end up passing on to your children and your children's children significant deficits, that you not borrow excessively in order to fund the Government. The short-term issue which that involves is the fact that we have, for the last few years, been running very significant deficits. Those deficits are, in my opinion, a function of two basic events.

The first is that in the late 1990s, we saw the largest economic bubble in the history of the world. A bubble is an inflation of the market, a perversion, really, of the market and a period where you essentially find that the economics of the times, specifically the ability to issue stock through IPOs, through creation of corporations, is creating artificial value, that the stock is not supported by real value. It is actually a form of printing money, for all intents and purposes.

In the history of the world there have been a lot of these bubbles. The two most significant ones were the tulip bubble in Holland and the South Seas bubble involving the English investment in South Seas companies. As a percentage of the economy in the world at that time, they were huge bubbles and they led to significant economic disruption and negative events.

They were nothing compared to the Internet bubble. When the Internet bubble burst, as all bubbles do—especially economic bubbles—there was a significant downturn in the economy, and a huge recessionary event was generated. Explosion of that bubble was also followed by, obviously, the attacks of 9/11. They had a massive impact on us. Obviously, we lost many lives and it changed the whole culture of our country. But the economic impact was also dramatic. The economy slowed dramatically as a result of the attack. We had to reorient the Federal Government activity and we had to significantly, dramatically ramp up our commitment to national defense, homeland defense, make massive capital expenditures that we had not anticipated making in the area of homeland defense. Not only did the economy slow, which means revenues slowed, but spending had to go up dramatically as a result of that.

The effect of that was we headed toward a recession, went into a recession, and revenues of the Federal Government dropped precipitously and spending went up to fight the war on terrorism.

Some would argue that the deficits were also a function of President Bush's decision to reduce taxes during this period. I argue the opposite. I would say that the decision to reduce taxes, especially taxes on people's income, was one of the best economic decisions of the period, because it meant more money was left with consumers and, as a result, the economy had more money in it and, as a result, people were able to spend more money and, as a result, the recession was shallowed out. There would have been a much more severe, dramatic, and damaging recession had those tax cuts not gone into place. We are seeing now, as a result of those tax cuts, their benefit, which is that the economy is coming back in an extremely strong way and revenues are starting to grow with equal strength. Last year, they grew at 9.5 percent. This year, they will grow by about 7 percent. For the foreseeable future, Federal revenues are going to grow over 6 percent, which is a function of the fact that we have changed the way taxes are collected in this country, so we are incentivizing people to go out and be productive and spend money to create jobs and, as a result, we are seeing more economic activity and we are seeing more revenues come in because there are more taxes being collected from the economic activity.

Two of the most successful tax cuts during this period were, in my opinion, the dividend rate cut and the capital gains cut, both of which led specifically to dramatic increases in Federal revenue. The capital gains rates have seen huge jumps in revenues at the Federal level, which are a function of the fact that people who had been sitting on economic growth and assets, capital gains, had just been sitting there. They didn't want to pay the tax, so they were sitting on the assets. With the capital gains cut, people said I can now sell this asset and reinvest. That has two very positive economic effects.

The first is it means more revenues for the Federal Treasury. Those gains would not have occurred without that rate cut because there would have been no sale and no taxable event.

Second is that the money generated from those sales is being reinvested more efficiently in the economy because people are taking cash and reinvesting it in a way that it will earn more money. Therefore, you are creating more jobs as a result of putting more capital more efficiently back into the marketplace.

The same could be said for the dividend cut. For years, corporations in America had basically piled up dividends, piled up resources, and not paid them out to their stockholders because it was a double tax. First, they are taxed on profits at the corporate level at 32, 35 percent; and then when we pay out the profits out, the individual taxpayer who happens to be an owner of the company, most of whom are working Americans and have that ownership through their pension plan—truck drivers, restaurant people, people who work in manufacturing facilities—then pay another tax because they are hit with the tax as the money is paid out in the form of tax on dividend income—double taxation, rates from 50 to 70 percent as a result of double taxation. So we cut the dividend rate. The practical effect of that was to say to corporate America, you can now pay your stockholders, most of whom are working Americans, who have a 401(k) or a pension plan—you can pay the Americans who have invested in America through the stock market a dividend and you are not going to have to pay a punitive double tax event. You are going to still pay double tax, but it will not be as punitive as before.

The effect of that was major corporations did pay dividends. Microsoft alone, I think, paid out a $32 billion one-time dividend—a massive dividend payout. The effect of that was to, I think in and of itself, create a 1-percent growth in the economy of the U.S.—or the net worth of America, I think is the term that should be used—but a huge benefit that was to Americans across the board who invested in Microsoft. Millions of Americans working in technology jobs and in restaurants and working in the military, who had stock through their 401(k) or through various other investments, suddenly got this payment which managed to increase significantly their personal wealth and which they could then use to reinvest, which they have, or which they could use to consume, which they have, and as a result the economy is growing faster than at any time since the mid-1990s. It grew 4.4 percent in the last quarter. We have the lowest unemployment in years. All of this is a function of having made the right decisions at the right time on the issue of cutting taxes.

That brings me back to the deficit. Now, the one cloud on our horizon—there are actually two, and they are both tied to the fact that the Federal Government is spending more than it is taking in in the short term and long term. In the short term, that deficit is large. By historical terms, it is not the largest we have had, but it is a large deficit. It is one that must be reduced in the short term. In the long term, we have a much more significant problem. We know there are already on the books Federal programs, specifically in the area of retirement, that are going to radically expand the cost of Government in the next generation. Those programs, which are Social Security, Medicare, and Medicaid, are targeted on benefiting retired people.

We have in this country today a demographic specific that cannot be denied. That is this: There are a lot more people headed toward retirement than has ever occurred in the history of America. The baby boom generation, the largest generation in America's history, is now headed toward retirement. They will begin to retire in 4 years. When that generation begins to retire, it is going to overwhelm the retirement system. This generation is so large that it has overwhelmed every system it has ever hit. In the early 1950s, it overwhelmed the country to make baby carts and cribs. In the late 1950s, it overwhelmed education through elementary schools having to be built. In the 1960s, it changed the culture by moving forward in civil rights and women's rights, and the war in Vietnam became a major issue. As we moved into the 1970s and 1980s and 1990s, it has been the most productive generation in American history and, as a result, has caused America to jump ahead in the area of personal wealth and economic opportunity.

Now this generation heads for retirement and it is going to take on a retirement system—Medicare, Medicaid and Social Security—which was never structured to deal with this size of a generation. All of these major retirement systems were designed with the concepts of the 1940s and 1950s. The Franklin Roosevelt approach, the genius of Roosevelt in the area of retirement systems, was that he and other people understood you could support a pretty decent retirement system as long as you had a lot more people working than retired. Back then, there were 16 people working for every person who was retired. Those 16 people would pay a little bit of their income to make sure the person who is retired had a decent lifestyle. That was the right approach. Today, we have 3½ people working for every one person who is retired. The result is that we can still support the system. But by the late 2020 period—or the mid-2020 period, when the baby boom generation is fully retired, we go from a pyramid to a rectangle, where there will be two people retired for every person working. The practical effect of that is those two people working for every one person retired are going to have to bear a massive increase in taxes in order to support that one person who is retired.

It is a simple fact of statistics. If you had 16 people supporting 1 retired person—16 people working for 1 retired—and you go down to 2 people working for every 1 retired, it is obvious those 2 people are going to have to bear a much higher burden than the 16. And we have at the same time significantly increased the benefit structure for retired people.

The practical effect of this is, the young people here as pages are going to go out and get jobs—and I am sure they are all going to get jobs and be well employed Americans—they are going to find their payroll taxes to support my generation will have to double—double. Their quality of life, therefore, will be radically reduced because they will not have the extra spending power to send their kids to college. They will not have the extra spending power to buy a nicer house. They will not have the extra spending power to have a good life of maybe taking a vacation. They will have to give up all that to pay taxes to support my generation in its retirement.

In fact, there is today on the books, according to the Comptroller General of the United States, Mr. Walker, $44 trillion—that is trillion dollars; it is hard to conceive what a trillion dollars is but, believe me, it is a lot of money—$44 trillion of unfunded liability which the next generation has already been told they are going to have to pay because our generation has already put the laws in place to require it. And of that $44 trillion, $26 trillion, over half of it, about 60 percent of it is directly tied to health care costs—Medicare and Medicaid. They are huge numbers, massive numbers.

To put in context, the entire net worth of America, if we took everything America owns today, is only $47 trillion, and yet we have $44 trillion of debt on the books.

Put it in another context, if you take all the taxes paid in American history since George Washington crossed the Potomac, came over here and started this Capitol, $43 trillion, and yet we have a $44 trillion debt on the books and almost the vast majority of it is health care debt required to pay for senior retirement. These are huge numbers we are placing on our children.

To put it in another context, today the Federal Government consumes about 20 percent of the gross national product of the United States, all the Federal Government—that is national defense, that is education, that is environmental protection, that is Social Security, it is health care, everything, put it all together and historically it has been about 20 percent of the gross national product. By the year 2025, if you just take Social Security, Medicare, and Medicaid—those three programs alone—they will absorb over 20 percent of the gross national product and will be going up.

It will mean we are going to put the Federal Government in a historic position: we cannot spend any money on national defense; we cannot spend any money on education; we cannot spend any money on environmental protection, roads, or anything else because it will all have to be spent on this retired class.

What is the point of all this? The point is this: The short-term deficit is a problem, and we have to address it. But the long-term threat to our economy created by these entitlement programs, known as Social Security, Medicare, and Medicaid, is even more dramatic, and we need to do something about it.

We have an obligation to do something about it. That is our job as people who have been sent here by our States to look at an issue which we know is coming at us, an issue of public policy of such significance, and try to reduce its impact, try to make it a more positive event, try to make it an affordable event for our children and our children's children.

So the President's budget which was sent up has attempted to address both these issues. He has first attempted to address the short-term deficit and, second, to address this outyear problem of the entitlement spending. He has also, outside the budget, taken on one of the major entitlement issues, which is Social Security—how to make that system solvent so that it gives decent benefits to those who are retired, but also affordable so that young people, when they pay into the system, which they have to, will get something back on their investment.

You have to give him credit. He stepped into dangerous political waters, but it is appropriate that we address the Social Security issue, and I congratulate him for that. But the budget is not about Social Security because the law does not allow the budget to address Social Security. The budget is about the other elements of Federal spending.

The Federal budget, as brought forward today, tracks fairly closely the President's proposals. It does not reconcile taxes as much as the President asks or might have wanted, and it does not reduce the rate of growth of entitlements as much as he may have wanted, but generally it tracks the proposals the President has put forward.

In the short term, the budget that has been brought forward will reduce the deficit by half. That is over the next 5 years. In the long term, this budget begins to address one of the three key elements of the question of how we try to make the retirement benefits for my generation more affordable to our children, specifically in the area of Medicaid.

Let me go back and go through a few specifics, and then I will turn the rostrum over to the Senator from North Dakota who has been generous to sit through all of this.

On the spending side, to try to get the deficit under control, what this budget does is essentially sets a top number. The Budget Committee does not have the authority to develop programs. We are specifically excluded from that authority. We can make suggestions, but both the Appropriations Committees and authorizing committees that are separate from us ignore our suggestions almost as a matter of course. The only place they cannot ignore us is the upper line number. So we have set what is known as a hard number at the top.

On the discretionary side, discretionary spending making up about 30 percent of Federal spending, about half of which is defense spending, we have set the top number at $843 billion. This number represents about a 4.5-percent increase in defense spending, and it represents basically a hard freeze on nondefense spending.

The defense number may seem large, but actually it is significantly less than what the Defense Department originally planned as part of their spending program. Their ox has been gored, and if you do not believe that, all you have to do is walk outside this room and you will run into six or seven defense lobbyists who say they need more money for more programs to deal with the Defense Department.

On the nondefense discretionary side, it is obviously a hard number, a firm number where we are freezing. We raise that number a little bit in the next 2 years but not much. It is more than what the President asked for, but not a great deal. We cap these numbers with something called a budgetary cap, and that is the key. We essentially say that any Member of this Congress—this Senate anyway—who believes that a committee exceeded the allocation which it will get in the area of discretionary spending—is spending more, in other words, than this top line number as it is distributed amongst committees—that any Member who believes that has happened may come to the floor of the Senate, object to that spending, and get a vote of 60. A supermajority must be voted in order to go forward with that spending. It is a pretty strong budgetary tool for enforcement, and that is in this budget. So we have put in place stringent discretionary controls.

On the entitlement side, we cannot control entitlements with anything other than changes in entitlements. There is this philosophy of something called pay-go. It has no impact on entitlements unless we create new entitlements. The existing entitlements are the problem. They represent about 57 percent of Federal spending, and nothing can control that. They can grow as much as they want, and there is no budgetary way to affect them unless we go back to those entitlements and say to the committees that have jurisdiction over those entitlements: Take another look; see if there is some way we can save some money. And that is what we have done here.

It is not as much as the President asked. He asked we do $62 billion in net number. We have done about $32 billion of entitlement control. It is called reconciliation.

Essentially, the key elements of this reconciliation bill involve the PBGC, which is a Pension Benefit Guaranty Corporation, which needs to be reformed. It is a huge outyear liability for us as a nation. It is massive because so many of these companies that have gotten into trouble have pension funds which are underfunded. This bill tries to begin the process of reforming them, and that is a major positive public policy step of this legislation, not mentioned much by anybody, but it is a big one.

Second is Medicaid reform. This needs to be put in context because there are a lot of people running around here today who are saying: We cannot cut Medicaid; we cannot cut Medicaid. To begin with, we are not cutting anything in the entitlement accounts. That is the nature of the beast. Medicaid spending in the next 5 years will be approximately $1.12 trillion without any action. With this action, Medicaid spending will be about $1.11 trillion, a little bit more. We are suggesting a 14-percent reduction in the rate of growth of Medicaid spending over the next 5 years off a $1.1 trillion base, which means we are suggesting about a 1-percent reduction in the rate of growth of Medicaid.

Medicaid at that period will grow at about 39 percent instead of 41 percent. So we will still have a 39-percent rate of growth in Medicaid instead of 41 percent. Remember, large functions of Medicaid today need reform and that reform will not impact the quality of care given to people.

A significant amount of dollars in Medicaid today is used for general funds for operations of States. We have serious problems with the way pharmaceuticals are distributed under Medicaid. We have serious problems with the way insurance is handled under Medicaid. There is a whole series of items where we can save money in Medicaid, and this is a minuscule amount of restraint in growth that we are proposing, and will not impact at all—in fact, probably will improve—the delivery of service by giving Governors more flexibility to do more creative things.

That is our plan: to work with the Governors, to reach an agreement, take that agreement to the Finance Committee, and have a concept put forward where the Governors are comfortable—many of the Governors are comfortable—with a change which will give them significantly more flexibility with a little less rate of growth in the dollars.

It is a very doable event. The idea that it is not doable, the idea that anybody would stand up here and say we cannot cut Medicaid's rate of growth by $14 billion off a $1.12 trillion base implies to me that individual does not have any interest in our children or our children's children's future because if we do not get a handle on the health care accounts in this country—and this is just a minuscule attempt to do that—we are essentially passing on to our children a no-win situation where they will never be able—never be able—to pay the cost of the retired population because we are going to grow so much and there are going to be so many of us.

If you deny this change, you are basically denying that you are willing to take on your responsibility to govern, and you are going to kick that can down the road and at some point simply not going to be able to kick it any further. It is simply going to be a bill passed on to our kids.

This is not a big change. In fact, it is a marginal change at best. To describe it as ''marginal'' is probably even an exaggeration. But it has certainly engendered enough run-and-hide policies around here so one would think it was big.

That is the entitlement side: $32 billion of reconciliation instructions over the next 5 years on a base of something like—I have forgotten what the base is—$8 trillion, something like that. I have lost count of what the base is, making that $32 billion adjustment on, but it is huge.

The last item of this budget, of course, is tax reconciliation. That is a point of legitimate contest between two parties. One party likes to raise taxes, and one party thinks people ought to keep their money and spend it themselves. The simple point is, we do not believe we should raise the taxes that have already been put in place at certain rates. For example, we believe we should extend the R&D tax credit, the tuition tax credit, the dividend rate, the capital gains rate, and the small business tax expense. And that is what this package of reconciliation numbers involves, extending all of those.

There is an irony to the Congress. The irony is this: Spending programs never die. They never die. They go on and on. This alleged pay-go concept does not have any impact at all on them. If it is on the books, it keeps going. But if there is tax rate or a tax proposal that has been put in place, they do lapse. They have to be reauthorized. So it suddenly becomes inappropriate to do that. It is called fiscally responsible to have to pay for that, and yet there is no attempt to pay for the extension of the entitlement programs, no attempt to justify those at all. Inconsistency, ironic, and, to say the least, it takes the attitude that the people's money is not their own, that the people's money is Washington's. It is our money, you should not have it anyway. Let us have it and we will spend it for you. That is basically the philosophy behind this approach to governance.

Well, it is not my philosophy. I believe we should maintain a low tax burden on people, or as low as we can afford. Let us remember that the tax revenues are going up dramatically all through this: 9½ percent last year, 7 percent this year, 6½ percent next year. The tax revenues are going up. The traditional level of taxes in this country has been about 17.9 percent of gross national product. We are going to hit that number before this 5 years is over.

Sure, we are starting at a low base, but we are starting at a low base because we went through a recession and an attack on 9/11. Now we are headed back up and revenues are headed up because people are productive and they are taking the risk necessary to create jobs because they know their return will be higher as a result of the tax rates being reasonable.

So this concept that we should not be reconciling any taxes is a philosophical difference. That is all there is.

So that is the budget we have prepared, what we brought forward. It is a budget which reduces the deficit over the next 5 years, puts in place stringent enforcement on the discretionary side, addresses the entitlement side through minor reconciliation efforts, addresses the taxes which may expire in this window.

I would note as an aside that the big fight on taxes occurred last year, and the big fight on taxes is going to occur next year because last year we had some major taxes expire, specifically the marriage tax penalty and the child credit. Next year, the window of the budget will pull in the rate reduction, which will expire, and the death tax, which will go back up if we do not do something.

Next year we will have a big tax fight, I am sure, but this year is a lull period. Every tax that is being considered under reconciliation is a tax proposal that has a fair amount of support, whether it is the R&D tax credit, the dividend, the capital gains. These are not the biggies. These are good policy items that should be extended. The tax fight is a lot more smoke than fire in this budget, but it has taken on a personality of its own, and so I presume we will pursue it again.

In any event, as I mentioned, the budget controls discretionary spending with a hard cap. It tries to address the entitlement accounts growth but most specifically addresses the one health care account we are able to address, which is Medicaid—Medicare being off the table for this year as a result of passage of the drug bill last year—and addresses tax reconciliation. There are three elements to it.

If it is passed, it will lead to the first budget since 1996 which fires with real bullets on the issue of controlling spending at the Federal level, and that is the most important point I want to end on.

This is a real budget in the area of pushing forward some fiscal responsibility by having reconciliation instruction on the entitlement accounts.

The discretionary caps are also essential. They have lapsed because we did not have a budget last year, and if we are going to get control over discretionary spending, we need them. So for the first in a long time we have a budget that is serious about disciplining spending. I presume there are going to be a lot of amendments brought forward on this floor to try to get around it because people do not like to address the spending side of the ledger. They would rather spend money. It is much easier.

The people who get the money are the most active in saying the money has to be spent. The people who support spending restraint tend to be less vocal. It is human nature to want to accommodate the people who come to our offices and say, I have to have this money for this program or this money for that program. So spending tends to go up, never goes down.

This budget attempts to at least restrain it so it is affordable, and that is what is critical—putting forward a budget which is legitimate and which attempts to restrain spending so we can begin the process of passing on to our children a fiscally healthy nation.

I thank the Senator from North Dakota for his courtesy in putting up with this long talk, and I thank the President pro tempore for his courtesy in sitting through it.

I yield the floor.

The PRESIDING OFFICER (Mr. ALEXANDER). The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I thank the Chair and I thank my colleague, the chairman of the Senate Budget Committee, for the many courtesies he extended to me and to my staff during consideration of the budget in the Budget Committee. He described it accurately and well, that it was a very professional process and we had a good debate on a whole series of issues. Many of those debates will now be out on the Senate floor.

I do not think it will surprise people that my take on this budget is somewhat different than the distinguished chairman's take on it. That is what debate is all about. That is what democracy is all about, the chance to have differences and to debate them and to vote on them. That is the genius of our system. The way we arrive at truth, to the extent we do in this system, is we have a debate and a discussion, and we have a contest over ideas. That is a healthy thing. It is a good thing. That is what we are about to go through.

As I look at this budget, I see something quite different than the chairman sees. I see a failure to face up to the major challenges confronting the country. I agree with him in terms of his diagnosis of where this is headed with respect to deficits, debt, and the explosion of the costs of the entitlement programs. I agree with that diagnosis. Where I disagree is that this budget does anything in any significant way to confront those challenges.

In fact, this budget makes it all worse. That is the fundamental reality. This budget digs a hole deeper. This budget produces more deficits than if we did not have a budget resolution at all. If we put it on autopilot, we would be better off than what this budget does.

Each and every year of this budget, the deficit is increased over the so-called baseline budget. That is the reality. Perhaps to understand how we got to this circumstance, we have to look back before we can look forward. We have to look back first to 2001, when the President told us:

> [W]e can proceed with tax relief without fear of budget deficits, even if the economy softens.

That is what the President told us in 2001. But look what happened. The President was wrong. We went from a surplus in 2000, the year before President Bush came into office, and the deficit situation has declined each and every year to now record levels of deficit, the biggest deficit in dollar terms we have ever had.

So when the President assured us we could have massive tax cuts and we would not have deficits, he was simply wrong. But he was not just wrong on that issue, because the next year he told us:

> . . . [O]ur budget will run a deficit that will be small and short term . . .

He said this in his State of the Union Address on January 29, 2002. Unfortunately, that was wrong, too, because these deficits are not small and they are certainly not short term. In fact, what we see going forward to 2015 is an ocean of red ink, the biggest deficits we have ever had in dollar terms.

So when the President said they would be small, he was wrong. They are very large deficits. When he said they would be short term, he was wrong again. These are long-term deficits and deficits that are as far as the eye can see. That is not just my conclusion, that is the conclusion of the Congressional Budget Office as well.

If we put back the things the President has left out, the ongoing war costs, the need for alternative minimum tax reform, and the money he is taking from Social Security—it is an interesting thing because at the same time the President says there is a shortfall in Social Security, under his budget each and every year he takes every dime of Social Security money that is available to take and uses it to pay for other things. Again, the President was wrong when he told us these deficits were going to be small and short term.

The next year the President told us in his budget submission:

> [O]ur budget gap is small by historical standards.

Again, the President has simply proved to be wrong. Let us put up that next slide that shows a historical comparison of the deficits under President Bush compared to the three previous administrations. The President says the deficits he is writing are small by historical standards. One can look at the last three administrations and see that his deficits are by far the largest.

Let us go to the next slide. The President now says to us, well, we have deficits, so forget about that assertion that there are not going to be any. They are clearly not small and short term. They are clearly not small by historical standards. So now he assures us he is going to cut the deficits in half over the next 5 years. Well, let us look at the reality with respect to that assertion, because what we find is something quite different.

This is the President's claim. He says the deficit is going to be cut in half over the next 5 years, but he gets that result simply by leaving out things. He leaves out war costs past September 30 of this year. He leaves out the need to reform the alternative minimum tax, which is the old millionaire's tax which is rapidly becoming a middle-class tax trap. It costs over $700 billion to fix. There is not a dime in this budget to do it. Surprisingly, he leaves out the cost of his major proposal, which is to change Social Security, and the cost of his proposed change is in the trillions of dollars, over $700 billion the first 10 years but over 20 years over $4 trillion of costs. He does not have any of it in his budget.

The President also told us back in 2001:

> . . . (M)y budget pays down a record amount of national debt. We will pay off $2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.

We can now look back and check the record and see if the President's assertions were correct or incorrect. Again, he was wrong with virtually every major claim he made on the deficit. Unfortunately, the same is true with respect to the debt. The President said he was going to pay down $2 trillion of debt. Unfortunately, we do not see any paydown in debt. The debt is exploding.

The assertion by the President that he was going to pay down the maximum amount of debt available to pay down evaporated, like his claims on the deficit. Instead, the debt is skyrocketing, and under the budget the President has sent to us, we see nothing but continued growth of the debt.

When the President came into office, the publicly held debt was $3.3 trillion. We now forecast by 2015 it will be $9.4 trillion, almost a tripling of the debt at a time the President said he was going to have maximum paydown of the debt.

One of the most interesting claims I get from colleagues on the other side of the aisle is that these massive tax cuts have nothing to do with the deficits and nothing to do with the growth of the debt. Well, how is that? How can that possibly be true?

I remember very well this chart that the Congressional Budget Office showed us back in January of 2001. This chart shows the range of possible outcomes for the deficit, and the administration chose the midpoint of this range in telling us in 2001 we could expect $6 trillion of surpluses over the next decade. But now we are able to go back and see what actually happened.

I remember so well, my colleagues on the other side told me, when I warned them against taking this 10-year forecast in the Budget Committee to the bank—I repeatedly warned it was very risky to count on a 10-year forecast—many of my friends on the other side said: Kent, you are being much too conservative. Don't you understand the tax cut will generate even more revenue? Don't you understand, when we put in place these tax cuts, we are going to get a tremendous revenue impact, more revenue than is forecast? They told me we are going to be in the top end of this range.

Let's look at what actually happened. We can now see the record. The record is the red line. This is what happened to the deficits. We didn't get more money, we got less money, and the result is, combined with more spending on defense and homeland security and rebuilding New York, that the deficits are far worse than even the low end of the range projected back in 2001.

Let's check reality. When our friends say if you cut taxes you get more money, that has not been the experience. The experience has been very clearly when you cut taxes, you get less money. In fact, we got a lot less money, 3 years in a row with less money than the year before. That is unprecedented since World War II.

It is not just tax cuts. Tax cuts are about half the reason. The other half is economic downturn and forecasts that were overly optimistic.

Nonetheless, I want to go back to the point. I don't want anybody to miss this point. Here is what is forecast, this possible range of outcomes. They chose the midrange on which to base their spending and taxing policies. Many said, with the massive tax cuts you will get more money. But here is the reality. Here is what happened in the real world: A lot less money, much bigger deficits, and an exploding debt.

If we look at the budget turnaround since 2000, that is the difference between what was projected and what actually occurred. What we see is that the revenue loss accounts for the bulk of the budget turn around. In fact, reduction in revenue is three-quarters of the reason for the move from dramatic surpluses to dramatic and growing deficits. I think it is very important for us to be dealing in facts here, not rhetoric, not hope, not ideological belief, but facts. The facts are that the revenue side of the equation collapsed.

Do you remember, back in 2000, revenue was running at almost 21 percent of GDP? The President said: That is very high by historical standards. And he was right. He said: As a result we need to cut taxes. I must say I also supported cutting taxes. I didn't support the particular plan that he advocated, but I believed we needed to cut taxes to give lift to the economy at the time. But I also believed we needed to reduce the amount of the tax cut over an extended period so that we would avoid going back into deficit and debt. That is where the President and I parted ways. I believed we needed to have tax cuts. In fact, I supported greater tax cuts than the President proposed, to give lift to the economy at a time of economic weakness. But the President wanted to go much further, and here is what happened.

We had 21 percent of GDP in 2000 coming in, in revenue. Last year we were down to 16.3 percent of GDP. That is the lowest it has been since 1959. The revenue side of the equation collapsed. Again, about half of that is due to tax cuts.

I listened very carefully to my colleague. He talked about the reason the revenue had gone down. He never mentioned the single biggest reason. He never mentioned the tax cuts. But the tax cuts are the biggest single reason for the revenue collapse. Again, I, too, supported tax reductions at a time of economic weakness to give lift to the economy. I didn't think the particular mix of tax cuts was the most effective because, unfortunately, the tax cuts that were put in place were largely weighted to the wealthiest among us. I think we would have been much better targeting the middle class and lower middle class because those are the ones most likely to spend those tax cuts. But beyond that, the question is, going forward, How much can we afford? What is the relationship between spending and revenue? That is what is critical. That is what creates deficits.

Our friends on the other side only want to talk about spending. Spending is one-half of the equation, revenue is the other half of the equation. It is the difference between how much you are raising and how much you are spending that leads to deficits. This chart goes back to 1980: The red line is the spending line, the green line is the revenue line. You can see very clearly back in the 1980s we had a big gap between spending and revenue. We were spending much more than we were taking in. As a result, we had record deficits at the time.

Then we got spending under control. In fact, interestingly enough, during a Democratic administration spending as a share of our national income went down every year. Spending went down in a Democratic administration and revenue went up. It was that combination of reducing spending and raising revenue that brought us back to balance. In fact, for 3 years we were running surpluses. We even ran surpluses sufficiently strong to stop taking Social Security money and using it to pay for other things. We stopped the raid on Social Security.

Then President Bush came into office. We had the tax cuts, we had an economic slowdown, and the revenue side of the equation plunged. We didn't get more revenue from tax cuts, we got less revenue. Is anybody listening? We didn't get more money with tax cuts, we got less money. And spending went up—though still far below where it was in the 1980s and 1990s, but spending went up. I am not faulting the President. We all agree spending had to go up on defense, on homeland security, on aid for New York, on the bailout of the airlines, and 91 percent of this increase in spending was in just those areas: Defense, homeland security, aid for New York, and bailing out the airlines. That is where the increase in spending occurred. Still, the spending is substantially below where it was in the 1980s and 1990s.

The biggest culprit in the explosion of deficits was on the revenue side of the ledger. These are facts. This is not an ideological argument. It is just facts. I think that is what we have to concentrate on if we are going to get out of this mess. It is going to take spending discipline without question. We have to deal on this side of the ledger. But we are also going to have to deal on the revenue side of the ledger, and our friends on the other side of the aisle never want to talk about it.

This year, the President has said:

> We've got to do something about the deficit. . . . it's important.

He is right. We have to do something about the deficit because these deficits are much too high, and as far as the eye can see there is no reduction anywhere in sight. If we look at the President's budget, what we find in terms of doing something about the deficit is largely rhetorical. What the President's idea is of doing something about the deficit is just leave out things. Leave things out of the budget and that makes the numbers look better. It doesn't really change things though. This is the way you fool yourself, and this is the way others might get fooled. This is how institutions, companies, and individuals get into trouble. They start not quite telling the whole story. Maybe they don't even quite tell the whole story to themselves.

When I look at the President's budget, that is what he and his people are doing. They are not really including everything. They are leaving things out to make the numbers look better.

What have they left out? First of all, they switched from 10-year budgeting to 5-year budgeting because they know right beyond the 5-year budget window things look much worse.

They have left out funding for ongoing war costs beyond September 30 of this year. Just don't include it. They say to me: It is hard to predict what the war costs might be. That is true, it is hard to predict. That is what a budget is all about. Can you imagine a family leaving out their utility bills because they are hard to predict month to month? Can you imagine a family leaving out the food bill because it is hard to predict? But that is what the President has done. He has left out the war costs past September 30 of this year because it is hard to predict.

He has left out the cost of alternative minimum tax reform. Alternative minimum tax, that is the old millionaire's tax. It affects 3 million people now, and 10 years from now it is going to affect 40 million. It costs over $700 billion to fix. The President doesn't have one dime in his budget to address this problem. Last year, interestingly enough he had 1 year of fix in his budget. This year he doesn't even do that. I can make a budget look pretty good if I leave things out, and that is what the President is doing.

Most remarkably, he has left out completely the cost of his Social Security privatization plan. He doesn't have one dime in his budget to cover the cost of a Social Security privatization plan that in the first 10 years costs over $700 billion. He doesn't have a dime in his budget. Over 20 years, his plan costs over $4 trillion. His answer is, borrow the money. On top of the already record deficits, borrow the money.

I am going to, in a minute, get into why that is a very risky course for this country.

The President also does something very interesting in this budget. He only provides details on discretionary spending. Those are accounts like education, law enforcement, parks—he only provides what he intends to spend in those areas for 1 year. Not since 1989 has a President failed to tell Congress and tell the American people what the outyear effects of his programs are; what the future years' effects of his programs are. But this President, for the first time since 1989, says he is not going to tell us that.

I suspect the reason he is not going to tell us that is because it gets pretty grim by the time you get out to the third, fourth, and fifth year.

When the President's people came to me and said they had a plan to cut the deficit in half over 5 years, and they showed me the plan, I said to them: Why don't you leave out some more things and claim you balanced the budget because what you are doing is you are making progress by denial, by leaving things out.

When I go back and add in what the President has left out, I get a very different picture than is being presented on this floor about the budget going forward. When I go back and add up the things the President has admitted—the need for alternative minimum tax reform and the war costs, when I put in the amount of Social Security money that the President is taking to pay for other things, to try to arrive at what the real operating deficit of the United States is, here is what I find. I find an operating deficit in 2006 of $579 billion; increasing in 2007 to $584 billion; in 2008 to $586 billion; in 2009 to $595 billion; and improving by $1 billion in 2007 to $594 billion.

These are my best estimates of what the operating deficits are going to be under the President's plan. Not an improvement. There is no cutting the deficit in half. Instead, massive operating deficits, adding to the debt by almost $600 billion a year, each and every year for the next 5 years, and after 5 years, it gets much worse. This is not what the American people deserve in terms of being told about the fiscal condition of their country.

Let me go back to the specifics of the things the President has left out. In war costs there is $82 billion in a budget supplemental put in this year, but there is nothing past September 30th of this year in the President's budget. The Congressional Budget Office says $383 billion is what we can expect. There is $300 billion left on the cutting room floor, real costs that a real budget would include.

It is not only that we see a hiding from the American people of how serious our fiscal condition is. The President's tax cut proposal is where it is most dramatic. The dotted line on this chart is the first 5 years of the President's plan. Making the tax cuts permanent has a modest cost in the first 5 years. But look what happens right outside the budget window: The costs of the President's tax cut plan absolutely explode. Is this, perhaps, a reason the President moved from 10-year budgeting to 5-year budgeting? Did he want to disguise the full effect of what he is proposing from the American people? Did he want to hide it so that people did not see where this is all headed?

I have already shown in the next 5 years the operating deficits will be running in the neighborhood of $600 billion a year. Look what will happen if the President's plan is adopted. These deficits are going to skyrocket because the revenue hemorrhage will skyrocket.

It is not just the revenue hemorrhage but the other items as well. This is, according to the Congressional Budget Office, the money that is needed to fix the alternative minimum tax. I said it was over $700 billion. It is actually $774 billion. Not a dime of it is in the President's budget. And it gets much worse after the first 5 years. Of course, the President's budget has none of it. That is hidden from the American people.

On the President's Social Security plan, the first 10 years cost $754 billion. Here is what is in the President's budget: zero. Nothing. When we get to the 20-year cost, others are saying even more than this. My own projection is $4.4 trillion for the cost of the President's privatization plan. Why? Because if you take some of the payroll taxes and divert them into private accounts, you have to replace the money you have taken from somewhere. The President's proposal is, borrow it. Just borrow another $4 trillion.

I am at a loss for words. I feel as though I am involved in a surreal discussion in a surreal exercise on the budget of the United States. We have record deficits now. The President says, cut the revenue some more and add more to the spending, but he leaves a lot of it out of the budget and says he is going to cut the deficit in half. He has been wrong on each and every one of his forecasts. Not wrong by a little bit, but wrong by a country mile.

Here is the Comptroller General of the United States, the head of the Government Accountability Office. He warns the fiscal outlook is worse than claimed. He said to the National Press Club in February of this year:

> The simple truth is that our nation's financial condition is much worse than advertised.

That is the truth. That is the truth, right here. Here is a guy who is telling the truth.

> The simple truth is that our nation's financial condition is much worse than advertised.

I go back to the chart. The President says he is going to cut the deficit in half, but he gets there by leaving out things. When you put the things back, what you see is massive deficits, massive additions to the debt. In fact, by 2015, each family's share of the debt will total, according to our calculations, over $73,000.

That is where these fiscal policies are leading. When the President says ''the people's money,'' he is exactly right. It is the people's money. It is also the people's debt. The President says let's not pay the people's bills. Let's borrow the money. Guess what. In whose name is he borrowing it? He is borrowing it in our names. He is borrowing it in the names of all of us who are responsible for ultimately paying off this debt. When the President says the people's money, absolutely, it is the people's money; it is also the people's debt. The President is running up the debt in a record way and at the worst possible time, right before the baby boomers retire.

There is another part of this that I don't think is being shared with the American people. Where are we borrowing all this money from? Where is it coming from? Increasingly, it is coming from abroad. Here is what has happened. When the President came into office, we owed an external debt. Foreign holdings of our debt were just over $1 trillion. In the short time this President has been in office, that has almost doubled. Foreign holdings of our debt have gone up 92 percent in the term of office of this President. It took 200 years to get external debt of $1 trillion and this President has taken us to $2 trillion in just over 3 years.

Here is where the money is coming from. We have now borrowed over $700 billion from Japan. Hard to believe, isn't it? We have borrowed over $700 billion from Japan. I read in the paper the other day that Japan now holds $840 billion of United States dollars. They are sitting on $840 billion of United States dollars. We have borrowed $712 billion from Japan. We borrowed $160 billion from England. We borrowed $69 billion from the so-called Caribbean banking centers. We have borrowed $69 billion from South Korea. We have borrowed $60 billion from OPEC. That is the oil exporting countries.

Here we are. We have borrowed money all over the world. And it is increasing dramatically. So what? What difference does it make? The difference it makes is it makes us more and more vulnerable to the decisions of foreign central bankers as to the economic security of this country. It is that simple. It is that important.

What happens to your relationship with the banker when you owe money versus when you have a big deposit? Does your relationship change? Sure it does. Our relationship is changing with the rest of the world because we have gone from being the biggest creditor nation in the world to being the biggest debtor nation in the world. So now we are very dependent. When we have a bond action to finance the credit and debt, we are increasingly dependent on foreign governments and foreign central banks to buy this debt. This is a story from January from the Financial Times. ''Central Banks Shun US Assets.'' ''Shifting reserves to eurozone will deepen Bush's difficulties in funding deficit.'' ''Actions likely to undermine dollar's value further.''

Friends, that is the risk being run by these massive budget deficits, by these massive trade deficits. We are more and more dependent on others. We are more and more dependent on Japan loaning us money; on China loaning us money; on South Korea loaning us money.

What happens if they decide some day they are not going to continue loaning us money? What happens then? We have had a couple of indications in the last few months. A few weeks ago, February 23, Korea said they were going to limit their dollar holdings. ''Central bank's plan upsets exchanges.'' ''Fears flared anew yesterday that the United States dollar might lose a crucial underpinning of support—purchases by the world's central banks—after South Korea's central bank said in a report that it plans to invest more of its holdings in the currencies of other countries.''

What happened? ''news of the report,'' . . . ''sent the dollar skidding on foreign exchange markets. The Euro was trading at $1.3259 late yesterday, up from Monday's close of $1.3067. The dollar fell against the 104.04 yen . . . '' and ''the greenback also sank against the British pound, the Canadian dollar and Swiss franc. The dollar's slide, together with a rise in oil prices, drove stock prices sharply lower.''

These are the risks being run due to a reckless fiscal policy. This fiscal policy of massive record deficits with no end in sight and record massive trade deficits with no end in sight is putting the economic strength of this country at risk.

It is not only Korea. On March 11, last week, Japan followed Korea:

> Talk in Japan shakes dollar and treasuries. The dollar fell and treasury yields rose yesterday after the Japanese Prime Minister made remarks that suggested the country's industrial bank could be shifting some of its huge reserves out of dollars and treasury securities.

What happened? The dollar took another hit. So now we have Korea saying they are going to diversify out of dollars. We have Japan, the biggest lender to our country, warning of the same thing. What would happen if they didn't show up at a bond auction? We hold an auction of United States securities to float the boat to cover these deficits, because when you are spending more money than you are taking in, you have to borrow the money. In the past, we borrowed almost all of it from ourselves. Not anymore. Increasingly, we are borrowing from all over the world. And they are warning us: You are going too far; we might not continue buying this debt.

What happens if they don't show up? We all know what happens. We would have to dramatically increase interest rates to entice them back. That would have severe consequences for our economy.

It is not only Koreans and Japanese. Here is one of the most successful investors in the history of the United States, Warren Buffett. What is he saying? He says in 2005, he is still betting against the dollar. Warren Buffett, one of the most successful investors in America, is betting against the dollar.

> When the stock market was soaring in the late 1990s, Warren E. Buffett now says, he should have sold stocks rather than just complain that they were overvalued. Now Mr. Buffett, the billionaire investor, says he is acting on his view that the dollar is still headed down, even though it makes him nervous that so many agree with him.

So he has bet a huge amount of money that the dollar is going to continue to decline in value.

We have the South Koreans warning us. We owe them almost $70 billion. We have the Japanese warning us. We owe them over $700 billion. And we have Warren Buffett.

I can tell you, I was with a man who is one of the foremost financial advisers in the country, and he told me last year he was at the annual meeting of one of the wealthiest families in America and the discussion at their annual meeting was exactly what we are talking about here: the enormous risks being run by the United States with these massive budget deficits, massive trade deficits, leading to unprecedented borrowing, not only from our own people, but from countries around the world.

They saw that as a serious vulnerability—this, one of the wealthiest families in America. And the debate was whether they should diversify out of dollar-denominated investments. They concluded, apparently, that they would do that.

Now, all we have to do is look at what has happened to the dollar against the Euro since 2002 to see why they might be concerned. Look what has happened to the value of the dollar. It has declined 33 percent against the Euro in just that period of time. That is dramatic. Every dollar we have has lost 33 percent of its value against the European currency.

So if you are a central banker in Japan, you are a central banker in Korea, and you have loaned all this money to the United States, and you see that those dollar holdings you have in your central banks have declined in value by almost a third against the European currency, might you conclude that it is time to invest some of your money somewhere else?

Friends, this is the risk that is being run by this policy of debt and deficits. These deficits are out of control. They are undermining confidence in the American currency. They are undermining confidence in the long-term economic strength of the country. And this budget does not do anything about it. In fact, this budget makes it all worse. This budget means bigger deficits, not smaller.

The Congressional Budget Office put out a baseline budget, if we made no policy changes, of what would happen. But this budget does make policy changes, and you would think that given these facts, the policies would be to reduce the deficits. That is not what this budget does. This budget increases the deficits each and every year compared to a policy of putting everything on automatic pilot. Now, that is a fact.

What are the potential consequences here? If the dollar were to decline even more precipitously than it has already, there are very few options left. You have to, first of all, dramatically increase interest rates. What difference would that make? Well, let's look for a typical American family.

A 1-percent increase in interest rates will raise the payment on a 30-year home mortgage of $150,000 by $1,200 a year. On a $300,000 mortgage, it would raise it $2,400 a year. On a $450,000 mortgage, it would raise the payment $3,600 a year. And it would not be only on a house mortgage. It would be on a car payment, student loan payment, all the corporate debt that is out there, and all the Government debt. If interest rates rose dramatically in order to offset the effect of foreign central banks being unwilling to loan us more money, the economic consequences here could be severe.

When I look at the tax policy that underlies this budget, it also raises the serious question of fairness. Because under the President's plan, the top 1 percent in our country, those who earn over $402,000 a year, get 30 percent of the benefit. The top 1 percent get 30 percent of the benefit. The top 20 percent get over two-thirds of the benefit. They get almost 69 percent of the benefit.

We hear a lot from our friends: Well, the higher income people pay more in taxes. That is true. They pay more in income taxes. But our friends on the other side always want to leave out the payroll taxes that everybody else pays. And when you put the two together, you find that the wealthiest among us do pay more, but they do not compare anywhere close to the proportion of the tax cuts they are getting.

When we look at 2004 and how the tax benefits stacked up in that year, what we see is, from the combined effect of the 2001 and 2003 tax cuts, a middle-income household got $1,000 and the top 1 percent, those earning over $400,000, got $78,000. If we were going to have a bar on the chart to compare what those earning over $400,000 got in tax benefit as compared to what a middle-income household got, the bar would have to go 17 feet higher. It would go almost to the ceiling of this Chamber to compare what the top 1 percent got in comparison to the middle-income people in the country. Is that fair? That is what the President's tax policy says is fair. Give those who are the top 1 percent $78,000 in tax benefit; give the middle income $1,000.

In this budget is a continuation of the dividend and capital gains tax cut. Those cuts will provide a millionaire, on average, with a tax cut of $35,000. Somebody earning $50,000 to $200,000 gets $112. Let me go through this again. This is the Urban-Brookings Tax Policy Center that has done this calculation. The dividends and capital gains tax cut that my colleague was praising gives those who earn less than $50,000 a year, on average, a $6 tax reduction. That is the vast majority of people in this country.

For these tax types—dividends and capital gains—the average savings for an American earning less than $50,000 is $6. For somebody earning $50,000 to $200,000, they get a tax savings of $112. And the dividends and capital gains tax cuts are a major part of this budget.

For those earning $200,000 to $1 million, they get an average tax cut of $1,480. But for those who earn more than $1 million, they get, on average, a tax cut of $35,000.

Now, this is some people's sense of fairness; it is not mine: $6 to those who earn less than $50,000 a year, and $35,000 to those who earn more than $1 million. We have the biggest deficits in the history of the country, and no end in sight, and this is what we are going to do? That is what we are going to do if we pass this budget.

Our friends on the other side say: Well, those who are at the top pay more in taxes. That is true. Those who are at the top pay more in taxes. That is absolutely true. But do you know what, they are getting 30 percent of the benefit of this tax cut, and they pay 16 percent of the tax burden. So they pay more, but they are getting much bigger benefit than what they pay.

My friends, at some point we are going to have to deal with reality. The reality is, we are not paying our bills in this country. We are not coming anywhere close to paying our bills. And our friends on the other side come with a budget that says we have no intention of paying our bills any time in the foreseeable future. We are not going to come anywhere close to paying our bills.

Then you get to the question of priorities, which is a very important question as we go forward. Let me say to my colleagues, for those earning over $1 million in 2006, the total cost of the President's tax cut proposals for that 1 year alone is $32 billion. Let me repeat that. For those earning over $1 million a year in 2006, the tax cuts to them cost $32 billion in that year alone.

On the other hand, the cost to maintain veterans funding at the 2005 level would be about $300 million. So in this budget, they are saying it is 100 times as important to give the Bush tax cuts to those earning over $1 million a year as it is to maintain funding for our veterans. Is it 100 times as important? Is it 100 times as important?

Well, it is not only veterans. That same question can be asked of the COPS Program that has put 100,000 police on the street to make our cities and towns safer. Again, the cost of the tax cut for those earning over $1 million a year in 2006 is $32 billion for that year alone. The money to restore the COPS Program would be $500 million. So what you have to ask yourself is, is it 60 times as important or could the very wealthiest among us, those earning over $1 million a year, give up one-sixtieth of their tax cut for that year to keep 100,000 police on the street? I think that is a question we should ask. I know what my answer would be.

Education. It would cost $4.8 billion to restore the education programs cut in the President's budget. Again, for that same year, the tax cuts for those earning over $1 million cost $32 billion. Would the wealthiest among us be willing to give up one-sixth of their tax cut to restore the cuts to education?

The same applies to community development funding. I have heard from virtually every mayor in my State. It costs $1.7 billion to restore the cuts there. At the same time, we are going to give a $32 billion tax cut to those earning over $1 million a year in that 1 year alone.

Low-income heating assistance. It costs $220 million to restore the money, a little tiny sliver on the chart—$220 million. At the same time, we are going to spend $32 billion on tax cuts for those earning over $1 million a year.

For agriculture, this chart looks at it in a little different way. The President is cutting $7.5 billion there. The cost, over the same period of time, for those earning over $1 million a year is $185 billion. That is 25 times as much.

My friends on the other side say that somehow this budget is going to reduce the deficit. No, this budget does not reduce the deficit. If we compare it to the Congressional Budget Office's baseline—there are no policy changes; we continue what we are doing now—this budget increases the deficit each and every year.

The biggest increase is in the next year—$63 billion of additional deficit if we pass this budget compared to continuing what we are doing now. If we make no policy changes, just continue what we are doing now, we would have $63 billion less in deficit than if we pass this budget.

I want anybody who votes for this budget to go out and explain to the American people why, at a time of record budget deficits, they are passing a budget that increases the deficit. I want to hear that explanation.

Again, when we go back and look at the things that have been left out of this budget compared to, if we go back and include the additional war cost that is left out of this budget, the alternative minimum tax expense that is excluded, if we take the money that is being diverted from Social Security and used to pay for other things, here are the operating deficits we see under the budget that is before us. It is a little better than the President's, but not much: $587 billion, $583 billion, $582 billion, $582 billion.

What is all this talk about cutting deficits in half? The only way they get there is they leave out things. They leave out the money they are taking from Social Security. They leave out the money for the war. They leave out the money for the alternative minimum tax. Just leave out things. If you put them back, massive deficits.

This is what is going to get added to the debt, not the numbers they are talking about. This is what is going to be added to the debt.

And if you doubt this is the case, let's look in their budget. Let's look at their own document. This is their own budget resolution. Let's look year by year. I have said that they are going to be adding almost $600 billion a year to the debt. I understated it. I apologize. They are going to be adding much more to the debt than that. I was just doing an operating budget.

If we look at what their own document says, they are going to add to the debt every year. For 2005, $669 billion is going to get added to the debt, according to their own calculations. Next year they are going to add $636 billion to the debt. The next year is $624 billion. The next year is 622. By the fifth year, 611. Where is the cutting of the deficit? Where is it? It is magical. There is no cutting. This is what they say about their own budget.

This is what they say they are going to add to the debt. This isn't my number. This isn't my presentation. This is theirs. This is from their own budget document. And what does it say? They are going to add to the debt $600 billion every year of this budget.

The President says it is important to do something about the deficit. They say it is important to do something about the deficit. They are not doing anything about the deficit. That is their own calculation about what is going to happen.

Remember what the President told us about 2008. He told us in January of 2001 that there would be virtually no debt left by 2008. That is what he told us. This is what we now believe the debt will be in 2008. Instead of virtually no debt, we are going to have almost $6 trillion of debt. This is what he said was going to happen. This is what is really happening.

The President of the United States has been wrong by a country mile on every one of his major assertions about the fiscal condition of our country. It has real consequences.

When we look at the budget that our Senate Republican colleagues have put up, let me just say it is a little bit better than the President's in some ways. But it still has additions to the deficit, bigger deficits, more debt by their own calculations. It still has flawed priorities. Here is veterans funding. It costs $300 million to maintain veterans funding. They are going to give $32 billion in tax cuts to those earning over $1 million a year. On the COPS Program, it costs $500 million to restore the cuts in the COPS Program and put 100,000 police on the street. But they would rather give—in fact, by a sixtyfold margin—tax cuts to the wealthiest among us. That is more important to them.

It is more important to them to give those tax cuts to those earning over $1 million a year than it is to restore the cuts to education, six times as important. Are those really the priorities of this country? Is that what this country thinks is important?

I will have more to say about this budget as we go forward. But this is a budget that is not facing up to the real challenges facing our Nation. This is a budget that basically ducks and runs. This is a budget that basically says: We don't have to worry about that. We will talk as though we are worried. We will use the words. But the actual budget is not going to do anything about these mounting deficits and debt that fundamentally threaten the economic security of the country.

We should be doing much better than this. At some point, I hope it is not a crisis that gets us that. I still believe we have the ability and the will to act to face up to the crisis rather than letting it overcome us. But this budget doesn't face up to it. This budget doesn't do that. This budget just lets the good times roll—more tax cuts, more spending, even though we cannot pay our bills now. I believe deeply that is a fundamental threat to the economic security of our country because we are not just borrowing this money from ourselves anymore, we are borrowing from countries all over the world. That makes us vulnerable to their decisions about whether they are going to continue to loan us money.

I believe it is past time for the President to reverse course and to call on Congress and to put his administration to the task of an overall plan to face up to the shortfalls in Medicare, in Medicaid—by the way, the shortfall in Medicare is eight times the shortfall in Social Security. The President has no plan to deal with that, none. He would rather focus on Social Security, which is a challenge, a long-term funding problem. I will repeat, the funding problem with Medicare is eight times as big as in Social Security. My own view is that we ought to be working on it all. We ought to have everything on the table—Medicare, Medicaid. I salute my colleague from New Hampshire who put a focus on Medicaid, where spending is going through the roof in States and for the Federal Government, but we ought to be putting the focus on all of these areas, including the budget deficits, because I believe only in that way will we come up with a plan that really strengthens the country.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. GREGG. Mr. President, I thank the Senator from North Dakota for his presentation. I wanted to respond to a couple of items. I think they go to the essence of the issue here. First, the vast majority of the Senator's time has been spent discussing the President's budget. We are not voting on the President's budget. I will admit that the blueprint for our budget was based off of a large percentage of what the President proposed. But there are very significant items the President didn't have in his budget that we have in ours.

Specifically, as to this argument that there is no funding for the war, our budget has funding for the war. We have a reserve fund of $50 billion, the purpose of which is to pay the cost of the war in the next budget. No, it doesn't have reserve beyond that because, hopefully, we will be out of the war when 2007 rolls around. Even if it is not, it is appropriate to wait until the 2007 budget before we go forward with another reserve account, when we will have a more accurate estimate. But the $50 billion for 2006 is reasonable. Progress is being made there.

It is very interesting that folks in this body who for so long have criticized the President for pursuing terrorism through the war in Iraq, which has been one of the primary issues in the fight on terrorism—now when things are going fairly well, they are suddenly complaining we are not putting in the money to fight the war in Iraq. Things in the Mideast, as a result of this President standing up and following through in the face of a lot of naysayers and second-guessers and Monday morning quarterbacks and folks who simply don't have confidence that we as a nation can project liberty across the globe—those naysayers have found that maybe they were wrong. They are not willing to admit it yet, but an election in Iraq was a huge success; the Palestinians holding an election, a huge success; movement toward peace between Palestine and the Israeli Government, a huge success; Syria pulling out of Lebanon, a huge success with people in the streets demonstrating for peace. Egypt is moving toward an election—not necessarily the most open election—freeing the No. 1 dissident and opposition party leader just this weekend. Democracy seems to be making progress in that part of the world, and with that we are undermining the breeding grounds of fundamentalist Islam which has targeted America because we stand for freedom around the globe, and because we stand for women's rights, because we stand for a market economy. We are making progress.

Now they want to have it both ways. They want to say Iraq was terrible, wrong, and should not have occurred, even though things are progressing there and it looks as if there is an end in sight. Then they say, Now you have to budget for 5 years from now to be in Iraq because that is what we are planning to do, when, of course, that is not what we are planning. These are one-time items, the fighting of the war in Iraq. It should not be built into the defense base. We did not build it in because 2 or 3 years from now, when we are no longer in Iraq, I don't want the defense base inflated by that number. I want it accurate according to what the Defense Department calls for relative to its needs. So we put in the $50 billion for fighting the war in Iraq.

So when the Senator from North Dakota talks about the failure to address the issue of reserving for the war in Iraq, he is referring to the President's budget, not the budget that is before us.

On the issue of Social Security, the Budget Committee doesn't address Social Security. That is by law. There will be a lot of talk about it on the floor, but we have no authority to do anything in Social Security. The idea that we should actually account for Social Security, when the Democratic Party has said they are not going to do anything on Social Security—they are going to bury their head in the sand on it and walk in lockstep on Social Security, relative to burying their heads in the sand, so that the likelihood of moving legislation through this body is significantly less because it takes 60 votes to move it through here. When you are facing that type of stonewalling on a critical issue that should be addressed, why would anybody put it in the budget when, first off, we are not supposed to address Social Security? Why would they put it in the budget when you cannot legally put it in? And even if you could, why would you put it in in the face of that type of opposition, especially when it is such a fluid situation?

On the issue of revenues hemorrhaging, again, the Senator from North Dakota referred to charts with red lines going here and there. They were the President's numbers, they were not the budget numbers. The budget has basically not taken that tack. We have talked about the 5-year window, and it is an accurate discussion of that 5-year window. What is important to note, however, from the proposals from the other side is that there is no proposal, no budget being brought forward. There is a lot of criticism about the budget but no budget being brought forward.

As the Senator from North Dakota said in the markup: Listen to our amendments to see our budget structure. Fine, we will listen to their amendments. I note that in the markup, when the Democratic Senators had the opportunity to put forward a budget, they did not. But they did put forward a lot of amendments. They put forward about 10 or 12 amendments on just about everything from worthless programs, such as ATP, to programs that have value but we have not necessarily figured out how we are going to pay for them, such as CDBG.

In the total, their amendments added up to $229.8 billion of new spending, and then their amendments added up to either $244.9 billion of new taxes or $276.9 billion of new taxes, depending on how you account for the tax on the top income people in this country. They did put forward a proposal. It was their budget, and it was your classic tax-and-spend budget, $229 billion in new spending and $244 billion or potentially $270 billion in new taxes.

Why is it important to mention that? It is important, first, because that is the definition they gave to their budget, but it is also important to understand the difference of opinion here. You cannot on one hand talk about need for fiscal responsibility when on the other hand you are proposing $229 billion of new spending. You cannot discipline the Federal Government by raising spending.

The American people are not a fundamentally undertaxed people. The American people pay a lot of taxes. The concept that you can continue to raise taxes and continue to spend money does not work. You have to discipline the spending side of the ledger.

We have done it. Granted, we have not done it as well as I would like; I would like us to slow spending a lot more, but we have done it. We have frozen nondefense discretionary, we slowed the rate of defense discretionary to 4.5 percent, and we did not stick our little toe in the water, but we came to the water's edge and looked down at the issue of entitlement accounts, specifically Medicaid. That is what is important about this debate. This is the essence of the budget, the question of how we deal with Medicaid.

The Senator from North Dakota and I agree on this subject—we agree on a number of issues, but what we agree on is that the outyear issue in this country is entitlement spending, and at the essence of that issue is health care spending. And there are two accounts, Medicare and Medicaid. The Senator was correct, this budget does not address Medicare. Hopefully we will do it later on. But it does address the other major leg of this problem—there are three legs to this issue; it does not address Social Security—and that is Medicaid. The three legs are Medicare, Medicaid, and Social Security.

This is the essence, this is the point of this question: You cannot tax your way out of this problem. You cannot raise taxes enough on the next generation that they will ever be able to afford the present programmatic activities we have on the books in the area of retirement benefits in this country. You cannot do it. We are not as a nation going to physically be able to do it, and this chart is the essence of that point. I do not use a lot of charts because sometimes they do not show up, but in this case, I am going to use this chart.

The historic spending of the Federal Government is 20 percent. If You get much over 20 percent, you have put in a tax rate which people cannot absorb. They do not make enough money to pay for it and still have a decent lifestyle. It reduces productivity and job creation if you start taxing people at rates over 20 percent, even over 18 percent, for that matter.

The cost of Medicaid, Social Security, and Medicare, by the year 2027, 2028, will absorb 20 percent of America's spending; 20 percent of the GDP of this country will be spent on those programs. And it keeps going up. So you cannot possibly raise taxes enough.

You could confiscate the wealth of every American in the top two brackets, which may be a proposal that will come at some date from the other side of the aisle—that was a proposal before Ronald Reagan was President when the 70-percent rates were in effect—and you still could not pay for the cost of these programs. The only way you can handle this is to begin to get ahold of the rate of growth of these programs, to put in place some structure that will control the rate of growth of these programs.

Social Security is being addressed in a forum outside this budget, in a debate outside this budget, although it is going to be brought into this budget—the debate will, the substance will not. With respect to Medicare, last year we passed the Part D program and, therefore, there is a desire to let that percolate until we figure out how that shakes out before we move on that.

The last leg of the stool is Medicaid. This budget begins a minor effort in the area of Medicaid. As I said in my opening talk, there is $14 billion of restraint in growth on a $1.12 trillion spending package, reducing the rate of growth from 41 percent to 39 percent over the next 5 years, all of which can be done without impacting the quality of services and, in fact, I suspect we will run into a lot of Governors who think it can be done and improve the quality of service by giving them more flexibility in how they distribute the benefits amongst their people in the States more efficiently than being subject to a lot of strings out of Washington.

This Medicaid issue is the core question and, of course, we look forward to the Democratic response to that, whether there will be a position that Medicaid reconciliation should be knocked out of this bill and a majority on the other side votes for it, or all on the other side of the aisle, for that matter.

The Senator from North Dakota also addressed this issue of borrowing. This issue needs to be touched on briefly because it is a big issue. The value of the dollar as the currency that is basically the currency of the world is one of our great benefits as a nation. It has been weakening. The dollar has been weakening.

The practical effect of a weaker dollar, of course, is that we export more goods. There is a lag time, so we have not seen it immediately, but over time, we will see more goods exported, and also the cost of oil being $55 a barrel undermines the ability to export, the ability to offset that trade balance.

We cannot afford to have the dollar weakened too much. We cannot afford it for a lot of reasons, not the least of which is the need to have capital flowing into the United States. We want capital from around the world coming to the United States. I do not find it objectionable that the people of Japan find it safer to invest in the United States than in Japan. That says something about the strength of our economy.

I do not find it objectionable that the people of France, when they look around the world and decide where they want to put their money, do not want to put it in some company in France but want to put it in a company in America. I think that is probably a pretty good sign that we have a pretty darn strong economy and a place where people feel they can invest and invest safely and get a decent return. But their willingness to continue to do that means the dollar cannot depreciate against the franc they put in here or against the yen they put in here. It is that simple.

If you are going to invest a yen—say 1 yen is worth 50 cents, something like that; I do not know what the yen is today; it is nowhere near that—you are not going to want to invest if that dollar is going to weaken so that when you take your yen back out, you have lost money simply on the exchange rate, even though you may have made a good investment in the United States.

So having the dollar drop precipitously is a huge problem for us, but it is not a problem from a standpoint of exports, and it is not a problem right now of people willing to invest here. Those are signs of good economic values. But it is a problem if, over the long run, it causes the dollar to weaken to a point where people do not feel comfortable investing here because they feel they will lose money in the exchange rate, even though they may make a good investment.

Critical to maintaining the confidence of the international community in the dollar is, quite simply, our willingness as a Federal Government to be fiscally disciplined. They are looking at this budget process and they are saying, hold it.

If the position of the Democratic Party is that the way we get fiscal discipline is by spending an extra $229 billion over the next 5 years, that is not discipline. Fiscal discipline means one contracts—or not contracts; we never contract. At least the rate of growth of Federal spending in core accounts is slowed down.

Yes, we are fighting a war, but those are one-time expenditures and they will be over. When they are over, they will be taken out of the base. They will not even be in the base, hopefully. So we do need to put in place some mechanisms which will say to the world markets and our own financial markets, yes, the Federal Government is serious about disciplining the rate of growth.

Two of those key elements are, one, a strict cap on spending on the discretionary side, which is in this bill, 3-year caps enforceable with a 60-vote point of order, and two, a move on entitlement issues so that we restrain the growth of the entitlements through reconciliation. Both of those elements are in this bill. The time restraints are not as big as I like, but they are there. Yet, as I listen to the other side of the aisle, all I hear about from their amendments is, let us knock those restraints out, let us shoot through those restraints, let us lift that cap, let us knock out those reconciliation instructions, and let us spend more money. We will raise taxes to do it, but we are going to still spend more money. That is not disciplining the Federal Government, and it is not going to improve the value of the dollar if we do that.

So this issue of borrowing is a complex one, but it does make a statement about where we are as a matter of policy, and if we wish to improve the value of the dollar, we need to pass a budget that has fiscal restraint in it.

I yield the floor.

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

Mr. CONRAD. Mr. President, the words of my colleague are right on target. I wish the budget matched the words. The Senator acknowledges the need for fiscal discipline. This budget does not provide it. As I have indicated and shown from their own numbers, the debt goes up $600 billion a year under the budget the Senator advocates. That is fiscal discipline? No, no.

My belief is that fiscal discipline represents a deficit going down, not going up. My view of fiscal discipline is one that reduces the debt, not increases the debt.

The Senator's own budget documents show that he is going to add to the debt $600 billion a year each and every year for the next 5 years. And they call that fiscal discipline? I mean really, this stands words on their head.

It reminds me of Orwell: War is peace, love is hate. Fiscal discipline is adding $600 billion a year to the debt? Please.

Now, the Senator says we did not offer an alternative in the Budget Committee. That is true. We offered alternatives by amendments. The Senator says we would have added spending. The Senator is correct. We paid for every dime of it and over and above. What was the spending we added? The Senator says we added over $200 billion in spending. The Senator is correct, and $200 billion of it was to pay for the war they do not pay for. Now, who is being straight with the American people—those of us who paid for the war or those who make believe they do not have to pay for it?

We provided the revenue to cover the cost. That is a new idea around here, to actually pay for something. Those are the amendments we offered. If we take out our amendment to cover the war costs, we offered $20 billion of spending and $47 billion of deficit reduction. We had more in deficit reduction than we had in spending, and we paid for the war. That is fiscal responsibility.

There is no fiscal responsibility in a budget that adds, by its own terms, by its own calculations, $600 billion a year in debt. That is not my estimate; that is theirs.

Let us review the history because history is important. This goes back to 1980. The red line is the spending line of the United States. The green line is the revenue line. One thing our Republican friends have been very consistent about is massive deficits. That is what happened the last time they were in charge back in the 1980s: massive deficits, much more spending than revenue. Then the Democrats took over. The spending went down.

The Senator says spending never goes down. Wrong. Spending went down as a share of gross domestic product, which is what the economists say is the best way to measure it because it takes out the effects of inflation. Spending went down from 22 percent of gross domestic product to just over 18 percent of gross domestic product when the Democrats were in charge. The revenue went up. Yes, we raised taxes on the wealthiest among us so we could balance budgets, so we could pay for things.

What was the result of those policies? The longest economic expansion in our Nation's history, the lowest unemployment in 30 years, the lowest inflation in 30 years, and one of the strongest periods of business investment in the Nation's history. That is the result of those policies combined with private sector initiatives made possible by real fiscal responsibility.

Our friends always want to concentrate on the spending side. They forget that deficits are the result of the relationship between spending and revenue. They never want to talk about the revenue side because look what happened on the revenue side on their watch. It collapsed. Even with spending that increased again under their watch—I am not faulting them for this increase in spending because it was largely defense and homeland security—the fact is the spending increased.

Look going forward; their spending continues to go up.

Meanwhile, the revenue goes up a little bit, but it is far short of what they want to spend. So what they are telling the American people is, more deficits, more debt, more deficits, more debt. That is their plan. And then what? What are they going to do when the baby boomers retire? I can tell everyone what they are going to do. They are going to slash Social Security. They are going to slash Medicare. That is going to be their answer. Meanwhile, deeper and deeper into debt we sink.

Is my colleague seeking time? I am happy to yield time to the Senator off the resolution.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I have listened with interest this morning to a fascinating debate and discussion about this country's budget priorities.

My colleague from North Dakota, Senator CONRAD, knows of a man I have spoken about previously on the Senate floor. His name is John Smith. John Smith is called the Flying Farmer from Makoti, ND. What John Smith does is he gets these old cars and he goes to county fairs. He builds a ramp and jumps three or four other cars. He is kind of a daredevil. He works in a machine shop in Makoti, ND, and then he bills himself as the Flying Farmer from Makoti. During the summer, he goes to all these county fairs and does daredevil stunts.

The Flying Farmer, John Smith, is actually in the Guinness Book of World Records, and here is what his distinction is:

He drove a car 500 miles in reverse, averaging 36 miles an hour. Let me say that again. He is in the Guinness Book of World Records for driving a car 500 miles in reverse, averaging 36 miles an hour. That record might well be supplanted by this budget resolution, talking about going in reverse consistently for a long period of time. He may have nothing over the budget resolution that came out of this committee. This moves this country backward. In my judgment, it does nothing to address the central issues facing us in fiscal policy. I believe my colleague described the accurate numbers. If we go to page 5, for example, what we find is this: Federal debt subject to limit. Line 6 says, in fiscal year 2005, that Federal debt subject to limit is going to be $7.9 trillion, and then at the end of the fifth year of the budget, it is going to be $11.1 trillion. So this budget resolution calls for a dramatic increase in the Federal debt. Yet we have people coming out saying look at this budget resolution, what a responsible thing this is. It moves us in exactly the right direction.

That is nonsense. This is what it does. On page 5 it says we are going to dramatically increase Federal indebtedness from $7.9 trillion to $11.1 trillion over 5 years.

That is one thing. And this increase, incidentally, games the system because it doesn't include money for the war in Iraq and Afghanistan. It doesn't have money for many other things. But even with what it does have money for, on page 5, line 11, it tells you the truth of the matter. The truth is, this budget document calls for a dramatic increase in Federal indebtedness over the 5 years. Does that mean we are going in the right direction, or does that mean we are going in reverse? We know the answer to that.

The debate about the budget is more than just a debate about numbers. It is a debate also about values. What does this country stand for? What are our choices and priorities? What is our value system?

One hundred years from now everyone in this Chamber will be dead. Everyone now serving in the Senate will be dead 100 years from now. But the one lasting impression of who we were, what we stood for, what we thought was important, what our value system was, will be found in a budget document that says: here is what they decided to invest in. Here is what they spent money on. Here is what represented their value system. It is all historians will have to evaluate who we were and what did we decide was important in our lifetime.

This budget submission has some budget cuts. Let me describe what they are. We are spending less money on veterans than we need to spend to keep the current veterans programs funded. This budget includes a cut in veterans programs. The same is true in education, not enough money for current funding to continue, and the same for law enforcement and agriculture.

You can take a look at these and say, ''veterans,'' that's just a word. It is a lot more than a word. It is folks who put on this country's uniform and went anywhere in the world they were asked to go and fought for this country.

I told my colleagues previously about a wonderful veteran. I pinned a medal on his pajama top one Sunday morning in a veterans hospital. He was an American Indian who fought in Africa, fought in Normandy and across Europe, came back and lived on the Indian reservation. He never had much, had a tough life.

His sister said: Can you get my brother his medals? He never got his medals from the World War II service. So I got his medals for him. He was very sick with lung cancer. At the VA hospital one Sunday we cranked his bed up to a seating position, and I pinned the medals on Edmund Young Eagle's pajama top 7 days before he died of lung cancer. And Edmund Young Eagle said, ''This is one of the proudest days of my life,'' because he served his country, and his country was saying thank you for what he did for America.

He didn't have very much in his life, but he was proud in his service. We have veterans coming back today, every day, who served in Iraq. We have World War II veterans who are reaching that age now where they need substantial health care help. At this very time we discover there is not enough money for veterans health care.

I asked the Secretary of Defense the other day, What is the difference between a soldier who is on active duty and a soldier who is now off active duty, trying to cope with a leg that is gone or a shrapnel wound in the head? What is the difference between those soldiers? They both fought for this country. There ought to be no difference. They both represent the cost of war: the cost of a soldier on active duty, or the cost of health care for a soldier who comes back and is now part of the health care system and needs some assistance.

The question is, What is our value system when we say as a country, veterans health care, that is not quite so important? That sort of gets short shrift. It takes second place to, let's say, a tax cut. In fact, this budget resolution says we need tax cuts more than we need to fully fund health care for veterans. What kind of a value system is that? Whose priorities are those?

Education—we all understand the value of education. This is more than spending. This is an investment. Our future is what our kids will be and what our kids allow America to become. So when we invest in education we invest in America's future. When we decide there are things more important than education, such as tax cuts for wealthy Americans, we shortchange our country's future. Yet we are told there is not enough money to fully fund veterans health care. There is not enough money to fully fund education.

Law enforcement: we know the scourge of methamphetamine addiction and production in rural areas of the country. This budget cuts Byrne grants, and the other programs that are so important for local law enforcement officials to wage this battle and make this fight. But we are told in this budget resolution we don't have enough money for that.

And family farming—these are America's economic all-stars. They are the ones who get up in the morning under that yard light that was lit all night long over that farm family. They say: We are going to work today to try to grow some food, make that soil produce a crop and then sell that crop at the elevator to feed a hungry world.

We are told we now have to change the rules on the farm program. That which we promised farmers, for an ability to get over periods when we have lower prices or tough times, we have to revoke that promise.

So these are the priorities in this budget resolution. We can't afford health care for veterans, education, law enforcement, agriculture.

Let's look at what they can afford. They can afford tax cuts. For example, this budget resolution allows for the permanent repeal of the so-called death tax. There is no death tax. I don't know how you permanently repeal something that doesn't exist. My colleague, the former Senator Gramm, and I had this debate on the floor before he left. I said: God forbid you die, but when you do your wife will own everything you own. There will be no death tax. There is a 100-percent spousal exemption. So there is no death tax.

However, there is a tax on inherited wealth in this country. And the majority party is intent on relieving this burden on the largest estates in this country. We have, by the way, one-half of the world's billionaires living in our country. The major party is so intent on relieving the tax burden on those multibillion-dollar estates, they are willing to make that a higher priority than funding veterans health care or funding education or funding law enforcement or funding family farmers. Permanently repealing the estate tax is a higher priority for them than doing all these things.

They do have a problem with the death tax, as they call it. They have created a Byzantine system which begins to phase out the tax on inherited wealth until the year 2010. Then in 2011, this tax on inherited wealth, or estate tax, is fully restored. So in 2010 tax on inherited wealth is completely repealed. Then in 2011 it is restored. Of course, no one understands that. It is one of the goofiest things ever done in this Chamber, but nonetheless it was done. So now they say this budget resolution allows for the permanent repeal of the estate tax.

This resolution also allows for the extension of the lower tax rates on capital gains and dividends. This is an interesting issue as well. It is always a very popular subject around here, if you can reduce the tax on capital gains and other investment income. The President and the majority party would like to have no tax on capital gains. In fact, they would like to tax work and exempt all investment from tax.

Here is what Warren Buffet, the world's second richest man, said about that issue in an op-ed piece that was published in the Washington Post some while ago. He described it in terms of his receptionist working in his office. Mr. Buffet said that he, the world's second richest man, and his receptionist paid about the same tax rate of 30 percent. She pays that high a rate because she pays a payroll tax on all of her earnings. He is one of the wealthiest people in the world. He pays a mix of different taxes on his salary, capital gains and so on. They each end up paying about a 30 percent tax rate, the world's second richest man and the receptionist who works in his office.

If the majority party and the President had their way, and we had a tax system that taxes work and exempts dividends, Mr. Buffett said: At that point my receptionist will be paying a tax rate that is 10 times higher than my tax rate. Warren Buffett said: My tax rate will be 3 percent, and my receptionist's tax rate will be 30 percent. The world's second richest man will pay a 3-percent tax rate, and the receptionist in his office will pay a 30-percent tax rate.

It is almost everything that is wrong with the philosophy of what is in this budget. I have told my colleagues often about a line from an old song by Bob Wills and the Texas Playboys in the 1930s: The little bee sucks the blossom, and the big bee gets the honey. The little guy picks the cotton, and the big guy gets the money.

It is right in the middle of this budget resolution: unburden the big interests and burden the small interests. Give the big guy a break. Give the big guy a tax cut, and lay it on the shoulders of working Americans.

In addition to the budget cuts I have just described, there are other things that are omitted in this budget. For example, there is not sufficient money here for Iraq and Afghanistan. Despite the fact that Congress asked for that to be included, we now have before this Senate an $82 billion emergency request for Iraq and Afghanistan. We knew Iraq was going to cost money. We are spending about $5 billion a month for ongoing efforts in those two countries. I was here a year ago and said: Look, this should be part of the budget. Let's at least have some reasonable estimate of how much it will cost. Guess what they put in the budget last year. Zero. Zero. So now we have an $82 billion emergency request before the Senate.

In the budget for the next year, what did the President have included? Zero. No money. Is this a budget game? And this gets paid how? And the Committee mark includes just a token amount. Senator CONRAD talks about an amendment offered in the committee that says, maybe we ought to pay for this. If we are going to go to war, maybe not just the soldiers should sacrifice; maybe the American people should be behind them and pay for the costs of it.

No. God forbid in this Chamber we ask anyone to pay for it. In fact, we will not even put a realistic amount of money in the resolution, let alone ask anyone to pay for it. We will have some amendments dealing with that subject.

The President does ask in his budget and this proposal assumes some spending increases. For example, we need to build, they say, a new nuclear weapons earth-penetrating bunker buster. We did not have enough nuclear weapons? There are roughly 30,000 nuclear weapons in the world. We do not have enough, someone says. We need to build a new designer nuclear weapon to penetrate bunkers. We need a penetrating bunker buster nuclear weapon. What a foolish thing to be talking about. Our goal ought to be to stop the spread of nuclear weapons, not talking about building new nuclear weapons. Yet that is exactly what this budget does. We do not have enough money for veterans health care, but we have enough money to build new nuclear weapons, nuclear weapons we do not need with money we do not have.

Of course, there are other areas of spending. Sometimes you can see the broader picture by taking a look at some of the smaller issues. There is one baffling to me. The administration proposes, and this budget would fund, a doubling of the amount of money to broadcast television signals to Cuba in something called Television Marti. It is ours. We create television broadcasts and signals, and we send those signals to Cuba to tell the Cuban people what democracy and freedom are really like. Of course, they hear that every day on Miami radio stations but, nonetheless, we are telling the Cuban people with television signals how great it is in our country.

There is one problem with that. The Cuban people cannot see the signals. The signals are broadcast from 3 a.m. to 8 a.m., and Castro jams the signals. So we have something called Fat Albert, which is an aerostat balloon. At 20,000 feet on a big tether, it broadcasts television signals to Cuba that the Cubans cannot see, and we will spend $10 million to do that. And guess what. The President—and this budget—says that is not enough, let's double the funding. If the Cuban people cannot see the signals now, let's double the funding.

It is not as if this budget brings some Spartan approach to spending. There are some areas in the budget where we increase spending at the least opportune time, especially this. We might as well dig a hole and throw money in the hole and cover it up. Just throw money down a rathole. It does not make any sense at all, but they want to double the funding. Do you know why? Instead of using Fat Albert and an aerostat balloon that got away from them once and they had to chase it down into the Everglades, now they want to buy an $8 million airplane so they can broadcast signals that Castro will jam so the American people will feel better, somehow, for having sent signals to Cuba that the Cuban people cannot see. Double the funding. We cannot afford veterans health care, but, boy, there is no limit on what we want to do in building new nuclear weapons or building broadcast devices to the Cuban people that the Cuban people can never see.

When we talk about spending, maybe we ought to talk about some of the small things that represent the message about larger issues and ask the question: Why is it you want to spend so much money on all the wrong things?

My colleague, Senator CONRAD, talked this morning about the long term difficulty we have, and it is serious. I notice in the Newsweek Magazine this week ''The Incredible Shrinking Dollar'' is the cover story. And then inside, on page 38:

> . . . greenback's fall is stoking fears of a global crisis. Behind the slide, a world economy wildly out of balance.

It says that if you have been following closely, you know that the dollar has been declining steadily against many foreign currencies. From recent highs, reached in mid 2001 or early 2002, the dollar has dropped 38 percent against the Euro, 23 percent against the yen, and 25 percent against the Canadian dollar. And then it goes on to explain at great length what the prospect could be:

> Worst case scenario, foreign central banks and investors might lose confidence in their dollar holdings, rush to sell American stocks and bonds, consumer and business confidence would drop, and a recession in the United States and abroad might follow.

This is serious.

This year, just this year, we have a budget and a trade deficit that far exceed $1 trillion. Far exceed $1 trillion. The combined trade deficit is around $620 or $630 billion, but the merchandise trade deficit is even higher, and you add to that the budget deficit, we have a country that is seriously out of balance with respect to its fiscal policies and its trade policies. You cannot hide it. The rest of the world knows it.

It is not that the proposed resolution does not attempt to hide it. This budget, incidentally, on page 5 and 4, brings us a 5-year projection. Why? Why only 5 years? Do you know why? Because they want to tell us things are getting better when they know, and we know, if you go out 10 years, which is what we have always looked at before, in 10 years, this thing just blows out of sight—huge deficits, huge increases in Federal debt. The fact is, because they hide it and don't print it doesn't mean it doesn't exist. My colleague, Senator CONRAD, described at great length this morning the danger of that.

Let me talk about a couple of other issues. The Federal Reserve sits down in this concrete bunker downtown with about $11.1 billion in accrued surplus account.

Let me say that again. The Federal Reserve system now has $11.1 billion squirreled away in a rainy day fund, in case they might suffer a loss. It is pretty hard to see how the Federal agency that creates money is ever going to lose money, but they have squirreled away about $11 billion just in case they do. This Congress has an obligation to say to the Fed, enough of this. You don't need $11.1 billion squirreled away somewhere in the vault.

By the way, I won't go into Alan Greenspan at great length except to say he has been one of the great enablers for the current fiscal policy being so widely out of balance. He is the man who stood up in 2001 at the time many of us were cautioning—I know Senator CONRAD was on the Senate floor—saying you can't see 10 years when there was a prediction of 10 years of robust budget surpluses, and saying maybe we ought to be conservative. Maybe you can't see 10 years, but let us at least slow down a bit. The majority said no. President Bush said, no, we want big tax cuts right now locked in place for the long term. Mr. Greenspan, at that propitious moment, weighed in the only way he could. He said: My greatest concern is we are going to pay down the Federal debt too fast.

They need to change the air-vac system in his building. He says: My problem is I worry they are going to pay down the debt too fast. Maybe he ought to be asked now is that his problem? Because now from the largest surpluses in the history of this country we have record deficits and debt on a yearly basis. And I wonder what he is worried about at the moment. Last week he was the enabler, once again. He came back to Capitol Hill and seemed to say: I kind of like these privatized accounts in Social Security.

He didn't highlight the point, of course, that it is going to cost trillions of dollars of additional indebtedness.

I just come back to say that they have $11.1 billion squirreled away.

I say to my colleagues, Senator CONRAD and Senator GREGG, maybe we ought to take a look at that. I hope to do so by amendment.

Finally, I am going to offer an amendment during the deliberation on the budget that asks us to vote one more time on an issue that ought to be simple but one we can't seem to get passed through the Senate. Under current law, we tell U.S. companies if you close your American manufacturing plants, fire all the workers and move your production to China, Sri Lanka, or Bangladesh, we will give you a big tax cut.

I previously offered on the floor of the Senate an amendment that is very simple. It says if a company shuts down its American manufacturing plant and moves its manufacturing abroad and then sells those now foreign-made products back into America, you don't get what is called the deferral tax break. It is the most perverse tax break in our entire Tax Code.

If we can't take the first baby step to shut down the tax break that rewards companies for shipping U.S. jobs overseas, you can't do anything that is worthy in this Chamber, in my judgment. So we will vote on that amendment.

The last time we voted on it, 60 Senators said, no, we want to keep the tax break that companies get when they ship U.S. jobs overseas. We believe that is a worthy thing to do.

I wonder if now, nearly a year later, they still think it is a worthy thing to do.

I might observe that none of them in dark blue suits have been among the 2.7 million people who have lost their manufacturing jobs. No one in this Chamber has lost their job because of outsourcing. Maybe that is why there is not quite the urgency in this Chamber that there ought to be. If we can't take the first baby step to shut down this perverse tax break rewarding companies that ship American jobs overseas for the sole purpose of producing goods to be sent back into the American marketplace, then we ought to hang our heads.

I think the question for this Congress is, Where is leadership?

I have described previously as well the John Adams book written by McCullough in which John Adams would write back to Abigail as he was traveling representing our country in England and France. He would plaintively write to Abigail: Where will the leadership come from to help put this new country of ours together? Where would the leadership emerge? Who will be the leaders to put together this new country?

Then, in the next letter, he would plaintively say: There is only us to provide leadership. There is Thomas Jefferson, there is George Washington, there is Ben Franklin, there is Mason, and there is Madison. There is only us.

Every generation of Americans ask the same questions. Who will be the leaders to help steer this country toward a better future and toward expanded opportunities? Who will be those leaders?

I regret that this budget resolution provides no leadership at all on the issues critical to our future.

I admit that both sides now talk about the long-term problems we have. What is going on is unsustainable. Both sides have talked about that.

But the majority that controls the White House, controls the House and controls the Senate continues to try to hide the seriousness of that by bringing us budgets like this and then saying things are really looking up. Things are getting better. They are not.

I ask anyone who wishes to know to go to page 5 and line 11. That is all you need to know. You don't need to know 10 numbers, or 5 numbers—just 1. In the year 2010, we will have a Federal debt of $11.1 trillion. That is the only number you need to know. Is that number increasing or decreasing? It is increasing rapidly. You know the number, you know the direction, and then draw your own conclusion. Are we moving in the right direction, or do we need to make a U-turn? Are we really a people who have decided that our highest priority is to protect from taxation the assets of those who have made billions of dollars and who are now subject to an estate tax, a tax on inherited wealth? Is that a higher priority than helping veterans who need health care? Is that a higher priority than helping little kids who are entering our classroom doors, than all of the other things we are talking about? Do we really believe that?

That is exactly what this budget says.

This country will overcome this period. We will at some point have a fiscal policy that is thoughtful, in balance, and moving this country in the right direction. But it is not this fiscal policy.

My colleague, Senator CONRAD, is prone to use a lot of charts. I have kidded him saying he is the only Member of the Senate who finds charts erotic. But charts are very useful to describe what is happening.

I think the chart that he used earlier today which is so important is this chart. It shows the burden of indebtedness that the American people will have to assume, unless we change course. I admit changing course is not easy. But we don't have many choices left.

About 4 years ago, we put in place a fiscal policy that I did not vote. I thought it was the wrong approach because I worried that things would happen that we didn't anticipate; and they did—a recession, an attack on 9/11, a terrorist attack, a war in Afghanistan, and a war in Iraq. And sure enough, those budget surpluses turned to budget deficits. But that didn't seem to deter anybody on either side. They acted as if none of that happened, except to the extent they want to extract some mechanism to deal with it. They want to take it out of veterans, kids, and those kinds of priorities.

I think, again, when the question is asked by this generation of Americans, Where will the leadership come from, it is not from the White House at this point, and it is not from those who control the House and the Senate.

My hope is that in the coming days we have the opportunity to cast votes on these issues. We can consider a series of amendments, have debate, vote, and begin to turn some of this around and begin to see if we can't create an economy and create economic opportunity that will allow the rest of the world to look at this Congress and say they did something that finally recognized the dilemma we are in, and finally made a U-turn to move in the right direction.

My colleague, the Senator from New Hampshire, has said that raising taxes will not solve any problems. I don't know of anybody who is talking about raising a lot of taxes, but I am talking about choices. Deciding that protecting the wealthiest Americans from a tax on inherited wealth is more important than dealing with veterans who desperately need health care is a bad choice. I think it is a bad priority. It is not about raising taxes. We have every right to revisit tax cuts that were ill-advised.

I would like to have a longer debate, and I shall not do it now. But I would like to have a longer debate about the question of, Why do we decide work has less value than investment? Why is it that this majority decides they want to tax work and exempt investment? Is work less worthy? Why is it they want Warren Buffett to pay a tax that is one-tenth the tax paid by the receptionist in his outer office? That is by his account. He does not agree with them, by the way. He does not think they ought to do that. But that is exactly what they want to do.

It is about choices. It is about priorities. My hope is, at the end of the day, with amendments—I described a couple—we will be able to dramatically improve this budget document.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I assume the time is being allocated relative to speakers by the side for which they are speaking.

The PRESIDING OFFICER. The Senator is correct.

Mr. GREGG. Mr. President, I will briefly comment on a couple of things the Senator from North Dakota said. I agree with his view of the charts of the senior Senator from North Dakota—or maybe he is the junior Senator; actually, I think he is the senior Senator; I never figured it out because he took a year off and came back. But, in any event, I agree with his view of the charts and I want to identify myself with the Senator's thoughts on the Senator's charts.

Independent of that, the Senator got into quite a discussion about Radio Marti and how they wanted $8 million for a new plane and so on. We are going to hear about a lot of amendments brought up on the floor which are targeted on specific discretionary spending activity the Federal Government is pursuing. They have no relevance to what is happening here in this budget debate because the budget has no specific impact on programmatic activity on the discretionary side. All we do as a Budget Committee is send to the Appropriations Committee an upper-line number, in this case $843 billion, which becomes an enforceable number.

The Appropriations Committee then takes that number unilaterally, and I assure you with virtually no input from the Budget Committee, and divides that between the different subcommittees in what is known as a 302(b) allocation.

The President sends up his proposal, which again we are not signing on. This is not the President's budget. The President does not sign this budget. We as a Congress do this budget. It is a resolution of the Congress. We have used the President's budget as an outline off of which to develop some of our positions, but the President's budget, again, is a statement of where the President would go on these programs.

The final decision on these programs is going to be made by the committee of jurisdiction, which will be the authorizing committee and the subcommittees of the Appropriations Committee. All we do as a Budget Committee is say: You, Mr. Appropriations Committee, have this amount of money to spend. You can allocate it wherever you want amongst your different programmatic activities.

So for Members to come out here and offer a resolution to increase veterans funding or to increase funding for education or to increase funding for highways, all that does as an amendment is raise the amount of spending which we do. It goes over the cap. There is no obligation under such amendments for that money to be spent where the sponsors of the amendment allege they are going to spend it. Not at all. There is no way to tie the hands of the appropriators or the authorizers, and there should not be. That is their responsibility.

The point we make as a Budget Committee is that we give a top-line number, and then we expect, and we know, that the Appropriations Committee and, to some extent, the authorizing committees, within that number will make their decisions as to how best to spend the money. You will have a fight of priorities. And that is the way it should be.

But any amendment on this floor which says I am going to increase Radio Marti or I am going to increase veterans funding is actually an amendment which is simply saying I am going to increase general spending of the Federal Government. I am going to raise that top line. I am not going to live by that cap. That cap doesn't work for me. I want it to be higher. I want to spend more money. That is what that amendment says. And it does not say that money is going to go to that program which they allege they want to spend more money.

I think this is an important point to make. I intend to make it over and over because we are going to hear amendment after amendment which is specific to some program and in which there will be no impact on that program if it were to pass.

In the Budget Committee, there were offered about 13 different amendments by the other side of the aisle, totaling about—more than 13 amendments, but the amendments that spent money totaled up to about $229 billion. They would have raised the cap $229 billion. On the other side, they would have raised taxes by $240 billion or $250 billion. I lost track of how much money they were going to tax and spend. But not one of those amendments would have had the practical effect of actually moving money into the programmatic activity that they claimed it would have gone into. It would have simply freed up money to go above the cap, except in the rare instances where those amendments were targeted on reserve funds, in which case they are treated differently. But, again, they would end up raising the cap in all those reserve fund accounts.

So it is important to understand what we are dealing with here as a budget technically, which is that we are dealing with top-line numbers on the discretionary side and the specific numbers that we give to the different authorizing committees on the reconciliation side. The rest of it is a lot of good show and good press releases, but not a heck of a lot more.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, again, my colleague referred to what Democrats offered in the committee. To be clear, we offered amendments costing $217 billion. We offset that with revenue of $245 billion. But one amendment alone of ours cost $197 billion. What was it? It was to pay for the war. It was to pay for the war. Our friends' budget does not pay for the war. They make believe there are no costs. We do not think it is responsible, so we put the war cost in the budget, and we paid for it. That is fiscally responsible. That is exactly what a budget is supposed to be about.

The President sent up a budget with no war cost past September 30 and said it is hard to estimate. Of course it is hard to estimate. That is what a budget is about. There is no family in America which leaves out the utility bill because it is hard to estimate. There is no family in America which leaves out the food cost because it is hard to estimate.

They leave out things. It is no wonder we are in deep deficit and a massive increase in debt when they come with a budget and they leave things out.

My colleague says the mark has no assumptions concerning discretionary policy, that all he is providing to the Appropriations Committee is a budget authority total and an outlay total. It is true that the budget resolution does not dictate policy decisions to the Appropriations Committee. However, it is also true that there are policy assumptions embodied in the numbers. This is not just numbers on a page. That is not what a budget is about. There are assumptions about how you get to those numbers. And while it is true the Budget Committee cannot and does not dictate to the Appropriations Committee how they use the money allocated to them, it is true there are assumptions behind the budget.

As we look at the assumptions in this budget, we see a striking resemblance to those of the President's. Are we to assume it is a mere coincidence that the chairman's mark is nearly identical to the President's request? Did that just somehow happen but it is not connected to any policy recommendations? The President has made quite clear in his budget what he anticipates cutting and what he anticipates increasing. In the budget offered by our colleagues in the Senate, the numbers—the big numbers—are the same as the President's numbers.

Now, do they have the same assumptions or different assumptions? Look, I think we all know that they have carefully tracked the President's proposal. They have said that to us themselves. We also know that at the end of the day the Budget Committee says this is the amount of money available; that is it. When you get past that money, it is not going to be available.

The budget determines how much money is available for the Appropriations Committee to spend.

We don't dictate how they do it. We don't dictate how the Finance Committee raises the money. We tell them how much money to raise. We tell them how much money they have to spend. But these numbers didn't pop out of nowhere. They are based on assumptions of how much each of the committees would get for all of the purposes contained in their area of responsibility. We know this budget is tightly linked to the President's budget. In fact, the numbers of spending are the same. These amendments do send a clear signal on what the priorities are of the Congress.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I want to make one point. The Senator from North Dakota continues to return to the concept that this budget does not account for the war. It is important to note that this budget accounts for the war in the year of the budget. This budget is a 2006 budget. There is $50 billion of money put into a reserve fund for the purpose of paying for the war in the 2006 budget. The President's budget didn't do that, but this budget does.

In my opening statement I explained why we decided not to go to the 2007 number or the 2008 number, both of which are very difficult numbers to reach, because this war is hopefully going to be winding down by then and we can reduce the number significantly, and why we didn't put it in the base, which would have been a mistake, because we don't want to inflate the defense budget by an amount which should be a one-time item which is the need to fight the war.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me respond briefly by saying, I commend the Senator for putting $50 billion in his budget. I referred in my earlier remarks to the President's budget that had no money past September 30 of this year for the war. In the Senator's budget, it is true, he has put in $50 billion for the coming year. But that is well short of what the Congressional Budget Office tells us is going to be necessary. The amendment we offered on our side in committee was to fully fund the war obligations according to what the Congressional Budget Office has told us would be required.

Mr. President, I am happy to yield 20 minutes to my colleague, the Senator from Oregon, who is a valuable member of the Senate Budget Committee.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 20 minutes.

Mr. WYDEN. Mr. President, I thank the distinguished Senator from North Dakota.

I come to the floor this afternoon to talk about the way this budget deals with the fastest rising costs in America, and those are our medical bills. I am going to talk about two areas—Medicaid, and the question of prescription drug coverage under Medicare.

I want to start by saying that regrettably in this budget, health care is done wrong. It is set up in a way that we are going to regret, and we are going to regret greatly. I want to take a few minutes to talk about why this budget gets it wrong on the health care issue. Health care is so important because of the demographic changes with which we are faced.

First, with respect to the Medicaid program, the way I would describe this Medicaid budget is hurt the poor now, talk about reform later. I say this recognizing that I know that is not the intent of the distinguished Senator from New Hampshire. It is certainly not the intent of the Secretary of Health and Human Services, Mike Leavitt, who I know means well. But regrettably, that is what is going to happen under this Medicaid budget.

The distinguished Senator from New Hampshire, when he talks about Medicaid, constantly says: We are not cutting Medicaid. The Senator from New Hampshire is correct in saying he is not cutting Medicaid. But he is certainly going to hold down the rate of growth in the program. So the Senator from New Hampshire cuts the ability of State and local governments at a crucial time when they are getting more people enrolled because of the hardships in the economy and when there has been a failure to deal with the long-term care issue. These factors are driving up the cost of Medicaid. The Senator from New Hampshire is right that this is about the rate of growth. But this budget is going to cut the ability of local governments and States and poor people to pay for these medical costs at the very time when States are going to need the dollars in order to deal with the increases in enrollment and the fact that long-term care under Medicaid has not been dealt with.

In effect, what we are going to see is States and the poor get hit with a double whammy. States and the poor are going to have fewer dollars while at the same time States will not get relief from some of the bureaucratic water torture that is imposed on them.

My home State of Oregon is perhaps the leader in desiring to have innovative approaches in Medicaid. Sometimes I jokingly say: I am a Senator from ''Waiver'', because my State consistently wants to waive out of the one-size-fits-all approach that is so often taken in health care. Oregon has seen this kind of bureaucratic water torture in a lot of different ways as we have tried to deal with a tough economy and making changes in the Oregon Health Plan. We saw that very often when something innovative was done elsewhere, you couldn't even expedite approval to do that in Oregon or in other states. We see the bias against home and community-based services in Medicaid. I very much want to see the more flexible approach, the more innovative approach that lets the States be used as a laboratory for innovation in the health care area.

But make no mistake about it: Under this budget there are going to be fewer dollars for the kinds of reforms and innovations that are badly needed.

In effect, the real mistake in this budget with respect to Medicaid is it essentially says: Let's put the cuts in funds first before we go ahead with reform. I and others have no dispute at all with the distinguished Senator from New Hampshire and colleagues on the other side of the aisle about the need for reform in Medicaid. There is no question about the fact that innovative approaches used in the private sector have not yet found their way into the Medicaid program.

What the dispute is about is that we think it is going to be harder to get the reforms, harder to get the innovations if you cut off the dollars to the States and the localities right at the time they are having increases in enrollment, at the time that long-term care has not been dealt with, and certainly make it less likely that they will have the dollars they need to put in place the reforms.

Senator CORZINE and Senator ROCKEFELLER, others, and I will be, through the course of this week, seeking to improve this budget resolution as it relates to the Medicaid program, because regrettably a lot of poor people and a lot of States are going to get hurt now. The discussion about reform will come later. Under this particular budget, it is going to be hard to get in place some of the reforms that I and Governors around the country, on a bipartisan basis, believe are necessary.

The second area I would like to talk about as it relates to this budget is the question of Medicare and prescription drugs. Where we are headed now is the prospect that early in 2006, the Federal Government will be spending a ton of money on a prescription drug program and covering a very small number of people. That doesn't seem to me to be acceptable in this kind of belt-tightening climate and certainly is not acceptable with respect to the scarce use of Government resources. A group of Senators and I, on a bipartisan basis—Senators SNOWE, MCCAIN, FEINGOLD, and others—have been seeking unsuccessfully to do what the Senator from New Hampshire has said he wanted, which is to find real savings.

Here is what the Congressional Budget Office said. I see the Senator from New Hampshire here. I want to read to him the sentence specifically from the Congressional Budget Office letter of March 3, 2004.

Paraphrasing, the Congressional Budget Office said: Giving the Secretary an additional tool would put greater pressure on manufacturers and could produce additional savings.

In March 2004, the Congressional Budget Office found, with respect to single-source drugs, there was the opportunity to have leverage like the private sector has, and there would be some savings.

You are going to hear during the course of the week that there are no savings. I hope my colleagues will look at the letter dated March 3, 2004, from CBO that attests to the fact that they believe there is a potential for additional savings. Of course, this was the kind of concern that motivated Tommy Thompson, in his last days as Secretary of Health and Human Services, to say he wished he had the power and clout that the legislation I have authored with Senators SNOWE, MCCAIN, and others, would provide.

I believe that if we are going to adhere to the suggestion of the Senator from New Hampshire that we put a real focus on additional savings, we should not pass up the kind of opportunities that the private sector is using to generate savings, that Tommy Thompson said would be an invaluable tool for him, and the CBO said in March 2004 would provide the potential for additional savings.

I say to the Senator from New Hampshire that, with all of that evidence—the private sector, the Secretary, Congressional Budget Office, and just plain common sense—nobody would shop for medicine the way Medicare is about to shop for medicine. I have compared it to the fellow standing in Price Club buying toilet paper one roll at a time, not using bargaining power. Nobody in the private sector uses their shopping opportunities in that way, but that is where we are headed with respect to the Federal Government. That is what I would like to change.

Senator SNOWE and I and others will be on the Senate floor during the course of the week. I am very hopeful that my colleagues will listen carefully. At a minimum, I believe that giving this opportunity, particularly as it relates to what are called the fallback plans and if the private drug plans ask for help is important. For the life of me, I cannot figure out how this will do any harm. The Secretary would have the discretion to make the decision as to whether to use this power overall, but it certainly cannot do any harm to start the kind of smart shopping approach that goes on in the private sector every day. That is the way timber companies do it, that is the way auto companies do it. Everybody says: Look, if you are buying something and you are going to buy more of it, you ask the people for a discount for the additional purchases you are making. That is what Senator SNOWE, Senator MCCAIN, myself, and others are going to seek to do.

I also hope that as we discuss this in the course of the week, colleagues see that this will perhaps be the only vote in this Senate on the question of prescription drug cost containment through bargaining power. If the Senate Finance Committee, on which I serve, doesn't offer it as part of a piece of legislation coming through the Finance Committee, this could be the only opportunity for the Senate to go on record with respect to pharmaceutical cost containment. I say to my colleagues, when you go home and people ask you about the prices seniors are going to be paying for prescription drugs under Medicare—look at the prices they are paying right now—I would not want to have to explain why I was against having the kind of bargaining power you see in the private sector every single day. So when I come to the floor this week with Senator SNOWE and others, I hope colleagues will see—and maybe there are other ideas out there—that this will be the only opportunity perhaps this year to hold down the costs of prescription drugs before the program is to be implemented next year.

So when colleagues open the newspaper and see that the cost of the program has gone from $400 billion to $500 billion and to $700 billion—and I guess next we will hear about a trillion dollars—I hope they will remember that when they vote on the Snowe-Wyden legislation in the course of the week. This is legislation that Tommy Thompson said he wished he had, and CBO says it certainly has the potential to save for single-source drugs, and that goes on in the private sector all the time. The Secretary of Health and Human Services still will have substantial discretion under this legislation. So I hope colleagues will look at it.

I also make the point, in closing, that this is not just removing what has been called the noninterference language. This goes beyond the so-called noninterference language and says that the Secretary would have to respond when private plans say they need that additional tool, and for what are called fallback plans, where it is deemed that there is inadequate competition.

The question of health care is certainly going to be more important in the days and years ahead. It is going to be very important in the context of this budget because the proposal that deals with the Medicaid program is misguided. It cuts before it reforms. I believe that is going to hurt the poor and it is going to hurt the States.

The Senator from New Hampshire will say—and will say correctly—that it is really not a cut; there is still going to be growth. But the bottom line is that it takes dollars out of the States and local governments to serve the poor when there is a time of increased enrollment and difficulties in paying for long-term care coverage. That is why it is wrong. In addition to the Medicaid part of the budget, the budget does not address cost containment in Medicare prescription drugs. I am very sad we were unable in the committee—on partisan vote, we lost by 2 votes—to get some private sector bargaining power into the Medicare prescription drug program at a time when the costs continue to escalate. Senator SNOWE and I will be on the floor this week about this.

I urge my colleagues to, as they consider this vote, recognize that this, perhaps, will be the only opportunity in this session of the Senate to vote to contain the cost of the prescription drug program before it starts in 2006. I hope the Senate will heed the words of Secretary Thompson, who said in his last days in office he wished he had this power. Under our bipartisan legislation there is an opportunity to respond when the private sector believes it needs additional leverage. It is just common sense.

Unlike the concerns expressed earlier by the Senator from New Hampshire, who was concerned about additional spending, this is going to be about deficit reduction. This is going to be about saving money in one of the fastest growing parts of the Federal budget. It is about getting serious as we try to reign in the costs of health care that are escalating beyond those of any other in our society.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be equally divided.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GREGG. Mr. President, I yield 15 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 15 minutes.

Mr. KYL. Mr. President, I thank the Senator from New Hampshire. Let me begin by congratulating the Senator from New Hampshire, chairman of the Budget Committee, for the hard work he has put in, along with members of his committee, in crafting and getting a budget to the floor of the Senate and explaining in very clear and convincing terms not only the state of the economy right now but the basis for the budget that has been submitted. I compliment him for his hard work in that regard.

I am going to talk for a moment about the economic growth we have enjoyed in this country in the last couple of years and why I think that economic growth has occurred and, to some extent, discuss some of the ideas that have been propounded about increasing the tax rates that we had earlier reduced in the 2001 and 2003 tax cuts of President Bush, which sunset, and they will be increased unless we extend those tax cuts.

In the budget that the chairman of the Budget Committee has presented, there is assumed an amount of money for tax reduction that is reconciled, and among that would be a couple of years' worth of extension of the tax cuts that we passed with respect to capital gains rates and the rate for taxing dividends. In both cases, we reduced the amount of the tax to 15 percent. Both of those expire in the year 2008.

In addition, there are some other tax cuts that expire before then, and part of this budget assumes that those tax cuts will be extended through the life of this budget, which is 5 years or, in other words, through the end of the year 2010. The effect of that is to conform those tax rate cuts with the other tax rate cuts on marginal income taxes, for example, as well as the others that we extended last year so that they would all expire at the same time. We already have at that same time the estate tax being eliminated in the year 2010. So at least we would be sending a couple strong signals as a result of adopting this part of the budget that, No. 1, we believe in these tax cuts, and, No. 2, that we have no intention of letting them expire.

The reason for that is we all want to have in place Government policies that promote economic growth. We all know that the economy is neither created nor sustained by the Government. Sometimes the best we can do is get the Government out of the way and let the entrepreneurial spirit of the American people provide the kind of growth we have come to enjoy. We know a growing economy increases not only opportunities for Americans, provides better jobs, and improves our standard of living, but it also does something else. From a Government standpoint, it helps to bring in more revenue to the Treasury because the more robust the economy, the higher the taxes paid into the U.S. Government Treasury. So there are a lot of different reasons to have a robust economy, not the least of which is to bring in more revenue to the Treasury.

We have created almost 3 million jobs since May of 2003, not even quite 2 years ago, at the time these tax cuts of 2003 were enacted. The GDP growth for 2004 was 4.4 percent, and real aftertax income was up by over 11 percent since the end of 2000. Household wealth is at an all-time high. I just saw the statistics for my own State of Arizona. Unemployment is 4.1 percent, and for my hometown of Phoenix, it has to be a whole lot less than that.

The bottom line is that all over this country, we are enjoying great economic growth which has created opportunities for everyone. As I said, this comes from private economic activity, not the Government. It is the people of our country who undertake this activity. They either perform a service or they make something, and sometimes they lend and invest money as well, which helps the economy, because they hope to make money with their individual efforts.

We know if tax rates get too high, then people lose some of the incentive to work because the aftertax reward is worthless. In other words, when the tax rate says if you work any more than this, the Government is going to take an increasingly large percent of your money, you do not work more than that. And when people work less, productivity falls. That hurts economic growth and, ironically, it decreases tax revenues to the Federal Treasury.

If governments raise taxes in an attempt to make up this shortfall, the downward spiral is perpetuated because as you take more money out of the private sector, it has less money to generate the capital, the job creation, and the growth that we have come to expect, and, therefore, the economy does not do as well. If it does not do as well, you end up with less tax revenue coming to the Treasury.

So raising taxes may sound like a good idea in the short run, but in the long run it not only hurts revenues to the Treasury, it hurts the economy as a whole.

The best thing the Government can do is to support private economic activity by minimizing Government constraints on productivity. According to economists, keeping tax rates low on work, savings, and investment is what generates sustained economic growth.

I have had the opportunity to meet a very interesting Arizonian. He is the 2004 winner of the Nobel Prize in economics, Dr. Edward Prescott. He is from Arizona State University. He has studied the effect of high tax rates on a person's willingness to work and found, not surprisingly I think, that people do work less as tax rates on labor increase.

It is a classic study of how high marginal tax rates; that is the tax rate imposed on a person's next dollar earned, cause people to actually work less. When people work less, they are less productive. Less productivity translates into less tax revenues for the Government.

If we stop and think about this for a moment, if one wanted to increase taxes and bring in a lot of revenue, why they would set a tax rate of 100 percent. And what would happen if we had a tax rate of 100 percent on our income? Well, why work? All of it is going to be taken by the Government. The same thing is true if it is at 95 or 90 or 85 or 80.

Some of the European countries, in particular the Scandinavian countries, found this to be true. If taxes are raised too high, people simply will not work because they are giving all of their money to the government. It simply is not the case that more money is brought in by raising tax rates. This Nobel Prize winner found the exact opposite is true.

Similarly, savings and investment generate economic growth by giving businesses access to capital that they need to grow and invest in innovation and to create more good-paying jobs.

The reduced tax rate on dividends and capital gains that I mentioned before encourages private individuals to let business use their money to help expand the economic pie.

There is an interesting argument that it is consumer spending that drives economic growth, but the truth is that consumer spending alone, or even primarily, does not generate sustained economic growth because consumers buy what has already been made, while economic growth requires a provision of increasing amounts of goods and services.

Moreover, our society hardly has a problem with too little consumer spending. In fact, during the last recession consumer spending stayed very strong at the same time that investment had fallen off very sharply. When investment was encouraged by reducing the tax rates on dividends and capital gains, investment rebounded and so did the economy and job creation.

The economic downturn from which our economy has strongly rebounded now is responsible for about half of our Federal budget deficit. Most of the remainder is a result of the spending proclivities of the Congress.

When taxpayers—and that includes both businesses and individuals—earn less money as a result of a recession, they owe less money in taxes. So we can see the effect of the recession on Federal revenues. They went down. The economy lost more than 900,000 jobs from December 2000 to September 2001 and then lost almost another 900,000 jobs as a result of the September 11 terrorist attacks. So these attacks, combined with the collapse of investment following the tech bubble of the late 1990s, as well as the high profile corporate corruption scandals that ensued, triggered a recession and resulted in a precipitous drop in tax revenues which are now beginning to return to normal levels.

At the current level of taxation, the average level of revenue to the Treasury will be achieved by the year 2010, which is the year through which this current budget goes. There is no reason then to modify the tax rates by causing them to go up in order to bring in more revenue. By extending the 2001 and 2003 tax rate cuts through the year 2010, we will be producing the average amount of revenue that has existed ever since the end of World War II. So the suggestion that Congress repeal the 2001 and 2003 tax cuts in order to alleviate the deficit would be the economic equivalent of cutting off one's nose to spite one's face.

The economic activity encouraged by the tax cuts has pulled our economy out of the recession, and we should not get rid of these successful tax cuts to address an issue, namely the deficit, that is already being addressed very effectively by the budget submitted by the Budget Committee, which will reduce the deficit to 1.3 percent of GDP by 2010.

The final point I address is why we should not use what is called pay-go for policies that would end up hurting our economic growth by applying this so-called pay-go rule to the tax reductions called for in the budget. To understand why it makes no sense to pay for tax reductions in the same way that it makes sense to pay for spending increases, one has to look at how each affects the economy differently. Pay-go, or the requirement that one offset a theoretical loss of revenue on one hand with an increase in revenue on another to net out so that there is the same amount of money, pay-go for taxes is based on two false presumptions: first, that the money belongs to the Government and, second, that it must always be replaced and never reduced.

When we stop and think about it, that is a fairly ridiculous notion, that there is only one level of income to the Government that is appropriate forever and ever. The correct presumptions are that the money belongs to the people who earn it in the first place in the private sector; and secondly, that taxes must be justified by their cost to the economy, which must be growing in order to produce revenues. So it is not the cost to the Government revenues in the first instance that is important. It is the cost to the economy which is what produces those revenues that is important.

When Congress cuts taxes, it leaves the money in the private economy where it can be used most efficiently. It does not cost the Government anything to leave the money in the economy. In fact, as I discussed earlier, when Congress cuts tax rates, it restores some of the incentives for increased work and savings and investment in the economy. So tax cuts such as these not only expand the economic pie for everyone, but they can also bring additional revenue into the Treasury.

There are two recent examples that demonstrate this effect. Historical analysis of revenues to the Treasury from capital gains demonstrates that revenues to the Treasury increased when the tax rates are cut. There are three reasons that a reduction in the capital gains tax rate tends to increase tax revenues. First, the unlocking effect, which expands the tax base, because realizations increase in response to the lower tax rate. An investor might have been reluctant to sell stock or land or whatever it might be that had appreciated significantly in value because of the tax that would have to be paid at that time. When the tax rate is cut, the investors are then able to decide, hey, the tax rate is cut. I will not have to pay as much in taxes. I will go ahead and sell this stock or this piece of land and realize my gain and have to pay less on it. So it is the unlocking effect.

Secondly, more efficient decisions by investors. When tax rates are low and constant, fewer investors will avoid selling stocks purely for tax reasons, making their investment decisions much more efficient and sensible. This is related to the unlocking effect but also has to do with investors paying less attention to tax considerations in the first place, which is how we would like to have the Tax Code operate.

Finally, an increase in the value of existing assets. When capital gains taxes are lowered, the value of existing assets necessarily increases. Tax revenue rises as owners of stock pay taxes on the higher value of their assets when realized.

So for all three reasons, one can actually see there is an increase in revenue to the Treasury as a result of reducing the rate at which capital gains are taxed.

The recent progrowth tax cuts have actually increased revenues to the Treasury. This is because, as the economy grows, people in businesses have more income on which to pay more taxes, even if they are paying lower rates. How do we know this is true? In the second half of 2004, individual income tax revenue was up 10.5 percent compared to the same period in 2003. So the evidence is there.

Now, why should pay-go not apply to tax cuts but apply to Government spending? As I said, if Congress raises taxes to offset tax cuts, it basically cancels out the benefit of economic effects by not leaving on net any additional money in the private economy where it can be used to expand the economic pie. So if the whole point is to allow more money to stay in the private sector, the point is totally defeated.

The PRESIDING OFFICER. The Senator has used 15 minutes.

Mr. KYL. I ask for 2 additional minutes.

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

Mr. KYL. You totally defeat the point, if you have to replace the revenue by taking it out of the economy somewhere else, if you have to replace it in the Federal Treasury. So it makes no sense to put more money back in up here and then be required to take it out down here.

But the exact opposite is the case with respect to Government spending because it takes money out of the private economy, if you are going to finance that spending. Taking resources out of the private economy hurts economic growth because these resources could be used more efficiently by private actors than the Government. So if Congress raises marginal tax rates to finance the spending, it will hurt the economy even more by reducing beneficial incentives to work and save and invest. But with respect to spending, pay-go makes every bit of sense in the world. If Congress increases Government spending in one area and then pays for it by reducing Government spending in another area, Congress has not taken resources, net resources from the private economy, alleviating at least some of the negative economic effects of excess Government spending. And by not further adding to the deficit, Congress is acting more responsibly with taxpayer dollars that it does collect.

So the bottom line is that pay-go makes absolutely no sense with respect to tax cuts, the whole point of which is to leave more revenue in the private sector. It makes every bit of sense with respect to spending increases because there your whole point is to try to keep spending level. So if you increase it in one area, obviously you need to cut it by a like amount in another area, thus the so-called pay-go.

I hope these remarks help to make the point that we have a great and robust economy, and that we can sustain that growth by the sensible policies that are embodied in the budget that has been presented by the Budget Committee. I certainly encourage my colleagues, as this debate unfolds, to appreciate the arguments that we have made today and to support the budget that has been submitted.

The PRESIDING OFFICER. Who seeks time? The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself one-half-hour.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 30 minutes.

Mr. KENNEDY. Mr. President, Americans are a strong and generous people, but this is a weak and selfish budget. It gives more to those who already have the most and further deprives those who have the least. It gives the rich and powerful what they want while denying our families, our communities, our Nation what they need.

Our national budget should reflect the generosity of spirit and the commitment to fairness and opportunity that characterizes the American people. Instead, this budget lacks the courage of American convictions. It betrays our most fundamental beliefs as a nation. As religious leaders of many faiths wrote Congress, this budget turns its back on our Nation's oldest and most enduring values of compassion, justice, and honesty. It demands an unequal sacrifice and so is unworthy of who we are as children of God.

As Americans, we are known for our rugged individualism. We are stirred, even today, by the heroic images of pioneers pushing westward to build new lives for themselves and their families. But we are also good neighbors. The settlers traveled to the West in wagon trains because they knew that the survival of their families depended on strong communities working together for the common good. They lived by the Golden Rule, not only as a moral mandate but as a necessity. That is our American heritage, neighbor helping neighbor, all of us contributing to our communities and to our Nation to make us stronger.

But this budget turns its back on those values. It assumes that Americans are selfish, that they prefer more tax breaks for wealthy individuals than greater opportunity for everyone. It assumes that Americans are selfish, by cutting back on access to higher education and training instead of enhancing our strength and competitiveness so that more of our citizens can fulfill the American dream in the global economy. It assumes that Americans are selfish, by increasing investments in defense without also increasing our commitment to reducing child poverty in America. It assumes that Americans are selfish, by borrowing billions more each year from Social Security to cover President Bush's distorted priorities instead of paying back the trillions of dollars that the White House has already taken from Social Security to pay for its tax breaks for the wealthy and the corporations.

It assumes that Americans are selfish by providing $70 billion more in tax breaks, primarily benefitting the wealthiest taxpayers, while cutting billions from Medicaid that would go to provide health care for our poorest citizens. The tax cuts on dividend and capital gains income provided for in this budget will give billionaires an average annual tax break of over $35,000 while families with incomes under $50,000 will receive only $6 per year in tax savings. To assure continuing opportunity for our citizens, we must strengthen our commitment to education and health care. Without these commitments we weaken the American middle class, and the challenge of poverty will continue to grow.

In just the past 4 years, middle-class families have seen their health insurance premiums jump 59 percent, college tuition rising some 35 percent, housing going up some 33 percent, and gasoline up 22 percent.

At the same time, their jobs, the middle class jobs, are being shipped overseas and the new jobs created in today's economy make it harder and harder to provide for their families and plan for their future. The newer jobs provide lower wages, less health care, and fewer opportunities to save for a good retirement.

The answer to this challenge is not to lower our wages but to raise our skills. We must invest more in education and job training.

Just a week ago we had the debate on the floor of the United States Senate about increasing the minimum wage. We thank all of our colleagues on this side of the aisle for voting for it, and thank the handful of those on the other side voting for an increase in the minimum wage. Britain has now raised its minimum wage to $9.75 an hour, and it will be $10.29 an hour in the year 2006. It has seen a decline in unemployment, a steadying of its inflation rate, and has moved over a million children out of poverty.

Nonetheless, we refuse to give hardworking Americans an increase in their minimum wage at a time when those who have opposed our minimum wage are talking about more tax breaks for the wealthiest individuals in the dividend tax rate they are going to propose in this budget. A week hasn't even gone by since they said no to those interested in a raise in the minimum wage, and it is yes to those who are going to get a nice tax break.

When it comes to equipping our citizens for job opportunities for the future, this budget actually cuts back on our national commitment to education for the first time in a decade. The cuts in education over the next 5 years will total over $40 billion.

Look at this chart, ''The Proposed Education and Training Budget.'' ''Cumulative Cut of $40 Billion Over the Next 5 Years.''

The United States responded to the challenge of the Industrial Revolution by developing our high schools. Then came World War II, and what was our response? We had the GI bill. What the figures show is that every dollar that was invested in those veterans of the greatest generation was returned sevenfold into the Federal Treasury.

Then we were faced with the sputniks in 1957. What did we do, cut back on education? Cut back on training? Absolutely not. We went from about 2 cents out of our Federal dollar to 5 cents out of our Federal dollar. Now we are in a downward spiral in terms of supporting education over the period of the next 5 years. This is cumulative some $40 billion. We ought to be investing in our young people, providing them with continuing education and providing them with continuing skills. This budget cuts back on education and cuts back on the skills.

This chart reflects this budget that is before the Senate. They are advocating increased tax breaks for wealthy individuals, and this chart indicates where those tax breaks are going to come from.

I have shown in the past these budget cuts in a favorite proposal, No Child Left Behind. We will hear from the other side: We have increased it 20, 30, 40 percent over a period of years. But these are the number of children who are going to be left behind in the Bush budget that is before us at the present time. Don't ask those of us who are opposed to this budget, who think it doesn't reflect the best of our national priorities. Go and ask the head master at your local school. Go ask your school board. Go ask your teachers. Go visit the classrooms. Find the overcrowded classrooms. Ask your children if they are being challenged, whether they are getting the supplementary services? They will tell you they are not.

It is amazing. When we passed the No Child Left Behind, we thought included in that legislation was that at the end of 12 years every child in America was supposed to be proficient. That is in the legislation. Every child in America was supposed to be proficient. How are we going to have every child in America proficient when you are leaving out almost half them a year when we are supposed to have the No Child Left Behind?

When we passed Social Security, we didn't say we are going to leave out 20 or 30 percent; we said all seniors are going to be eligible. When we passed Medicare, we didn't say we are going to just do it for 80 percent or 70 percent; we said it is all Americans.

I liken this to if President Kennedy said we are going to go to the Moon and we went to the Moon and left the astronauts there. Included in going to the Moon was getting the astronauts back down. Not in the No Child Left Behind. We are leaving out all of these children. This budget continues it.

Again, money isn't the only answer in education, but it is a pretty clear reflection of what a Nation's priorities are. In this legislation, we are cutting back on student loans. Tiny increases to the Pell grants will mean college is still less affordable next year for 673,000 young Americans. Cuts are out there in the Gear-Up Program, in the TRIO Program, Upward Bound Programs—initiatives that will open up college doors for millions of young Americans—cuts in vocational education, cuts in adult education. Cuts in job training means that millions of our citizens will be unable to obtain the jobs they need to provide for their families and their communities.

Just look at what is happening now in America. This is the national average of what is happening in our schools across the country. Out of every 100 ninth graders, 68 of these 100 will graduate from high school. Out of every 100 ninth graders, 40 of them will enroll in college, and 27 will stay enrolled as a sophomore. Out of the 100 ninth graders, 18 will graduate on time. This is what is happening in the United States of America with K-12.

We don't say we have all the answers, but we have some. We know you have to have a well-trained teacher in the classroom. We know you have to have a small enough classroom so the teacher can teach the children. You know you have to have parental involvement. You know you have to be able to test children to find out why they are falling a little bit behind so you can get them supplementary services so they can catch up. We know what needs to be done. You have to give some of those limited English speaking students some additional help. You have to be sensitive to the needs of special needs children.

We know what needs to be done, but this is what is happening now in the United States of America. What does this budget do about it? Virtually nothing. It cuts back on further support. The Bingaman amendment addresses this issue and provides some help and relief in terms of the children.

We will come back to the issues on education, but I want to say another word about what this budget does with regard to Medicaid, which is a lifeline for 50 million poor women, children, elderly, and the disabled. In fact, a third of all newborns in America and their mothers rely on Medicaid for care.

The Republican Party and the Bush administration say they are for a culture of life, but this action makes that an empty claim. Cutting Medicaid is one of the most damaging actions to a culture of life any administration could take. This budget fails to reduce by a single person the 45 million Americans who are without health insurance today. The number is growing when it should be a high priority for Congress and the administration to ensure that no American goes without adequate health care.

I don't know about the rest of our colleagues, but when I travel around my State of Massachusetts, people say: What in the world are you doing in the Senate in terms of health care, coverage, and cost, and the cost of prescription drugs? When are you going to deal with it? You are taking care of the large corporate interests with your class action bill, and you have taken care of the credit card companies with the bankruptcy bill. Now you are considering a budget that is cutting back on the education and cutting back on the lifeline to many of the neediest people in our society and cutting back on Medicaid. It cuts back on children, it cuts back on the disabled, and it cuts back on the disabled who have been wounded, actually, in Iraq. They will depend upon the Medicaid Program because of their disability, and this program is being cut back. Still we see these reductions.

This budget freezes the fund for health research at the National Institutes of Health. We are in the period of a life science century with what we have seen in terms of mapping of the human genome, the sequencing of the gene, all of the possibilities that are out there at the present time, unlimited possibilities. If we saw the potential cure for Alzheimer's, we would empty two-thirds of the nursing home beds in my State of Massachusetts. We are at the brink of that. What does this budget do? It cuts back on those kinds of possibilities. It makes no sense whatsoever.

It cuts back on our commitment for disease prevention, for controlling the flu, the epidemics, minority health care, for children's hospitals. We are training the pediatricians—this budget cuts back in that support. It cuts back in rural hospitals, the training for nursing, and the bioterrorism preparedness.

We worked in the area of bioterror preparedness to get our homeland security—to be able to detect it. We need to get support for the public health services and contain it. That is where you need the hospitals and the teams to be able to do it. You have to build up that infrastructure in order to be able to retain it, and you have to be able to treat the people affected by it. What we have seen in this legislation is the reduction in terms of those extremely important elements in our battle to deal with bioterrorism.

I thank the budget chair and the ranking members for including a provision in this reserve fund for using information technology that may be very helpful to us in terms of getting a handle on the issue of health care and health care costs, and also for the work that was done with regard to the pension system which we are dealing with at the present time.

I believe this budget fails the basic test of fairness and equity for the American people. It certainly does with regard to the education programs in this country.

I want to add a word of strong support for the Bingaman amendment which we will be considering very shortly, particularly the aspects of the Bingaman amendment that relate to school dropouts.

Dropout prevention is such an incredibly important program. We have areas in the country where we have as high as 30 or 40 percent in dropouts. That program has effectively been eliminated. The champion for that dropout prevention program is the Senator from New Mexico. I admire his perseverance and his commitment. Where we have dropout prevention programs, it makes a great deal of difference in keeping children in school rather than having them drop out into a life that lacks meaning and purpose. He has made this effort not only in the dropout program but also in the Gear-Up and in the TRIO Program.

Let me mention very quickly what the Gear-Up Program really says.

About 82 or 83 percent of our children in Boston are participating in the Gear-Up Program, which takes a whole class of children of the cities, and ties them, in effect, to our schools and our universities and our colleges of higher learning. We bring the colleges and the students together by the classes to provide help and assistance to the class itself, so the class has a sense that it is moving along and moving along together. It has had an extremely important and significant result. It has had a very important impact and result on the children that are part of the whole class that is moving up, to think that there are other children or young people and students who are in colleges that will work with them, spend time, volunteer, work with them on whatever their particular needs are.

And it has had a dramatic impact on children in college who have benefited, who have a sense of what it means to get back to these students.

Nonetheless, we see those programs—the Gear-Up Program and the TRIO Program—heavily undermined. The Bingaman amendment provides extremely important help and assistance.

Finally, on the education. We passed last week, under the excellent direction of our friend and colleague Senator ENZI, the career and technical program Perkins legislation, which had such extraordinary support in providing skills to individuals. The graduates in my State, even though we have one of the highest unemployment rates of any of the industrial States, are in excess of 90 percent. It has been that way for a very significant period of time. Better than 90 percent are passing the general academic tests. These young people are getting good academic training and are acquiring skills which are necessary in the new economy.

What are we saying to them? After we have a vote in the Senate of 99 to 0—not a single vote in opposition—we are effectively undermining that program in a dramatic way. The Bingaman amendment addressed that.

Before this budget debate is completed, I intend to offer an amendment that puts this Nation on the road and on the pathway of eliminating child poverty in this Nation. Let me show where we are with child poverty. The United States has the highest child poverty rate in the industrial world at the present time. It has grown over the last 3 years to an absolutely unacceptable rate. Over the last 3 years, the number of children now in poverty has grown by 1.3 million. This is completely unacceptable for this Nation.

This chart shows one in five American children now live in poverty. It is particularly endemic in terms of the national average now at 18 percent; 30 percent Latino, 34 percent for African Americans.

The children are much more likely to live in poverty than adults or the elderly. Adults 18 to 61, 11 percent; seniors 65 and older, 10 percent; children 18 years and under is 18 percent. This is a matter of national urgency. It is a matter of national disgrace.

I intend to offer an amendment for a 1-percent surtax on the taxes being paid by millionaires to be designated to battle the problems of child poverty in this Nation, with the goal of cutting it in half in the next 10 years. We will have an opportunity to do that.

I thank Members on our side, the Senator from North Dakota and our colleagues, for raising many of the issues on health and education in the course of the discussion and debate. Hopefully, some of these amendments will be favorably considered. If a budget is to reflect a nation's priorities, this budget needs a great deal of strengthening. I look forward to the debate and, hopefully, to the acceptance of some of these amendments.

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

Mr. GREGG. Mr. President, I will briefly respond to a couple of points raised by two of the prior speakers, the Senator from Oregon and the Senator from Massachusetts, relative to the Medicaid issue. It is critical to understand this issue in the context of Medicaid spending generally and more importantly in the context of the type of reform being proposed here by the President and through the President's lead counsel and promoter on this, Governor Leavitt, the former Governor of Utah, now head of HHS.

One would think from listening to the other side, especially the Senator from Oregon and the Senator from Massachusetts, that we were creating a scorched-earth policy against all poor children in America by initiating some sort of Medicaid reform. The hyperbole is rather excessive and does not comport with the numbers or with the actual proposal.

This chart reflects the rate of growth of Medicaid over the next few years on an annualized basis. Today we spend $191 billion in Medicaid. Under the proposal being put forward, we will spend $256 billion on Medicaid in the year 2007. That compares with the projected rate of growth of Medicaid of $260 billion for Medicaid. In other words, over a 5-year period, the actual reduction in rate of growth will be almost negligible by the terms of what the Federal Government looks at relative to numbers. It is obviously a big number, but it is still not, compared to the overall number, a large number. In fact, it is about 1 percent in the reduction of the rate of growth. To cite the numbers again, over the next 5 years we will spend $1.12 trillion on Medicaid.

The President has suggested we try to find $14 billion, that we restrain that rate of growth by $14 billion, which means a 1-percent reduction in the rate of growth, which is hardly dramatic and certainly not scorched earth, to say the least.

Members can only accept that type of hyperbole if you are not willing to accept the facts of what has actually occurred. That rate of growth will therefore be a 39-percent rate of growth over this period of time compared with what would have been a 40-percent rate of growth had we not made this reduction in the rate of growth. Hardly dramatic in terms of the overall context of either the program or the Federal budget, but anyone would think it was devastating.

To make this type of an adjustment, are we going to have to impact programs for children? No. Are we going to have to impact programs for senior citizens who want to go in nursing homes and who are poor? No, we do not have to impact either of those. There are at least seven or eight elements of the Medicaid Program that, working with the Governors, we could change which would significantly improve the delivery of service and, at the same time, reduce the rate of growth of Medicaid to come up with these numbers.

Right at the top—everyone is familiar with it—is intergovernmental transfer taxes. Basically, what has happened for the last 12 years is that States have used Medicaid money through an intergovernmental transfer tax where they essentially spend money on the nursing home, they send Federal money to the nursing home, tax the nursing home, take the money from the nursing home, leave the nursing homes with a small percentage of what they were actually paid under the Federal program, take the balance off—sometimes 90 percent of it—put it into the general funds operation of the State and then run back to the nursing home another small percentage so that in the end the State government uses 80 or 90 percent of these funds for general operation accounts, for running the State government, but not for helping people who are on the Medicaid system. That is a game that has been played.

Every Governor knew 5 years ago this process was going to come to an end. And, in fact, there was a glidepath set up under the Clinton administration because the Clinton administration had about the same frustrations with this approach as the Bush administration did, a glidepath for basically weaning the States from this process of using Medicaid money for general operations accounts.

That glidepath was supposed to end about 2 years ago, maybe 3 years ago now. It did not. It has continued to bump along this process of taking money from Medicaid to fund general operations. This administration is suggesting we put an end to it. It may not be the approach the administration takes, but if it were to take that approach, that would be $5.5 billion potentially of the $14 billion number.

One of the other approaches which might be considered would be to limit the Medicaid pharmaceutical reimbursement to the average sales price plus some percent, say 6 percent. That is a reasonable approach, basically saying you cannot pay more for pharmaceuticals than the average price being paid out there plus some percentage. That would save $5.2 billion. So you already have over $10.2 billion worth of savings if you took those two. And you don't have to take those two because there are about six more.

You can close the loophole that permits managed care organizations to avoid Medicaid rules. That is about a $1.2 billion number. That is not going to hurt anybody out there other than the folks who have been gaming the system, again, the insurers in this case, through managed care systems.

You could permit States to require additional copays. That is also a reasonable approach, quite honestly, because there are a lot of folks out there who could afford additional copays. It would be up to the States to set that policy. That would save significant amounts, probably $2, $3 billion.

You could give States greater flexibility to allow them to use SCHIP to apply their benefit structure around. This issue of flexibility could actually, in this case, end up expanding coverage to many more kids while still probably saving the States money, depending on how the States manage this. That could be a significant savings.

There are literally, as I mentioned, 7, 8, maybe 10 different proposals out there which would get you the $14 billion without having any impact at all—any impact at all—on the number of kids covered by Medicaid or the number of people going into nursing homes, other than maybe expanding the numbers, because you have given Governors more flexibility with the dollars they will presently have. And most Governors will use it more efficiently and create more money.

One other issue I think Governors would like to address and could address is this whole situation of gaming the system. A lot of people are spending down. You can go on a Web site, especially in Florida, and you can see where they will tell you how to get rid of your assets so you can become a ward of the Federal Government and your assets are passed on to somebody else who happens to be a friend or family member, which is hardly fair to the rest of the taxpayers in this country who are then going to have to take care of you because you have decided to game the system with a spend-down proposal.

So the programmatic activity is clearly available. And how is this going to be approached? Well, essentially, we have suggested this $14 billion number. To put it in context, here is a chart that shows the $1.1 trillion that is going to be spent over the next 5 years. Here is the $14 billion. You can't see it on the chart because it is a very small line, but that number would be what we would ask the Finance Committee to reduce in the rate of growth of spending in the Federal Medicaid account. So they drop from 40 percent to 39 percent over the next 5 years.

To reach that number, how are they going to do it? I don't know how they are going to do it. But in meeting with Governors and in meeting with Governor Leavitt, it became very clear that there is, I believe, a willingness to develop a consensus as to how to approach this issue, and there is a genuine desire to do it. There is a genuine desire to accomplish this.

I suspect that before the Finance Committee marks up—and we actually put some flexibility on timing here relative to reconciliation so the Finance Committee will have time to work with the Governors—there will be a consensus position amongst many of the Governors, hopefully bipartisan—I suspect it might be bipartisan—as to how to set up this programmatic activity necessary to restrain the rate of growth in Medicaid and still deliver more services to more kids and more elderly who are moving into nursing homes. This will mean that although this bill states a number, it does not set the policy, but the policy will instead be set working in conjunction with the Governors, with Governor Leavitt leading the effort, and then working with the Finance Committee.

But why is the number so important? Why is it so important to have a reconciliation instruction rather than virtually saying to the Finance Committee, go ahead, you take care of this, you can do it on your own? Well, it is so important because without a number to drive the process, without a reconciliation instruction driving the process, nothing is going to happen. That is the nature of the beast. That is what happens. If we do not have some forcing mechanism, some catalyst to get everybody in a room together to say, well, we better do something because we have to act, nothing is going to happen.

Equally important, obviously, anything such as Medicaid reform is going to be very hard to get 60 votes on because there are a lot of folks around here who tend to be scared of their own shadow and don't want to vote on something that is going to put them in a position where they would actually have to make a reduction in the rate of growth of spending of anything, especially Medicaid. So it is critical to get to where we need to go. It will first be the catalyst which energizes the Governors coming together—they already are coming together, but it actually energizes an agreement, I believe. And it will give the Finance Committee the necessary guidance.

Why is this so important? Well, I return to the chart that is the essence of the argument around this debate of this budget, which is, what are we going to do about the outyear crises which we are facing as a nation? What are we going to do about the fact that our generation, when it retires, is going to have placed such a huge demand on our children that they simply are not going to be able to afford the decent lifestyle we have?

This chart puts it in stark terms. The Senator from North Dakota has a lot of charts that appear to be stark, but this is a truly stark chart because it makes it very clear that these three elements of the Federal Government—Medicaid, Medicare, and Social Security, the three retirement elements—will be unaffordable and will make the Federal Government inoperable within about 20 years from now unless we start to address it.

I wish Medicare were on the table. It is not. And maybe next year we can do that. But we are transitioning into a new Medicare system with the Part D drug program and people did not want to take on that issue right at this time. And I hope Social Security will be discussed at some point by the Senate and we will act on that. But that cannot be done by the budget because the budget does not have that authority.

That leaves us one more option, one place where we can actually make a conscientious effort to try to get something going in the area of addressing the outyear costs of this Nation, and that is Medicaid. That is why every time somebody comes to this floor and talks about how this Medicaid number is inappropriate and is going to have a dastardly effect on some poor and suffering population, I am going to rise and point out that is a lot of baloney, that the simple fact is the numbers point out just the opposite.

This is a very small restraint in the rate of growth of one of the three most critical programs we have in the area of entitlements. All the restraint which is proposed in this reconciliation instruction can be accomplished by addressing the provider groups and addressing better management of the system and addressing the fact that States have been gaming the system.

AMENDMENT NO. 142

Mr. President, I have a unanimous consent request. I send a technical amendment to the desk. This has been agreed to on both sides. I ask that the amendment be agreed to by unanimous consent.

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

The amendment (No. 142) was agreed to, as follows:

AMENDMENT NO. 142

(Purpose: To make technical corrections in the printing of S. Con. Res. 18)

On page 8, line 14, strike the amount $491,526,000,000 and insert $491,562,000,000. On page 30, line 17, strike the amount $70,154,000 and insert $70,154,000,000.

Mr. GREGG. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I believe I have some time left. Do I? I ask if I would be able to have 3 minutes. I don't think I used all my time. Perhaps I yielded it back.

The PRESIDING OFFICER. The Senator was originally allotted 30 minutes and had 7 minutes remaining.

Mr. KENNEDY. Mr. President, I ask to reclaim 3 minutes.

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

Mr. KENNEDY. Mr. President, I would ask my friend and colleague from North Dakota—we heard about how plush the Medicaid Program is and that there are no alternatives left. It is my understanding in this particular proposal there is a $70 billion tax cut. Am I correct, there is approximately $70 billion that will be included in this budget?

So there are questions of priorities, that there will be $70 billion in tax cuts at a time when we are listening to those talking about the pressures that are on the States in terms of Medicaid. I am wondering whether the Senator would agree with me that we have seen a loss of health insurance for 5 million American workers, a growth in poverty among children—nearly three quarters of a million more children fell into poverty between 2002 and 2003, and 4 million more Americans fell into poverty in the last four years, and the States are hard pressed. Would the Senator not agree with me that all of us are strongly against the kind of asset protection frauds that take place? That isn't what we are talking about here. My understanding of this is that there are going to be some real cuts for people and real benefits for people. I was interested in what the Senator from North Dakota felt about these priorities.

Mr. CONRAD. Mr. President, the Senator is correct on both counts. No. 1, there is $70 billion of tax cuts that are in this budget before us; that is, net tax cuts. Ironic, given the fact that we are running record budget deficits. Secondly, with respect to Medicaid, the two drivers that are very adversely affecting Medicaid are, No. 1, we have had millions of additional people come into the system, so the number of people who are dependent on Medicaid is growing dramatically. Of course, as the Senator well knows, medical inflation is running much higher than the underlying rate of inflation. That has put enormous pressure on the Medicaid program.

It is also fair to say it is undeniable that there are people who are engaged in spend-down schemes to reduce their assets so they qualify for Medicaid. That is also putting pressure on the overall circumstance we face. We have had, between 2000 and 2003, 8.4 million new enrollments in Medicaid. That is because, as the Senator so well knows, of the economic downturn. The recession meant millions of additional people were pushed onto the Medicaid rolls. That has put enormous pressure on spending.

We also have the hard reality, as I mentioned this morning, of the United States not being able to pay its bills. We face an incredible challenge going forward with respect to Medicare. In fact, the shortfall in Medicare is many times the shortfall in Social Security. I indicated this morning, the shortfall in Medicare is eight times the shortfall in Social Security.

I wanted to talk a little bit about the Social Security problem because we are going to be addressing that a lot. One of the things that gets too little attention is the underlying assumption about Social Security. The forecast for economic growth that is the basis for the concern about Social Security is a very low rate of economic growth over the next 75 years. They are projecting a rate of economic growth of about 1.8 to 1.9 percent. Economic growth over the previous 75 years was 3.4 percent.

One of the major components of economic growth is productivity growth. This chart shows the Social Security actuaries are assuming productivity growth at this red line. They are assuming productivity growth of 1.6 percent for the next 75 years. Yet in recent years, we have been getting much higher rates of productivity growth than their estimates. You can see in 2000 to 2004, the productivity growth has been in the range of 3.6 percent.

It is important for people to know that the underlying assumptions about a problem in Social Security assume quite pessimistic views of economic growth, and of course productivity growth is one of the central components of economic growth going forward. The actuaries are assuming over the next 75 years productivity growth of 1.6 percent, when in the most recent 4 years we have had productivity growth of more than double that amount.

Here is the problem we face with Social Security, and we face this problem with Medicare and, to an extent, we face it with Medicaid as well. This is the number of Social Security beneficiaries who are going to retire. Currently we are at about 40 million beneficiaries. As this chart shows, that number is going to grow dramatically to over 81 million by 2050. It is this demographic bulge that is putting enormous pressure on the Social Security Program, Medicare Program, the Medicaid Program, and what makes the overall budget circumstance utterly unsustainable.

Curiously enough, the President acknowledges we have a shortfall in Social Security of $3.7 trillion. But in his budget, the first thing he does is take another $2.5 trillion out of Social Security over the next 10 years. I want to be clear about this. The President says we have a shortfall in Social Security. He is right. The estimates are widely put at $3.7 trillion over the next 75 years. Again, that is based on a very pessimistic forecast of economic growth, much lower economic growth for the next 75 years than we have had over the previous 75 years.

The President's first move is to take all the money that is available to take out of Social Security over the next decade, $2.5 trillion worth, something he had promised not to do. So he is making the problem much worse.

In fact, when the President submitted his budget in 2002, he said:

> None of the Social Security surplus will be used to fund other spending initiatives or tax relief.

Now let's look at what he is doing. He is doing precisely the opposite. He is taking every penny of Social Security money that is available and using it to pay for other things. Over the next 10 years, from 2006 to 2015, here are the Social Security surpluses during that period. I use the word "surpluses" advisedly because it is really not surplus. It is a temporary surplus. There is more money coming in from the Social Security trust fund than is going out in each of these years for the next 10 years, $184 billion in 2006 income over and above outgo. That builds up by 2015 to a $300 billion surplus in Social Security. That is, we are getting more revenue than we are spending in benefits.

Under the President's budget and under the budget that has been submitted by our colleagues, every penny of this money is being used to pay for other things, every penny of it, instead of being used to prepay the liability or pay down the debt to better position us to meet the promise of Social Security. Instead, under the President's plan, he is taking all of it, $2.5 trillion, and using it to pay for other things.

When the President says there is a shortfall in Social Security of $3.7 trillion, again that is based on an assumption. The assumption is the economy is going to grow at about 1.8 or 1.9 percent every year for the next 75 years.

In the previous 75 years, the economy has grown at 3.4 percent. So this is a very pessimistic forecast. But using that forecast, the shortfall of Social Security over 75 years is $3.7 trillion. Over the same period, the cost of the President's tax cuts is much more—$11.6 trillion. So I hope that helps to put this in some perspective for those who are listening.

The President's answer is to, first of all, cut the benefits dramatically. He proposes moving from an indexing of the benefits from a so-called wage indexing to price indexing. The benefit reductions that flow from that decision are the following: Those retiring in 2022 would see a 10-percent reduction; in 2042, a 26-percent reduction; in 2075, almost a 50-percent reduction. So that is what happens to those folks.

Then there is another part of the President's proposal that deserves attention, and it has gotten virtually none. That is the offset provision. The way the offset provision works is quite unusual. Under the President's plan, if you set aside money for your private account—let's say you set aside, over 40 years, $1,000 a year. That account balance assumes a real rate of return of 3.7 percent. Real rate of return is rate of return plus inflation. The rate of return is 6.5 percent. The loan is compounded at a 5.8-percent nominal rate. To put it in plain English, say you put aside $1,000 a year and you get a 6.5-percent rate of return during that period. At the end of the period, you would have $92,000 in your account in today's dollars. But that is not yours free and clear under the President's plan, because they assume the Social Security trust fund loaned you that money. They want to get paid back and they want to get paid back with interest. So when you hear the President say that is your account, you got your name on it, nobody can take it away from you, that is true as far as it goes. But it leaves out a very important fact. The very important fact it leaves out is that you owe the money—underlying money, the thousand dollars a year plus interest—you owe it back. But you don't pay it back out of your individual account. You pay it back out of your other Social Security benefits. Under this scenario, where you have put aside $1,000 a year and you have gotten a 6.5-percent rate of return, you would owe back $1,000 plus the real rate of return of 3 percent, or roughly 5.8 percent, including inflation. So you would owe back $78,000—not out of your individual account, but out of your already reduced Social Security benefits.

I have never heard the President describe it this way, but I have gone over his plan in great detail with his people and that is how it works.

Let me give you another possibility, because you know this is assuming—the first chart here—a 6.5-percent rate of return. What if you don't get that good a rate? What if you get a lower rate than 6.5 percent on your investment? Under the President's plan, workers earning 5 percent must repay 120 percent of the value of their individual accounts. I know that sounds unbelievable, but that is the way it works, because they are making an assumption that the money that went into your individual account was loaned to you by the Social Security trust fund; they expect to be paid back and they expect to be paid back with interest. Whether you made money on your account or not, they are expecting you to be paying back the money that was theoretically loaned to you, plus interest. So in this case, let's assume you put $1,000 a year aside in your account, and that your account only got a 5-percent rate of return. At the end of the period, you would have $64,000 in your account, but you would owe back $78,000 because they are expecting that thousand dollars a year back, plus interest. They are expecting a real rate of return—3 percent plus inflation—roughly 5.8-percent rate of return on what you have to pay back.

Now, I want to go through this again because I don't think a lot of people understand that is how these private accounts work. I hope it is clear to people from looking at this, you could wind up owing back more than you have in your account. OK. Let's go over it one more time so that people have a chance to see how this works.

Under the President's plan, you are able to put aside $1,000 a year into your account. You are able to earn a return on that. In this example, over a 30-year period, if you set aside $1,000 a year and you have a 6.5-percent rate of return, you would have $92,000 in your account in today's dollars. But, remember, you have to pay back what was theoretically loaned to you from the Social Security trust fund. You have to pay back the $1,000 a year, plus interest. The interest that they are expecting to get back is 5.8 percent. So you owe back, under this example, $78,000 in today's dollars. Again, you don't pay it out of your individual account or your personal account; you owe it back out of your traditional Social Security benefits.

I am going to conclude on this example. I see the leader is here. I want to make sure we go to him next. He has a lot of other things to do.

In this example, let's say you only earned 5 percent a year for 30 years. Actually, this example is over 40 years. If you only earned 5 percent a year, you would have $64,000 in your account, but you would owe back $78,000—again, not out of your personal account, but out of your already reduced Social Security benefits. So I think it is very important for people to understand how this works.

The final point I will make is, at the very time the trust funds of Social Security and Medicare go cash negative, the cost of the President's tax cuts explodes. Remember, he is making these tax cuts permanent. The cost increases dramatically over time. What this chart shows is the green bars, which are the Social Security trust fund, running, as we described, surpluses now. The blue bar is the Medicare trust fund. When those go cash negative out here, at that time, the cost of the President's tax cuts explodes, driving us right over a cliff into huge deficit and debt.

This is a plan that does not add up. It does not make sense and it fundamentally threatens the economic security of the country.

I thank my colleagues and yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. FRIST. Mr. President, today, we begin a critical and important debate on the Federal budget. We will be on that debate over the course of the week. I know it will be a good debate and a spirited debate, as it has been over the course of the day. The budget blueprint we adopt in the Senate will guide all of our spending and tax legislation for the remainder of the first session of the 109th Congress. It is absolutely critical that we pass this resolution before we leave at the end of the week and that we stay on track to have a conference agreement with the House of Representatives following the Easter recess period.

I do want to begin by congratulating the chairman of the Senate Budget Committee, Senator GREGG, and his committee members for bringing forth before the entire Senate today this resolution. This is Senator GREGG's first budget resolution as chairman, and having been a member of the Budget Committee and working with Senators CONRAD, NICKLES, and DOMENICI in the past, I know what a difficult challenge, indeed a struggle, it can be to put together the budget. It is a hard task. It is a thankless task in many ways. But in record time the chairman has succeeded in reporting a budget to this body.

I also thank the ranking member, Senator CONRAD, and the Democratic members of the committee. While I know Senator CONRAD and his colleagues do not support the resolution as it is today, I thank him and members for cooperating and allowing this process to proceed so we can begin this important task and begin the debate, as I mentioned earlier, that will be spirited and will be important and substantive over the course of the day and the next several days.

We, as elected representatives of our respective States, do have a responsibility to our constituents, to the Members of our delegations and, indeed, to the country to govern. Governing requires budgeting, and budgeting is governing. Households and families across the country know when they sit down and do their own budgets that many times their wants go much further and much larger than what revenues and resources they might have. What will play out here over the course of this week, I believe, in our Federal budget is really no different than what individual families and households must do—many times seeing that our wants go much further than our resources.

The first President Bush captured this in his inaugural address when he noted:

> Our country's will is often greater than our wallet.

So, yes, budgeting requires tough decisions, difficult decisions, and many times unpopular decisions. Budgeting not only requires allocating those limited resources in ways that address the real threats we face today, but also the challenges we inevitably will face tomorrow. It requires allocating those resources on programs that are needed today and away from those unneeded, those unnecessary programs from the past. It is a matter of prioritizing.

Budgeting requires allocating the taxpayers' dollars in the most effective and the most efficient ways possible, while recognizing that not everything in the Federal Government today, in terms of the funding the Federal Government does today, has to be funded tomorrow. Budgeting does require making choices, it requires making tradeoffs, and it requires making sacrifices.

The budget resolution that Chairman GREGG's committee has brought before the Senate does set priorities and does make those difficult tradeoffs. The budget resolution before us today for some does not do enough, and for others it does too much. For some, it reduces the rate of Government spending too much, and for others it simply does not reduce it enough. For some, it reduces taxes too much; for others, it does not reduce taxes enough.

There are several things this budget does accomplish.

The budget, first and foremost, cuts the deficit in half within the next 5 years. The Federal deficit is projected to decline from nearly $400 billion this year to nearly $200 billion 5 years from now, from 3.2 percent of our economy to 1.3 percent over this 5-year period.

The budget resolution we debate does allocate resources to winning the war on terrorism, providing the necessary support for our military men and women overseas. It is an honest budget in that it accounts for the $82 billion war on terror supplemental for this year that we will be debating just after the next recess, and it sets aside $50 billion for next year to continue, if needed, funding for the war.

The budget resolution does make the difficult and hard decision to limit the growth of spending in other areas of the budget, and for that area of the budget annually appropriated for nondefense programs, this budget is tough, essentially freezing that area of the budget next year and beyond. By setting priorities and not funding unneeded and inefficient programs as identified in the administration's program assessment and rating tool, called PART, education, HIV/AIDS, highways, health research, and other high-priority programs could receive increased funding even within the overall restraint imposed.

This budget resolution for the first time in almost a decade also tackles that area of the budget known as entitlements. Entitlements will consume nearly $7.7 trillion over the next 5 years. Some will argue that by restraining entitlement spending $34 billion over the next 5 years, it does not do enough in this area of the budget that will, and I repeat, consume $7.7 trillion over this same period of time. What is in this budget amounts to about a 0.4-percent reduction. Others will say it does too much. It is a balance. It is a beginning in an area that has been too long neglected.

Finally, this budget resolution does make room for the extension of expiring tax provisions. It is projected that the Federal Government will collect over $12.5 trillion in taxes over the next 5 years. Extending tax provisions that promote a growing economy, reducing taxes by $70 billion—and that is about 0.5 percent of the total collected over the next 5 years—is a small investment for maintaining and continuing our growing economy.

Let me be clear about one other thing. For those who might be watching the debate this week, this is a congressional budget. Yes, it reflects the principles outlined by President Bush in his executive budget submitted to Congress a little over a month ago, but what we will be debating this week is the congressional budget resolution, not the executive budget. It is ours, it is this body's to mold and adjust as we reflect on our responsibilities to govern and to make those what we know will be difficult tradeoffs.

It is also the beginning of the congressional budget process. It is not the end. We will not be appropriating moneys in this resolution for specific programs, but we will be saying how much of our resources should be devoted to annually appropriated programs.

We will not be dictating specific policies to reduce entitlement spending, such as Medicaid, farm programs, or student loans, but we will be saying that it is time for Congress to lessen the overall growth of these programs that threaten our fiscal future.

We will not be writing the tax bill this week in this resolution, but we will be saying to the tax-writing committees: You have the authority to extend expiring tax provisions or make other changes in tax laws to continue to support economic growth in the future.

The budget resolution is a broad outline of what this Congress thinks should be the level of spending, the level of revenues, and the level of deficits or surpluses over the next 5 years. It is not substantive law, but once adopted it will guide substantive law for the remainder of this session. Once adopted, it will become the blueprint upon which our fiscal house is built throughout the spring and summer.

In closing, over the 30 years that the Congressional Budget and Impoundment Control Act has been in existence, Congress has failed only three times to agree to a budget resolution. Only once in that 30-year history did the Senate not even consider a budget resolution. Unfortunately, two of those three times that we failed to adopt a budget resolution have been in the last 4 years—in 2001 and then again last year. Once it happened under Democratic control, and once it happened under Republican control. Yes, we patched together in those years ways to have some fiscal guidelines on the appropriations process, but other critically important, other vital elements of the congressional budget process were simply lost. They were unavailable.

This budget resolution will restore those needed enforcement provisions. Agreeing to a budget is becoming a more challenging event every year. But I ask, are the issues that we confront at home and around the world today so much more challenging than they were when President Carter faced a daunting energy crisis at home? Or when President Reagan confronted the Soviet Union and won the Cold War? Or when President Bush faced a brutal dictator invading the neighbor Kuwait? Or when President Clinton observed in late 1998 that we then had a historic opportunity to save Social Security for the 21st century?

In all those years, we confronted major challenges, but we still worked within the framework of a budget. It is our responsibility to govern. It is our responsibility to produce a budget. It is our responsibility to move America forward. I do not expect that this year will be any easier than in the recent past, but I am confident that for the sake of this institution and the congressional budget process, we will do the most basic of our responsibilities this year—produce a budget.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I will take a couple of brief minutes to respond to the leader and indicate that the problem I see is the words continue to be good, but the words are almost totally divorced from the reality of this budget. The longer I am here, the more stunned I am at what a gap there is between rhetoric and reality.

The rhetoric is all about fiscal responsibility and restraint, but that is not what this budget does. That has almost no connection to this budget.

What am I talking about? I am talking about going back and looking at what this budget is doing and adding back the costs it has omitted. The majority leader talked about the $80 billion of the supplemental it has for the war. Yes, it does. Unlike the President, he has no money for the war past September 30. At least this budget has $50 billion in a reserve fund for the war, but nothing beyond that.

The Congressional Budget Office says that is not the cost of the war. The cost of the war is over $380 billion, not $130 billion. There is a $250 billion difference. Well, if we put that back in and we put back in the alternative minimum tax that costs $700 billion to fix, there is not a dime in this budget to do it. We all know it is going to have to be done. Three million people were affected last year. Ten years from now it is going to be 40 million people. Does anybody believe we are not going to do anything?

Last year, the President at least said, here is the money for 1 year. Now he has nothing. This budget from our colleagues has nothing. The $700 billion is left out. I said to the President's people when they showed me this budget, why did you not leave out some more things and claim you balanced the budget?

They said they are going to cut the deficit in half. They are going to cut the deficit in half by imagining. They are going to cut the deficit in half by leaving things out. When we put back the Social Security money that they are taking, $2.5 trillion that they do not count, here is what one sees: Operating deficits every year approaching $600 billion.

Somebody out there may be saying, well, that is Senator CONRAD. He is from the other side. He is the loyal opposition. He is giving his view of it.

No, it is not just my view of it, this is their own budget document. Looking at their own budget document, this is what it shows. This is their projection of what the debt will increase by every year of this budget. This is a copy of their budget document, page 5. Here is what it shows. This is their estimate of how much the debt is going to increase every year if their budget is adopted.

Remember what the words were that we just heard. He said the deficit is going to get cut in half over the next 5 years. Is that not what he said? Did he not say he is going to cut the deficit in half over the next 5 years?

Well, here is what their budget document says is going to happen. They say the debt is going to increase in 2006 by $636 billion. This year, they say it is going to increase by $669 billion, then $636 billion, then $624 billion, then $622 billion, $611 billion. Does one see it getting cut in half? Where is it getting cut in half?

They are talking about a deficit projection that leaves out things. When the things are put back that are left out, the amount that is getting added to the debt every year is not getting cut in half. It is hardly being cut at all. This is their budget document.

In this town, words seem to matter more than reality. If the deficit is going down, how can it be the debt is going up so fast? Could it be something is being left out?

Here is what has happened to the debt: $3.3 trillion in 2001, headed for $9.4 trillion in 2015. This debt is going up like a scalded cat. And that is the publicly held debt. Here is the gross debt: $5.8 trillion in 2001. We are headed for $15.8 trillion in 2015, all at the worst possible time, right before the baby boomers retire.

They can put any characterization they want on this budget. They can use any words they want. They can talk about fiscal restraint and getting serious about the deficit. The numbers do not lie. The numbers in their own budget show the debt going up $600 billion a year every year of this budget. Those are their numbers. So when they say they are cutting the deficit in half and they are being fiscally responsible, it is all words, but it is totally detached from the reality of this document, and it is totally detached from the reality of this budget because their own numbers show—and I will go back to it. This is their document out of their budget. They say the debt is going to go up $669 billion, and then the next year it is going to go up $636 billion, and then the next year it is going to go up $624 billion, and then the next year $622 billion, and the next year $611 billion. Where is the deficit getting cut in half?

These are not my numbers. These are their numbers in their budget document. None of this adds up. Running massive budget deficits, running massive trade deficits, $600 billion a year of trade deficits, we are borrowing money all over the world.

Foreign borrowing by this President has gone up 92 percent. We had a trillion dollars of foreign holdings of our debt in the first 200 years of this country. Under this President, in 4 years it has gone up almost 100 percent. As a result, we owe Japan over $700 billion. We owe China almost $200 billion. We even owe South Korea $69 billion. So what? What difference does it make? The difference it makes we have seen twice in the last 2 months. We saw South Korea announce they were going to diversify out of dollar-denominated securities. The stock market went down 170 points in a day. The dollar went down sharply. Then, just a week ago, the head of Japan said they are going to diversify out of dollar-denominated securities. The dollar took another big hit. The dollar is down 33 percent against the Euro in the last 2.5 years. Is anybody watching? Is anybody paying attention? Does anybody care? Does anybody understand the consequences of the risks that are being run here, of massive deficits, of massive debt, of massive borrowing from countries all around the world that makes us more and more vulnerable to decisions they make in their central banks, and the warning signs?

First South Korea says: Boy, I don't know about holding all these dollars. These dollars keep going down in value. Why should we hold onto them? Maybe we should get into some other currency.

The head of Japan says: Boy, this is risky business. I don't know if we should keep doing this.

Warren Buffett, one of the most successful investors in the world, says he is betting against the dollar in 2005. Last year, he made a $300 million bet against the U.S. currency, and he made a lot of money on that bet. This is risky business.

I indicated the last few weeks I talked with somebody who, last year, had been at the annual meeting of one of the most wealthy families in America. They told him they are getting ready to diversify out of dollar-denominated securities because of these massive deficits that are being run and the risks of a run on the dollar. This budget just continues that risky strategy.

I see the Senator from New Mexico is here. I yield 20 minutes off the resolution to the Senator from New Mexico.

AMENDMENT NO. 143

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator from New Mexico.

Mr. BINGAMAN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN] for himself, Mr. KENNEDY, Mrs. CLINTON, Mr. DODD, Mr. AKAKA, Mr. SARBANES, Mr. LAUTENBERG, Mr. LIEBERMAN, Mrs. MURRAY, Mr. LEVIN, Mr. HARKIN, and Mr. OBAMA, proposes an amendment numbered 143.

Mr. BINGAMAN. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To restore funding for education programs that are cut and reduce debt by closing corporate tax loopholes)

On page 3, line 10, increase the amount by $400,000,000.

On page 3, line 11, increase the amount by $6,420,000,000.

On page 3, line 12, increase the amount by $2,052,000,000.

On page 3, line 13, increase the amount by $628,000,000.

On page 3, line 19, increase the amount by $400,000,000.

On page 3, line 20, increase the amount by $6,420,000,000.

On page 3, line 21, increase the amount by $2,052,000,000.

On page 4, line 1, increase the amount by $628,000,000.

On page 4, line 7, increase the amount by $4,750,000,000.

On page 4, line 16, increase the amount by $200,000,000.

On page 4, line 17, increase the amount by $3,210,000,000.

On page 4, line 18, increase the amount by $1,026,000,000.

On page 4, line 19, increase the amount by $314,000,000.

On page 4, line 24, increase the amount by $200,000,000.

On page 4, line 25, increase the amount by $3,210,000,000.

On page 5, line 1, increase the amount by $1,026,000,000.

On page 5, line 2, increase the amount by $314,000,000.

On page 5, line 7, decrease the amount by $200,000,000.

On page 5, line 8, decrease the amount by $3,410,000,000.

On page 5, line 9, decrease the amount by $4,436,000,000.

On page 5, line 10, decrease the amount by $4,750,000,000.

On page 5, line 11, decrease the amount by $4,750,000,000.

On page 5, line 15, decrease the amount by $200,000,000.

On page 5, line 16, decrease the amount by $3,410,000,000.

On page 5, line 17, decrease the amount by $4,436,000,000.

On page 5, line 18, decrease the amount by $4,750,000,000.

On page 5, line 19, decrease the amount by $4,750,000,000.

On page 17, line 16, increase the amount by $4,750,000,000.

On page 17, line 17, increase the amount by $200,000,000.

On page 17, line 21, increase the amount by $3,210,000,000.

On page 17, line 25, increase the amount by $1,026,000,000.

On page 18, line 4, increase the amount by $314,000,000.

On page 30, line 16, decrease the amount by $400,000,000.

On page 30, line 17, decrease the amount by $9,500,000,000.

On page 48, line 6, increase the amount by $4,750,000,000.

On page 48, line 7, increase the amount by $200,000,000.

Mr. BINGAMAN. Madam President, the amendment I have sent to the desk relates to the level of funding in this budget for education. It proposes to restore the funding level to the level we are currently operating under here in 2005, so that in 2006 we would have as much Federal funding going out for education as we had in 2005. We would not have any more. We would not have enough to account for additional inflation. We would not have enough to account for additional students, children coming into the school system. But we would have the same amount if my amendment is adopted.

The budget resolution before us embraces and adopts the worst education budget the country has seen for well over 10 years. Writing budgets is about setting priorities. Anyone who reads this budget must conclude that education is not a priority for this Congress or for anyone who supports this budget. Simply put, the budget proposal before us does not provide sufficient funding to sustain current funding levels in many education programs. In title I, in IDEA, it provides no significant increases in funding. There is really no funding provided for the new initiatives which had been talked about by the administration. The resolution adopts the President's budget and, by implication, it endorses the cuts the President has called for.

The budget would eliminate 48 educational programs and would drastically cut funding for several other programs. My amendment, as I said before, would merely restore the $4.8 billion in funding for these programs. It also provides for deficit reduction as part of the same amendment.

In December of 2001, there were 87 of us here in the Senate who voted in support of No Child Left Behind. I was one of those. We recognized there was an unacceptable achievement gap in this country between low-income students and more affluent students, or students of more affluent families. So, with broad bipartisan support, we decided to hold schools accountable for the academic achievement of all students, but we did so with the recognition that the Federal Government was obligated to support these reforms and to implement them wisely. On a bipartisan basis we calculated what it would cost for States and schools to implement the law, and we authorized the programs accordingly.

The administration assured many of us that it would support these commitments of funding. Three years later, however, we find the programs authorized under No Child Left Behind underfunded by about $12 billion this year alone. Since enactment, we have actually seen a cumulative shortfall of almost $27 billion. That is reflected on this chart, starting in fiscal year 2002 and 2003, 2004, 2005. The first year, the shortfall was $4.22 billion; the next year, $5.38 billion; the next year, $7.55 billion. These are not added together on this chart. These are the shortfalls for each year. But the cumulative shortfall in No Child Left Behind programs, when you include this budget that has come before us now, would approximate $39 billion.

I do not believe there is a Member in the Senate who has not heard about the challenges their States and their school districts face in attempting to implement the No Child Left Behind legislation. Yet the resolution fails to provide adequate funding to help the States and to help our school districts implement the law. It provides minimal increases for title I grants to States which serve the country's most impoverished schools; minimal increases for IDEA. To make matters worse, because there are no increases in overall funding, these inadequate increases are paid for by proposals to eliminate and slash other critical education programs.

Since the passage of No Child Left Behind, we found that the number of schools failing to meet adequate yearly progress—and that is the key phrase in the legislation: AYP, adequate yearly progress—the number of schools failing to meet adequate yearly progress for 2 or more years has nearly doubled. It is nearly 11,000 schools nationwide. These schools are facing sanctions under No Child Left Behind.

What we mean by sanctions is that they will be required to expend an amount equal to as much as 20 percent of their title I grant to provide school choice and supplemental services; that is, transportation to other schools and supplemental services. These schools require resources. They will require technical assistance and expertise and effective strategies if they are actually going to improve. Many of these schools will not find the resources they need to turn themselves around.

Further, No Child Left Behind requires that all core academic teachers be ''highly qualified'' by the end of the 2005–2006 school year. That is this next school year. Our schools are gearing up to try to meet that requirement. Yet, astonishingly, this budget fails to provide any increases in title 2 for teacher and principal training and recruitment. In fact, it eliminates or slashes a number of teacher preparation programs. At a time when educators around the country are fighting to meet the challenges of No Child Left Behind, rather than providing them with the necessary resources, this budget actually cuts the ground out from under them. The committee may actually undermine their best efforts to improve student achievement and teacher quality and to meet our goal of closing the achievement gap.

Moreover, I am afraid the budget resolution can be seen as something of a shell game. The resolution set a nearly identical level of discretionary spending as is in the President's budget. There is just one exception: the President's budget sets a very clear policy decision and identifies where the severe cuts are to occur. This resolution adopts the President's budget, but it obfuscates policy decisions by failing to provide budget assumptions.

The level of funding in the budget resolution is nearly identical to the President's. It is insufficient to meet the needs of current spending and meet the need of the President's priorities, and it fails to say where the cuts will actually occur.

The resolution endorses the President's budget but hides the truth about from where those cuts will come. Since it endorses the President's budget, the only thing we can assume is that it endorses the President's priorities as well as his cuts.

These are the programs the budget eliminates. Let me show chart 2, which is a list of educational programs the President has recommended we eliminate. There are 48. I know it is impossible to read from any distance, but I will have a chance in the rest of my remarks to point out that many of these programs are meritorious and deserve our continued support.

The shell game nature of what is going on here is most evident in the context of high school reform. The

President proposes a $1.5 billion high school reform initiative. Who could not support that? It sounds like a great idea, but, unfortunately, it is paid for by eliminating a number of critical high school programs, including Perkins Vocational Education.

Just last week, here in the Senate we voted 99 to 0 in favor of reauthorizing the Perkins Vocational Education Act. Through the leadership of the chair and ranking member of the HELP Committee, we crafted a strong career and technical educational program in a bipartisan manner, and we did so despite the President's call to eliminate the Perkins program entirely. Clearly, 99 of our colleagues recognized that career and technical education is an important part of strengthening our high schools. This budget, however, does not provide sufficient funds for both the Perkins program, which we all endorsed last week, and the high school reform initiative that the President indicated he supports. Ninety-nine members voted in support of Perkins, but obviously that support is not real if we do not support it with funding. The budget resolution does not do that.

The chair of the Budget Committee cosponsored the Perkins legislation, spoke on the floor in support of the program, but the budget resolution would eliminate the program. In the budget that was sent to the Congress, the President proposed a new $1.5 billion high school reform initiative. Most of us agree that we need to do more at the high school level.

Forty percent of our high school graduates are not ready for the demands of college or the competitive workforce. Clearly, I support what the President has recommended by way of increases to advance placement and math and science partnerships and reading programs. But the President would pay for these increases by eliminating or slashing other high school programs—the vocational education program that I just mentioned, the Smaller Learning Communities Program, the TRIO Program, the GEAR UP Program. Obviously, the President is entitled to believe that those programs I just listed do not work, although the evidence, in my view, proves otherwise. I believe most Members of the Senate believe otherwise. We need to be clear to the American public, though, that this resolution does not provide support for these critical programs.

I believe we all want to strengthen our high schools, and there are effective ways to do so. It is noted on the Department of Education's Web site, which anyone can log on to.

When the size of the learning community and the learning environment is reduced, and closer student-teacher relationships are provided, the benefits for student learning become apparent very quickly. Students learn better in smaller learning communities. They experience a greater sense of belonging to their school. They have fewer discipline problems. Crime and violence, gang, and alcohol and tobacco abuse decline. This budget, however, eliminates the $95 million that we have in current funding for smaller learning communities.

The TRIO and the GEAR UP programs have helped millions of underrepresented student populations prepare for and succeed in college.

To understand the breadth and success of these programs, it is worth noting that TRIO serves more than 55,000 students in Texas, 25,000 students in Pennsylvania, 6,000 students in Maine, and 9,000 students in Montana. Nevertheless, the budget would eliminate the program.

GEAR UP, which currently serves more than 1 million students nationwide, has been extremely effective in preparing low-income students for postsecondary education, as well as improving the academic achievement of the students who participate in this program in high school. I know how effective the program has been in my State of New Mexico. ENLACE, a GEAR UP program in our State, has been very successful in helping Hispanic students to develop leadership skills, prepare for college, and advocate for their own education. This budget would eliminate funding for more than 4,000 students who participate in the program in Virginia and 7,000 students in Rhode Island.

With regard to graduation rates, this country is facing a crisis. The best estimate we have is that only 68 percent of our Nation's high school students actually graduate with a high school diploma in the time allotted for high school completion. The number is significantly worse if the student happens to be African American or Hispanic or Native American.

I am pleased to hear the administration talking about increasing graduation rates. The low graduation rate of our students is a national disgrace. We recognized this problem in the No Child Left Behind Act, and we required States and schools to increase graduation rates as part of adequate yearly progress, or AYP. But we also recognized the challenges of mandating higher graduation rates without adequate resources, and we authorized $125 million for States and school districts to develop innovative dropout prevention programs. The President has proposed to eliminate that program.

With all due respect, we cannot talk about increasing graduation rates and at the same time propose to eliminate efforts that would help decrease dropouts.

This program received less than $5 million last year. The administration calls for its elimination because it is too small and too ineffective.

The argument is circular. If we funded the program anywhere near the level that it is authorized, then it would not be too small, and it would not be ineffective.

Members talk about stemming the tide of dropouts, but eliminating dropout prevention programs is not the way to do that.

We have real challenges. Too many of our students are leaving high school unprepared to meet the demands of college and a competitive workforce.

This budget eliminates critical and effective programs, such as comprehensive school reform, education technology, Safe and Drug-Free Schools, parent information centers, gifted and talented programs, school counseling, Ready to Teach, Arts in Education, Even Start, National Writing Project, foreign language assistance, and school leadership.

The administration claims that programs such as mental health integration and school counseling are not a priority or they are funded elsewhere. Unfortunately, when you look at where they are funded elsewhere, the funds there are also being cut.

The administration claims that many programs are too small, or funds for programs such as Safe and Drug-Free Schools are spread too thin to be effective. I think the evidence is clearly to the contrary. Students in Oregon learn about the dangers of steroids because of that Safe and Drugfree Schools program. Safe and Drugfree Schools helps families in Iowa, helps prevent alcohol and drug abuse in Minnesota, helps strengthen families in Iowa, provides critical funding to prevent youth violence in Richmond, VA, and on and on. There are many examples. My own State loses $3 million under the proposed budget of the administration and that this budget resolution contains.

Taking a step backward, in my view, the budget eliminates education technology grants. We need to build on efforts to integrate technology into learning, not cut back on those efforts. Particularly, this is important for rural schools. We need to increase access to courses, equip teachers with advances in technology, and provide students with the means to compete in the global economy.

There is substantial money involved in education technology funding. Schools in Pennsylvania receive $17 million; schools in Texas, $42 million; Florida, $23 million; Colorado, $4 million; Georgia, $15 million; Virginia, $8 million; my home State of New Mexico, $4 million.

By eliminating these critical programs, we will be causing real harm to real students and schools. Using the Department of Education data, here is a sample of who participates in these programs. Some of the programs I have listed have a substantial number of students involved. Comprehensive school reform: 2,473 schools benefit from that, approximately, and 1.18 million children benefit from that program. Small learning communities: 591 schools and 591,000 students were to be served in 2004. It is clear there are actual effects on students from the cuts we are proposing.

The budget also slashes funding for other critical programs such as adult basic education and literacy, Grants for Innovative Programs, and Advanced Credentialing.

My colleagues tout increases in title I spending since the President took office. There have been increases of Title I spending. A significant amount of that increase has been added by the Congress and not requested by the administration. There have been increases and the administration asked for some of those increases. But we are still substantially below what we authorized.

The level of funding is still cumulatively, if this budget is approved, $39 billion less than what we authorized for No Child Left Behind Programs, and $30.8 billion less than authorized for title I. The level is $3.6 billion less than the amount we authorized for this, this year in IDEA when that was reauthorized a few months ago.

It is also important to note that the increases were significant in only the first couple of years of No Child Left Behind. Last year, we saw an increase of less than $400 million in title I spending. This year's proposed increase is only about $600 million. In fact, the small increases are offset by changes in the poverty data and resulted in more than half of the Nation's school districts receiving fewer title I funds for the 2004/2005 school year. Ten States had their title I funds cut from the previous year's level. For this school year, Connecticut, Iowa, Kansas, Massachusetts, New Mexico, New York, Ohio, Oklahoma, and Oregon all see cuts from last year's title I allocation.

This chart shows a sample of the school districts in my State and the amounts they can expect. They have already been advised by the Department of Education that these lower amounts will be provided through title I funding for them from the current school year. The budget resolution would further complicate and add to those cuts that have already been made.

In my view, there is no higher priority for the future well-being of the country than the education of our children. I offer this amendment to bring the level of funding for education back to where it is in the current year. That is not too much to ask if we do believe that education is a priority.

I urge my colleagues to support education in this budget and to adopt my amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Madam President, I ask unanimous consent at 5:30 today the Senate proceed to a vote in relationship to the Bingaman amendment, with no amendments in order to the amendment prior to the vote.

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

Mr. GREGG. Madam President, the game plan now is to recognize the Senator from Tennessee and then the Senator from Maryland.

Mr. CONRAD. At this point, if we could get an order for Senator ALEXANDER and Senator SARBANES.

Mr. GREGG. I also ask, after the vote is completed at 5:30 on the Bingaman amendment, if we could recognize Senator BENNETT at that time.

Mr. CONRAD. For what period of time?

Mr. GREGG. For half an hour.

Mr. CONRAD. All right.

Mr. GREGG. We yield to Senator ALEXANDER such time as he may use off our side of the bill and then we go over to Senator SARBANES.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Madam President, the Senator from New Mexico and I have a number of common interests in energy and science technology, and one of our common interests is making certain as we move into a more competitive world marketplace that we maintain our brain power in the United States of America because over the last period of time since World War II, about half of our good new jobs have come from there. I look forward to continuing the work within this budget, to set priorities that do that.

In this first year of a little bit of fiscal discipline, which is about all we are exercising this year, we may not do as much of that as we may be able to in the future, but I for one want to make sure that over the next 5 to 10 years while we are dealing with unsustainable growth in what we call mandatory spending—Medicaid and Medicare, spending that is on automatic pilot—as we try to deal with that growth, we do not squeeze out the investments in science and technology and higher education and advanced computing that we need to maintain our standard of living.

This budget is, in my view, a good budget. It does begin to exercise some fiscal discipline, but it is a modest exercise of fiscal discipline.

The bottom line is if we were to adopt the budget as presented, we spend $2.6 trillion—a number none of us can imagine. One way to get it into reality is to say it is $100 billion more than we spent this year. So, $100 billion, how much is that? It is enough to run the State of Tennessee for 8 years, and the State of Tennessee is not the biggest State; it is the sixteenth largest State. It collects about $12.5 billion a year of State taxes. We are spending a lot more money next year. We are not cutting the amount of money the Federal Government is spending of taxpayers' money; we are increasing it by $100 billion next year within this budget.

The Senator from North Dakota, who is as compelling and persuasive a speaker as we have on the Senate floor and has a wonderful way of presenting his charts, was making the point repeatedly. I heard him today saying that the debt is going up. He is right. The debt is going up. We are arguing about proposing to reduce the size of the annual deficit and to cut that amount in half, which means that every year we do not take down to zero the annual deficit, the debt goes up. I suppose his chart includes Social Security funding, too, so the debt goes up.

But this is a modest effort at fiscal discipline that means if this budget were adopted, we believe the deficits each year would be cut in half.

Now, these spending constraints are never easy, and they involve setting priorities. The President is right. I believe the budget we have proposed is right, to start, by trying to be as committed to the military men and women of this country as they are to this country. So it raises overall defense spending by 4.8 percent so we can provide our military with the equipment they need to safely and successfully finish their jobs of spreading democracy in the world.

The President's tax initiatives are continued. But within this budget there are significant investments other than for military and homeland security, which are our first priority.

Let me see if I can talk a moment about education since that was the subject of the statement by the Senator from New Mexico. Some of the figures that were used I did not quite understand because I have done my own calculating. For example, there is this constant reference to shortfalls in funding of No Child Left Behind. Now, I was not here when that happened. I do not know what the deals were that were made, what arrangements were made, and with whom. But the Senator from New Mexico said there was a $39 billion shortfall. I cannot imagine where that figure comes from because this year we only spent $37.8 billion on all of K–12 education.

The U.S. Government only contributes about 7 percent of the funding for our local schools in 15,000 school districts across the country. That is all it has ever contributed. It is not likely to contribute a much larger percentage. So there cannot be a $39 billion shortfall in No Child Left Behind since we only spent less than that total amount of money from the Federal Government.

In addition to that, let's look at what happened over the last five Bush budgets. There has been a 46-percent actual increase in Federal spending on No Child Left Behind. By comparison—I don't know what period of time that is for the Clinton years, so I won't say. But let's talk about President Bush. There has been a 46-percent increase over 5 years.

I checked in the State of Tennessee, where I am from, and the amount of increase in State spending for kindergarten through the 12th grade, through this period of time, would be more like 15 or 16 or 17 percent. Federal spending for kindergarten through the 12th grade during the Bush years, the last 5 years, has increased at the rate of about three times of what State spending has been. So if there is a tin cup, it is not in Washington, it is at the State capital.

I think it is very important that even in this time of fiscal restraint, when we cannot increase spending this year as much as some of us might like, that over the 5 years it has increased 46 percent.

This budget does include enough money for another $1 billion for No Child Left Behind, another $500 million for special education.

This is not an isolated commitment. Let's take another example of what has happened over the last 5 years. There has been a 34-percent increase in total U.S. Department of Education discretionary funding.

Title I was mentioned. Title I is the Federal education program that is directed, with a lot of flexibility, toward poor children. Now, it may not be reaching the poorest children. It goes directly to schools. And my guess is that the reason why the Senator from New Mexico was able to point out that some States were getting less and some States were getting more is that maybe No Child Left Behind is directing more of the Federal dollars where they are supposed to go; which is, to help our poorest children who are not learning reading and math.

In any event, there has been a 52-percent increase in title I spending over the last 5 years, at a time when State spending has been increasing at less than 20 percent, which is 35 or 40 percent of the Federal spending increase.

It is the same story with special education. There has been a 75-percent increase in Federal spending on special education over the last 5 years. Improving teacher quality: a 38-percent increase over the last 5 years under President Bush and this Congress.

Let's remember, the President does not appropriate a penny. We are shortchanging ourselves when we stand here and say No Child Left Behind was not properly funded. We do all the appropriating. They do not do any of it down at the White House. They send a budget up here, and we don't have to pay any attention it to at all. We do what we want to do.

What we have done over the last 5 years—I was only here for 2—is increase Federal spending for education at a Federal rate of two or three times as fast as it has increased in the States.

Let me give an example of improving teacher quality. There is an account in Washington in No Child Left Behind that gives about $50 million a year to the State of Tennessee for improving teacher quality. If all that money were spent on teachers, it would give each teacher in Tennessee about a $900 pay increase. It is a lot of money. Now, half that money came from closing another account. So let's say there is only $25 million new No Child Left Behind dollars for the teachers of Tennessee. That would be $400 or $500 per teacher. That is a substantial investment by the Federal Government, on an annual basis, to help those teachers improve their quality and become highly qualified teachers.

Now, if the State of Tennessee chooses to spend that on some other purpose, whether it is education or something else, that is the business of the State of Tennessee. But the money was appropriated here in Washington for that purpose.

And finally, all of us are interested in continuing higher education for the largest number of Americans. Sixty percent of our college students have a Federal grant or loan that follows them to the college or university of their choice. It is perhaps the most successful set of grant and loan programs anywhere in the world. It has created an opportunity for more Americans, a higher percentage of them, to go to college than anywhere in the world. We have the best system of colleges and universities anywhere in the world, primarily because we respect the autonomy of those colleges, and we appropriate a lot of Federal money, and we let students choose the college or institution of their choice to attend.

What has this Congress done over the last 5 years, including this budget that is proposed? There has been a 56-percent increase in actual Federal dollars for Pell grants. So when we talk about education, let's not sell ourselves short. We have been putting a very high priority, urged on by President Bush, on education over the last 4 years, and in this budget as well.

Let me mention three other areas about this budget. One has to do with opening the Arctic National Wildlife Refuge for oil exploration. Over the next few weeks, gasoline prices across this country are going to go up by about a quarter. Gas prices are already pretty high. We are bringing in oil from other places in the world, 70 percent of our nation's need. That does not make a lot of sense when we have a lot here on our own. We could bring in a million barrels of oil a day from Alaska if we would only vote to do it. That is about as much oil as Texas produces. We could begin to reduce our dependence on the rest of the world and lower our gasoline prices. We ought to do that.

In 1985 and 1986 I was chairman of President Reagan's Commission on Americans Outdoors. We recommended that we begin taking some of the money we use for drilling oil and gas on Federal lands and putting it into conservation purposes. Specifically, we said, let's create a billion-dollar fund for the Land and Water Conservation Fund.

I am pleased to say that under Chairman GREGG's leadership, this budget includes a provision that begins to follow that recommendation of the President's Commission on Americans Outdoors. It says if this Congress decides to allow exploration of oil in Alaska in the ANWR area that for 4 years $350 million will come from those revenues into a conservation reserve fund, and that then will be used for the Land and Water Conservation Fund, for wildlife preservation, for coastal protection, and for other purposes.

Our Commission thought, in 1985 and 1986, it made sense when we place any environmental burden that we balance it with an environmental benefit. We believe this is a sensible way to do it, and I hope other Members of the Senate will notice this important provision.

There is also in this budget something I want to talk about in a moment that has to do with unfunded mandates. But the last part of the budget I want to mention has to do with Medicaid.

There is a serious attempt in the budget proposed by our Budget Committee to begin to deal with what we call mandatory spending, the spending that is on automatic pilot. It is basically Social Security, which the President is urging us to deal with, Medicaid, and Medicare. The health care programs are about to consume all the money we have. If they are left on automatic pilot, as they are, we won't have any money for first-class universities, for preschool education, for implementing No Child Left Behind, for national parks, for local policemen, for local firemen.

The testimony we heard in the Budget Committee showed that unfunded Federal liabilities over the next 75 years will begin to take 25 percent of the gross domestic product of the United States. The whole Federal budget today takes less than 20 percent of the gross domestic product.

We can't sustain that. So this budget suggests that we restrain the growth of Medicaid spending by $14 billion over the next 5 years. We will be spending $1.12 trillion on Medicaid from the Federal Government over the next 5 years, and we are suggesting a $14 billion restraint in growth. No one should get a very big merit badge for that much fiscal discipline, but at least a little merit badge for trying.

That won't work unless we are willing to change some Federal laws because Medicaid is administered partly by the Federal Government and partly by the State government. But the trouble is, from a Governor's perspective, that the Federal Government sets the entitlement criteria. There are a dozen or so programs that States must offer in their Medicaid programs. The Federal Government decides—the bureaucracy—whether Governors get a lot of flexibility or none, and then the Federal courts increasingly have been saying that Governors can't take steps even to change or amend or reduce optional services as a way of restraining the growth of Medicaid so there will be money, for example, for pre-kindergarten.

Let me suggest the principles on which I believe this body could help the Federal Government and the State governments at the same time slow the growth of Medicaid a little bit. We are only suggesting that we slow the growth from a projected 41-percent growth in funding over the next 5 years to 39 percent. It is not much, but it is enough to cause some discomfort unless we make some changes. The principles we should follow then are: One, any reforms that we require ought to save money for both the States and the Federal Government. Two, the reforms must be voluntary. The Governors who manage these programs have to have flexibility. Three, we should not be cutting people off Medicaid who won't have any other health options.

There are some ways to do that which I will talk more about at another time. But, for example, we could change the law to make it easier for Medicaid to avoid overpaying for prescription drugs. We could change the law to permit States to crack down on Medicaid spend down abuses when wealthier individuals give away their money with the expectation that Medicaid will cover their health care costs. We could change the law to allow Governors to require copayments for benefits from those optional Medicaid programs which Governors choose to offer that the Federal Government doesn't require. We could change the law to give States more flexibility to allow mothers and children to enroll in what we call the SCHIP Program. And finally, we could make it easier for States to provide home- and community-based care for beneficiaries who prefer it to more costly nursing home care.

It is never pleasant to restrain spending, but it is absolutely necessary. Fifteen years ago, I spent my time as Governor trying to restrain health care spending so I could create centers of excellence at the universities, so I could maintain low tuitions, so we could pay teachers more. We were successful. But when I left the Governor's office in 1987, we were spending 51 cents out of every State dollar on education. Today it is 40 cents. Why? Because then we were spending 15 cents on health care. Today it is 31 cents on health care and headed up. If we don't begin to try to control mandatory spending in Medicaid and then Medicare, we will not allow the States or ourselves to invest in those programs that have to do with job creation that help us maintain our standard of living.

There is one other area I would like to mention. It has to do with a provision in this budget which increases to 60 votes the number of votes it would take to impose on State and local government what is called a Federal unfunded mandate. Tomorrow, March 15, is the 10th birthday of the Federal Unfunded Mandates Reform Act, affectionately known around Washington as UMRA.

Now, the Federal Unfunded Mandates Reform Act was supposed to stop the one thing that made me mad as Governor, and that was some Congressman coming up with some big idea, passing a law, holding a press conference, bragging about it, and then sending the bill back to Tennessee for me and the legislature to pay. And then the next weekend that same Congressman would usually be back in Knoxville or Memphis making a big speech about local control. The Unfunded Mandates Act was supposed to discourage the Federal Government from imposing new laws and new rules on State and local governments without paying for them.

I am sorry to say that it was a noble idea that was hard to pass 10 years ago. It got a big vote in the end. But it hasn't worked very well. It is raising property taxes to pay for new EPA storm water runoff rules. School boards are taking money out of one classroom and putting it in another to meet Federal requirements for children with disabilities. The National Council of State Legislatures has identified $29 billion in Federal cost shifts to States in transportation, health care, education, environment, homeland security, election laws, and in other areas. And last year, in the name of lowering Internet access taxes, some in this Congress tried to take away from State and local officials local control over how to pay for governmental services.

Not long ago, the U.S. House of Representatives passed legislation that will soon be before us that would turn 190 million State driver's licenses into national ID cards with States paying most of the bill. And last week, Governors asked the President, when they met with him at the White House: Mr. President, how can we reduce the growth of Medicaid spending in the States when Federal laws dictate eligibility standards, Federal bureaucrats limit State flexibility, and Federal courts just say no? These are just the unfunded Federal mandates I was describing.

Just as ominous a threat to a balanced partnership among Federal, State, and local governments is Congress's failure to act on important areas of policy which also are running up the cost to State and local governments. For example, Congress's failure to deal with 10 million illegal immigrants fills up hospital emergency rooms, schools, and jails. Our failure to reform Medicaid has allowed a 40-percent increase in caseloads over the last 5 years to soak up State and local revenues that might have been spent for schools, colleges, police, parks, and roads. And then the Federal courts have piled on, using outdated consent decrees to run Medicaid in Tennessee, foster care in Utah, transportation in Los Angeles, and the teaching of English to children in New York City.

During the last 10 years about the only part of the Federal Government that has recognized the importance of strong State and local governments in our Federal system is the U.S. Supreme Court, which has rediscovered the 10th amendment to the Constitution that reserves to States powers that are not expressly granted to the central government.

So here is the picture of Federalism today. In Washington, DC, Democrats still stuck in the New Deal are reflexively searching for national solutions to local problems. We Republicans, having found ourselves in charge, have decided it is more blessed to impose our views rather than to liberate America from Washington's views. And across America, Federal judges have discovered the joys of acting like Governors and mayors without having to run for office.

Meanwhile, in the States and cities, Federal funds make up as much as half of State and local budgets, bringing with them more and more rules that direct and limit what mayors and Governors are able to do with revenues raised from State and local taxes.

As a result, the job of mayor and Governor is becoming more and more like the job of university president, which I used to be; it looks like you are in charge, but you are not.

That is why to celebrate the 10th birthday of the Unfunded Mandate Reform Act, I propose 3 steps to give mayors and Governors, legislators and local councils, more authority to do what they were elected to do.

The first of those steps is in this budget resolution. It would amend the Unfunded Mandate Reform Act to increase to 60 the number of Senate votes it takes to enact legislation that imposes unfunded Federal mandates. This proposal was approved last Thursday by the Senate Budget Committee. For the last 10 years, the number has been 50, and it hasn't been used once as a budget point of order. It was said that this point of order with 50 votes would become like a penalty flag. Well, it has become a penalty flag that hasn't been thrown for 10 years. Make it 60 votes and it may do some good.

Second, I would propose making it easier for Governors and mayors to change or vacate outdated Federal court consent decrees. This legislation introduced last week by Senator PRYOR of Arkansas, Senator NELSON, Senator KYL, Senator CORNYN, and myself would do that. It would put term limits on consent decrees and shift to plaintiffs the burden of proving that decrees need to be continued, and require courts to draw decrees narrowly, with the objective of putting responsibility back in the hands of the elected officials as soon as possible.

Finally, the third proposal is do not allow any new Federal statute to preempt a local law, unless the new Federal law specifically states there is a direct conflict with State and local law.

I am still optimistic about our Federal system. I am optimistic because I believe excessive centralization of Government runs against the grain of what it means to be an American. Americans do expect Washington to take care of war, welfare, Social Security, health care, and debt. Americans do not want Washington running schools, colleges, law enforcement, fire departments, cities, parks, and most roads.

Lest anyone think I am wrong, I invite them to step out with me on the campaign trail. I remember our last referendum on federalism in the mid–1990s. Newt Gingrich and 300 Republicans stood on the Capitol steps and said: no more unfunded Federal mandates. Bob Dole, the new Republican leader in the Senate in 1995, made the Unfunded Mandate Reform Act S. 1, and then Senator Dole campaigned across the country reading the 10th amendment to his audiences.

I was doing my part. I was running for President, too—not so successfully. I was walking across Iowa and New Hampshire wearing a red-and-black shirt, proposing to abolish the U.S. Department of Education as we knew it, move the Agriculture Department from Washington, DC, to Des Moines, and to cut the pay of Congress in half and send them home for 6 months each year to spend more time with their neighbors instead of Washington lobbyists. You can imagine how popular I was in these chambers while proposing to cut their pay and send them home. I can clearly remember in a Washington Post editorial meeting, when the late publisher Kay Graham asked me:

> Governor Alexander, if you so dislike Washington, DC, why would you come here?

That was a good question, and there is a good answer. One of the most important reasons to come to Washington to serve is to remind those already here that a plane ticket to Washington doesn't make you any smarter.

The parents and teachers of 50 million students in 15,000 districts usually can do more to improve a child's education than some national school board. If Washington says you must spend more for Medicaid, that usually means less for preschool education, and someone who is elected and is closer to the problem ought to make that decision.

In some countries, that arrangement might work. In those countries that are smaller and ethnically more the same, it may be possible to have a national school board, state church, and a central government calling most of the shots. We know that doesn't stand a prayer of working in the United States. De Tocqueville, in his early writings about America, pointed out that our country works community by community. We are so big, we have so many different views, we come from so many backgrounds, we need a lot of places to work things out in different ways. Put too many one-size-fits-all jackets on Americans and the place explodes.

In our country, such explosions, thankfully, still occur at election time. That is why most candidates for President run against Washington, DC. That is why U.S. Senators from Washington are rarely elected President and Governors from outside Washington often are. That is one reason why Americans elected the Republican Congress in 1994.

I am optimistic about federalism because Democrats are now looking for a way to get into office, and we Republicans are looking for a way to stay in office. I believe that whoever wins that argument will have to get on the right side of the federalism issue. So as a good Republican I am using this birthday celebration tomorrow of the Unfunded Federal Mandate Act to remind my Republican colleagues that we promised the people no more unfunded mandates. We said, ''If we break our promise, throw us out.'' I am sure if we forget our promise, our Democrat friends will remind us of it.

Most of our policy debates in Congress involve conflicting principles. The principle of federalism should not always be the trump card. There are other important principles to weigh: liberty, equal opportunity, laissez faire, and many others.

But the federalism that the Republican Congress was elected to protect in 1994 has gotten lost in the weeds. It is time for us to find it and pick it up and to put it back up front where it belongs. Step No. 1 would be to pass this budget, which would increase to 60 the number of votes it takes to enact an unfunded mandate. Then we should move to put term limits on Federal court consent decrees, which has strong bipartisan support in the House, as well as the Senate, and then require Congress to announce when it decides to preempt State and local law.

If we in Congress do that, then maybe on the 20th birthday of the Unfunded Federal Mandate Act, 10 years from now, we can celebrate an American Federal system that has the kind of respect for mayors and Governors, legislators and local council members that the Founders of this great Republic envisioned.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES. Madam President, let me begin with the rather obvious observation that the budget resolution is the single most important document we deal with in the Congress. The budget contains thousands of decisions that are critical to our national life, and those decisions reflect our priorities as a nation—both those of the President who submits a budget and those of the Congress that passes a budget.

Are we more concerned about tax cuts for the wealthy or strengthening Social Security? Are we more concerned with tax cuts for the wealthy or funding important safety, housing, community development, education, and health needs? Are we more concerned with giving tax cuts than holding down the deficit?

All of those are decisions that are involved in making the budget. In its composite, the budget is a very important macroeconomic document, because it sets the fiscal path for dealing with the overall economy. Will the budget fund the programs that create jobs and strengthen our economy? Will the budget create longrun structural deficits? What will be the impact of those longrun structural deficits on our economic performance? Will the budget move us toward full employment or away from it?

Now, it is asserted that we have to have these very substantial cuts in a number of important domestic programs because we have this large deficit and we have to address the large deficit. On the road to progress, we need to make investments in health, education, and protecting the environment. But we are told, no, no, we have this big deficit and therefore we cannot do these things.

Where did that big deficit come from? That is the question that needs to be asked, because once you go behind where the big deficit came from, you get a picture of what the priorities are and what the thinking is of those who have established this budget framework.

When President Bush came into office in 2001, he inherited a projected $5.6 trillion surplus over the next 10-year period—a $5.6 trillion surplus. In his first budget proposal, which included an excessive tax cut primarily for those at the top of the income and wealth scale, he said:

> We can proceed with tax relief without fear of budget deficits.

The following year, with the budget already in deficit, the President advocated for another tax cut while promising that ''Our budget will run a deficit that will be small and short term.'' In fact, the President's budget that year stated that deficits would be so short term that by today the Government would be back in surplus. How wrong he was.

The President's Office of Management and Budget is projecting a deficit this year of $427 billion. Instead of the $5.6 trillion 10-year surplus projected out when the President took office, when you factor in some of the costs we know are coming, such as the continuing cost of the war in Iraq, the cost of reforming the alternative minimum tax, the cost of some of the President's proposals, including making the tax cuts permanent, and the continuing defense buildup, the projections now are for a deficit over the same period of $3.7 trillion, instead of a $5.6 trillion surplus.

Think of that. We have gone from projecting a $5.6 trillion surplus in 2001, to projecting a $3.7 trillion deficit. That is a deterioration in our fiscal position of over $9 trillion—$9.3 trillion, to be specific.

As a consequence, the Federal debt has skyrocketed. Back in January 2001, the Congressional Budget Office was projecting that our net debt to the public would decline to $36 billion by 2008. Now the CBO is projecting that publicly held debt will rise to $5.5 trillion in 2008. Of course, with increased debt comes increased interest payments. Net interest payments on our debt are expected to consume more than $1 trillion over the next 5 years, leaving us less able to invest in other priorities.

There are a number of reasons for this fiscal reversal. Spending to recover from the attacks of September 11 and to pay for operations in Iraq and Afghanistan has played a part in creating these deficits. But the deficits are not primarily the result of increased spending by the Congress. By far, the greatest factor contributing to the return of deficits is on the revenue side.

Madam President, 74 percent of the change from the surplus in 2000 to the projected deficit in 2005 stems from revenue loss, of which the President's tax cuts were a major part. Rather than saving the budget surplus he inherited, thereby helping us to meet our long-term obligations, such as Social Security, the President chose to risk our fiscal future through excessive tax cuts targeted to those who need them the least. Make no mistake about it, this is the priority that this administration set and it continues to follow. Now we are living with the consequences of that choice—deficits and debt as far as the eye can see.

These massive and sustained deficits are not simply numbers on paper. They have real consequences in terms of the United States' future economic strength. The structural deficits that are built into this budget will be extremely harmful to the economy as we move ahead. They promise to raise interest rates, reduce economic growth, decrease the number of jobs, and increase our vulnerability to sudden economic crisis.

Addressing these deficits becomes even more critical when you consider our international position. As recently as the early 1980s, the United States was a creditor nation. Other countries owed us. Today the U.S. is the world's largest debtor nation. Our external debt in 2003 was $2.4 trillion. Last year we ran a trade deficit in excess of $600 billion, and once that gets included in the figures, we expect our external debt to be over $3 trillion. This sharp deterioration is proceeding as we continue to run enormous trade and current account deficits. Our current account deficit is projected to reach a record high in 2005.

There was a story just this weekend in the newspaper, ''Trade Gap Widens on Record Imports. Deficit at Record Level. Trade Gap Expands. The U.S. trade deficit widened in January to $58 billion''—for 1 month—''the second highest monthly gap on record.''

We were warned by the President of the Federal Reserve Bank of New York not long ago about this situation. Let me read what he said:

> The size and concentration of external imbalances in the system are at an unprecedented scale, between 5 to 6 percent of GDP in the case of the U.S. current account deficit. The counterpart of this deficit is a large inflow of capital from the world's private savers and foreign central banks. The expected trajectory for this imbalance produces a dramatic deterioration in our net international position and cannot be sustained indefinitely.

He concluded:

> What's new is that we are significantly more dependent today on the confidence of the rest of the world in U.S. economic policy for the safety and stability of our financial markets.

We are losing our financial independence and running the risk of a crisis of confidence in the dollar.

Last summer, the Financial Times in an editorial warned:

> Like Tennessee Williams' ill-fated character Blanche Dubois, the United States has long been dependent on the kindness of strangers. Foreigners' hitherto insatiable appetite for dollar assets is what has enabled the U.S. to keep running on credit for so long. Like Ms. Dubois' dysfunctional relationships, this one is symbiotic but potentially hazardous.

I am very frank to say that I believe this budget is seriously out of line with the needs of America's families. The basic thrust of the President's budget proposal is that we should allow tax cuts for very wealthy people to continue, but programs that help middle-class Americans should be cut and the deficit continue to be a major problem.

Let me give a couple of examples to dramatize this contrast in priorities. In 2006, the President's tax cuts are scheduled to give $32 billion to those making over $1 million a year. In other words, all the people making over $1 million a year, who are a very small percentage of our population, will get $32 billion in tax cuts.

What might we be able to do with some of this money that is going for tax cuts for wealthy people? We could bring our first responders back up to the budget baseline with $1.6 billion, or 5 percent of this excessive tax cut. We know the needs and challenges faced by those on the front lines of our efforts to provide greater security to communities around the country. We know they need help. Another $1.9 billion would restore full funding for the Community Development Block Grant Program, a program very important to State and local governments, to carry forward the renewal of their communities; that would be 6 percent of the $32 billion tax cut that will go to the millionaires. We could restore funding for the HOPE VI program at a cost of $500 million. HOPE VI has helped eliminate the worst public housing and replaced it with home ownership and has transformed the downtown areas of many cities in the country.

I could go on with these examples. The fact is, for a portion of that excessive tax cut we could restore many of these programs, and the other portion could be used to bring down the deficit; in other words, we could have a more balanced fiscal policy, one that responds to the needs of our country and that lays the basis for our long-term strength instead of taking us deeper into the hole with these twin deficits, our internal budget deficit and our external trade and current account deficit, which has taken the United States from being a creditor nation—in other words, others owed us—to where we are now the largest debtor nation in the world.

Those are the choices that are being made in this budget. We are being told constantly that we have a deficit; we need to address the deficit. Yet this budget provides $70 billion more in tax cuts for wealthy people, for people who, under any analysis of the case, are not in need of a tax cut. The working people could use a tax cut, but that is not where the tax cut goes. At the same time, when we talk about the programs that are being cut for which there is such desperate need, we are told that we have to do that because we have this deficit problem.

If we have this deficit problem, why do we have to do the tax cuts that are in this budget resolution? What is the rationale for doing that? It is a matter of priorities. Very simply, those who have put this resolution together place a greater premium on further tax cuts for those who have already, in my judgment, received excessive tax cuts, than they do in holding down the deficit or funding some of these very important programs that we need for our people.

So the basic question as we move ahead is, what are our priorities as a nation? How should we invest our resources to get the best outcome in the future? I do not believe that the priorities represented in this budget reflect the right choices for America, and I urge my colleagues to vote to reject this budget resolution.

I yield the floor.

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

Mr. CONRAD. Mr. President, there is nobody I enjoy listening to more in this Chamber than Senator SARBANES. I think all of my colleagues know that over the weekend Senator SARBANES announced that he will not seek reelection, and that is unfortunate for this Chamber and the country.

Senator SARBANES is one of the finest Members of the Senate I have served with in my 19 years. He is brilliant, a Rhodes scholar. More than that, PAUL SARBANES is a wise person. In the time I have been here, I have turned to him repeatedly for his remarkable sense of judgment.

Paul just reminded me that he will be here another 22 months. I say to Senator SARBANES, that is not long enough. This country needs him, and if there was ever a time that it needs him it is now because nobody is perhaps more knowledgeable in this Chamber or in the entire Congress on economic issues than Senator PAUL SARBANES. He has been an important member of the Joint Economic Committee. He has been former chairman of the Banking Committee. He has been a key member of the Budget Committee.

I cannot think of anybody I would miss more than Senator PAUL SARBANES, and I say with a heavy heart that I have to acknowledge his determination to retire. He certainly deserves a full and happy retirement, but

Senator SARBANES is someone who is going to be sorely missed in this Chamber and in this Congress. I cannot think of a finer man.

Mr. SARBANES. Will the Senator yield?

Mr. CONRAD. I would be happy to yield.

Mr. SARBANES. I want to thank my very able colleague from North Dakota. He has been extremely generous in his comments. For me, it has been a great privilege to serve and work with him and to follow his leadership on the Budget Committee, which has just been extraordinary. Senator CONRAD has laid out an analysis that spells out all of these issues that we have been talking about, and if the Nation would only listen to him we would improve our fiscal position and strengthen our economic position.

I say to my colleague, my term still has 22 months, so I want to assure him I am going to be here with him every day of that 22 months to make this fight as we seek to turn back this radical agenda of the Bush administration, which I think contains great harm to our Nation and to its people. I thank the Senator for his comments.

Mr. CONRAD. Mr. President, when I read the headlines in the paper and saw across the front page the top headline in the Washington Post, ''Senator SARBANES to Retire,'' I read that with a heavy heart because there is no one who has made a stronger contribution in this body than Senator PAUL SARBANES. We are going to be expecting him to be helping every day of these last 22 months, and I know that will be the case.

Mr. SARBANES. I thank the Senator.

Mr. CONRAD. Mr. President, we are headed for a vote at about 5:30 just so my colleagues who are listening are aware of that situation.

For a moment, I want to discuss the pending amendment of Senator BINGAMAN.

Mr. CONRAD. Mr. President, the Senator from Tennessee raised questions about figures that Senator BINGAMAN was using in terms of the shortfall in the No Child Left Behind Act, and Senator BINGAMAN apparently had referenced a shortfall of $39 billion in No Child Left Behind in the last 6 years. The Senator from Tennessee was challenging that number and did not know how it was possible. Well, let me just share with my colleagues why it is not only possible, but it is the reality.

Senator BINGAMAN was talking about the levels of funding that have been authorized in No Child Left Behind versus what has been appropriated. If one looks at 2002, one sees that the appropriation compared to the authorization was $4.2 billion short. If we would look at the succeeding years, what we would find is that the combined shortfall, the difference between what was authorized and what was actually appropriated, is $38.98 billion below what was authorized.

I was not privy to the agreements that were made at the time, although I was serving in Congress, serving on the Budget Committee, but the understanding was that new obligations were put on the States and that the Federal Government was going to fund those new requirements. The determination at the time was the amount that was authorized was the amount of money necessary for the Federal Government to cover the new obligations it was requiring.

The hard reality here is that the appropriations have not kept pace with what was authorized. As I indicated, in 2002, it was $4.2 billion; 2003, $5.4 billion; $7.6 billion short in 2004; $9.8 billion short in 2005; $12 billion short in 2006; for a total combined shortfall of $38.98 billion.

Senator BINGAMAN was exactly right in his assertion. I just wanted to make that clear.

I commend Senator BINGAMAN for offering his important education amendment. It provides $4.8 billion to restore funding for more than 48 education programs that are eliminated or significantly reduced in the Senate budget plan. I know the Budget Committee chairman will say that his budget resolution does not eliminate or reduce funding for these programs because his budget resolution does not contain specific programmatic assumptions and that the funding levels will be determined by the Appropriations Committee. It is true that the budget resolution does not dictate policy decisions to the Appropriations Committee. Policy assumptions, nonetheless, are embodied in the numbers in the budget resolution and allocated to the Appropriations Committee.

Since the spending levels in the Senate GOP budget plan for 2006 are the same as those in the President's budget—except for a $100 increase in the Pell grant maximum, costing something over $400 million—I think it is only fair to assume that the resolution is tied to the President's policies. In fact, I have been assured on numerous occasions that is the case, that the budget they are putting before us in the Senate really embodies the President's priorities. I do not think anybody would expect anything else given that the President's party controls the Senate, controls the House, and they are, in effect, presenting the President's budget. That is why the amendment of Senator BINGAMAN is important—to pay for these shortfalls in the programs that the President's budget is cutting and that the Senate budget plan adopts.

Among the programs proposed for elimination are all vocational education programs. Let me repeat that. The President's budget—and we assume by extension the budget before us by our colleagues on the Senate Budget Committee—eliminates all vocational education programs. Vocational education programs are important. Not everybody is going to go to college. Senator KENNEDY presented information moments ago that showed that 40 percent of those who are in the school-age population go to college. Only 18 percent complete college education on time. So a lot of people are dependent on vocational education programs to be competitive in this globalized world economy. If they are going to be able to compete with the best trained, best educated people in other parts of the world, they are going to need additional education. For many people it is vocational programs that offer them that opportunity.

The President says eliminate vocational education programs. Eliminate education technology State grants. I must say I think that is a mistake. I have been in the classes that benefit from the technology grant program so that young people have an opportunity to learn the latest technology. The President says eliminate that.

TRIO, Upward Bound and Talent Search—again, I have seen the TRIO Programs and the difference they have made in schools all across my State. This provides an area of interest and opportunity for kids who might not be interested in school otherwise. The President says eliminate them.

Safe and drug-free State grants—the President's budget says eliminate that. We have an epidemic in my State of methamphetamine abuse. Recently I was at a luncheon. A man was seated next to me whom I have known very well for many years, and I could tell he was very down. He seemed depressed to me.

I said to him: What's wrong?

He said: Nothing is wrong.

I knew something was wrong. I continued to press him. He finally told me that his son had just been picked up as a methamphetamine user, and they had taken him to a treatment center. The treatment center told him that morning that his son was addicted. This is something very prominent back in my home State of North Dakota. He was devastated. Here he has a son hooked on methamphetamine. It has been devastating for the family. It has been a financial disaster. It has been a disaster in every way for that family. We are going to say: We are just not going to do drug-free State grants anymore, forget that—that is what the President's budget says—because it is more important, apparently, much more important to give additional tax cuts to the wealthiest among us.

I indicated this morning that under the President's budget, tax cuts for those earning over $1 million a year will cost $32 billion in this next year, and $32 billion is the cost of the tax cuts just for those earning over $1 million year. We could restore the safe and drug-free State grants for $437 million. That is one-eightieth of what we are doing for the very wealthiest among us. Comprehensive school reform, smaller learning communities, teacher quality enhancement grants so that teachers get additional training—he is going to eliminate them all.

So Senator BINGAMAN has come before us and has said: No, we should not be eliminating them all. That does not make sense. Instead, what we should be doing is restoring those programs, and we should pay for it. He says: Don't add to the deficit, don't just spend the money, raise the money to pay for it. If education is critical to our future, and it is, if it is critical to our ability to compete in this intensely competitive world community, and it is, then let's pay for it. Senator BINGAMAN does.

He doesn't just pay for it. He also provides a like amount of deficit reduction. How does he pay for it? He pays for it by closing certain corporate tax loopholes. And, goodness knows, we have loads of them. When I was tax commissioner, I found one company that did business and had a series of shell corporate entities, some of them operating out of the Cayman Islands. The most profitable part of their worldwide company was in the Cayman Islands with one employee. I used to say that was the most successful, the most productive employee anywhere in the world because they showed hundreds of millions of dollars of profit in that one entity because they avoided taxes everywhere else. They showed their profits in the Cayman Islands. They would have pricing between shell corporations, and they would sell at what it cost from one corporation to another in places that had taxes, and then in the Cayman Islands they didn't have any taxes. All of a sudden, they showed hundreds of millions of dollars of profit. It is amazing—one person doing all the work.

We have something going on in the country today that is a stunning abuse. We have individual cities and towns that are selling their sewer systems and their transit systems. They are selling them to companies, and then depreciating those assets and taking the tax advantages from it, and then they make a big payment to the localities for the privilege. If that isn't a dodge and a scam, I don't know what is.

Let me repeat that. It is hard to believe.

We have companies that go out and buy a sewer system from a town, and then depreciate the sewer system, getting the tax advantages from the depreciation. Those sewer systems were bought with taxpayer dollars in the first place. Then the company gives the city a fee, buys the sewer system, at least gets it in their name for tax purposes, and then depreciates the value of the system to cut down their taxes. They do the same thing with transit systems and bus systems.

Congress moved, at the request of Senator Nickles and myself last year, to close down some of these abusive operations, but more remain. They didn't do them all. They didn't shut down all of them. We are talking about billions of dollars.

Why wouldn't it be a better priority to shut down those scam operations and have vocational education in our schools? That is not what the President's budget does, and that is not what the budget before us does.

The largest reductions are in adult education assistance, which is cut by 63 percent in the budget before us. Some people may say, Adults should have gotten educated when they were kids. It is a great idea, but a lot of people didn't get educated when they were kids. They didn't get sufficiently educated. Are we to say to them when they come back, Well, too bad, they are too late. Or, are we going to say, Good for you, we are glad you have come back, and we are going to help make sure that you take every advantage of your God-given talents.

To me, that is a wise expenditure. The better educated we are, the better trained we are, the better we are going to do as a society. But that is not the priority of this budget.

Let me say I think Senator BINGAMAN has done a favor to the body by bringing this matter to our attention. I hope my colleagues will support it.

On another matter, in these discussions today we have heard repeatedly from our colleagues on the other side that if you cut taxes, you get more money. I don't know where they came up with this idea: You cut taxes and you get more money. That is not what the evidence shows. You cut taxes, you get less money. I have shown repeatedly on the floor today the charts that demonstrate the facts—not some ideological view, but the facts.

The facts are that after 2001, with the significant tax cuts that were passed and the subsequent tax cuts that were passed, signed by the President, the revenue of the United States dropped like a rock. For the first time since World War II, we got less money year after year than we had the year before. The last time we saw significant drops in revenue was during the Reagan tax cuts of the 1980s.

I don't know where our friends get this idea that when you cut taxes you get more money. It doesn't work that way. In the real world, we can test these theories. It is fine to have a theory, but let us deal with facts. The facts show conclusively that when taxes have been cut, we get less revenue than we would otherwise have received.

That doesn't mean you never have a tax cut. In 2001, I supported a $900 billion tax cut because our economy was weak, and it needed a lift. In fact, I supported a much bigger tax cut than the President's initial proposal because he back-ended all of his tax cuts. He didn't design tax cuts to give lift to the economy at a time of weakness. He was back-ending the tax cuts—small at the beginning and large at the end. We wound up with the worst of both. We wound up with large tax cuts in the beginning where we needed them to give lift to the economy and large at the end when we can't afford them, when the baby boomers are starting to retire.

I have showed the charts repeatedly here to demonstrate that the President has us on a course that does not and cannot possibly work. What we see in the President's plan is as the trust funds of Medicare and Social Security go cash negative, which happens in the next 20 years, at that very time the cost of the President's tax cuts explodes, driving us right over a cliff into deep deficits and deep debt. And we are already running record deficits. We are already running up unacceptable levels of debt. But for every problem, the President has the same answer: Borrow the money. Got a problem with Social Security? Borrow—borrow over $4 trillion to solve it. You got a problem with financing tax cuts? Don't worry about it, borrow the money.

The President is fond of saying, It is the people's money. He is absolutely right. It is the people's money. But guess what. It is also the people's debt. This President is running up the people's debt at a record rate. The debt this year is going to increase by over $600 billion. And every year of this budget that is before us—this budget which they have described as fiscally responsible, according to their own numbers—every year of this budget they are going to drive up the debt of the country by another $600 billion—$600 billion, $600 billion, $600 billion. Do that five times, that is $3 trillion in 5 years of additional debt.

The President says, Well, there is a shortfall in Social Security. He is right. He says the shortfall over 75 years is $3.7 trillion. That is what the actuaries say.

What is the President's answer for the budget that he has sent us? His answer is, First, take another $2.5 trillion out of Social Security to pay for his tax cuts and other things. Before you are done with that, establish private accounts that cost another $750 billion over the next 20 years. Take that out of Social Security, and borrow that.

The President ran as a compassionate conservative. The one thing I know for certain is this is not conservative. There is nothing conservative about record deficits and record debt.

The President has said, Well, I came into office and we were attacked, and we had economic slowdown. Fair enough. That is true. We were attacked, and that required us to spend more money. I think virtually every Member here supported that. We had to spend more money for defense and for homeland security. But the President also says he came in a time of economic slowdown. That is also true. That is also fair. So we had tax cuts to give lift to the economy.

I didn't agree with his particular mix of tax cuts because they overwhelmingly benefited the wealthiest among us. The top 1 percent received 30 percent of the benefits of the President's tax cuts, and they are not paying 30 percent of the tax load in this country. They are paying substantially less than 30 percent. Yet they got the biggest benefit.

We are past the point of having been attacked. We are still at war. That is certainly the case. The President, in his budget, did not provide the funding for the war past September 30 of this year. He did not provide the money for this war. So that misleads the American people as to our true fiscal condition. He did not provide the money to fix the alternative minimum tax. He did not provide the money to make the Social Security changes that he has recommended. That is not really a budget. I don't know exactly what I would term it, but it is not really a budget. A budget is when you put down what you are going to spend and how much money we are going to bring in to pay for that spending.

The greatest fault I have with the budget before the Senate is it makes no serious attempt to have the spending match the revenue. Instead, it tries to be all things to all people: More tax cuts for those who want that, more spending for those who want that and, as a result, massive deficits and a massive buildup in debt, all of it at the worst possible time.

Why is it the worst possible time? It is the worst possible time because the baby boomers are about to retire. In 2008, just 3 years away, the leading edge of the baby boomers start to retire. Over a very short period of time the number of people eligible for Medicare and Social Security will double.

The President talks about that shortfall, but he does not do anything about it. He said, no, he does not want to do anything about Medicare, although the shortfall there is eight times the shortfall of Social Security. He said we just passed a bill, so we should let that work before we do anything. That bill did not help reduce the Medicare shortfall, it increased it. It increased our unfunded liabilities by $8 trillion.

The President said in his budget, cut the taxes more, increase the spending, leave out a lot of things that we know are going to cost us money and, lo and behold, he says, it will cut the deficit in half over the next 5 years.

My colleagues on the other side of the aisle say the same thing about their budget proposal. They say it will cut the deficit in half over the next 5 years. But when you go to the budget document itself, what you see is quite a different story. When we go to the budget document itself, what you see is what they predict the debt will increase by every year of this budget. What we find is the debt will go up by $600 billion a year each and every year of this 5-year budget. It is in their own document.

They say they are cutting the deficit in half. They have a very tortured definition of what the deficit is.

When I grew up a deficit was the shortfall. A deficit was a shortfall between what you are spending and what you are taking in. That is a deficit. And the amount of the deficit is added to the debt. They have said in their document the debt will increase by $600 billion a year every year for this 5-year budget. There is no cutting it in half. There is no cutting it. It is almost the same year after year. And all of this before the baby boomers retire. The result is we are borrowing money from all over the world.

It is not only the budget deficit. The trade deficit is the biggest factor. That is over $600 billion a year in a trade deficit. Our foreign borrowing in just 3 years under this President has increased almost 100 percent. We had $1 trillion of foreign debt, debt held by foreigners in 2001. Now it is approaching $2 trillion. That is just through December of 2004. We ran a $600 billion trade deficit last year, so the indebtedness, what we owe foreigners, has been skyrocketing. That is utterly unsustainable. That puts us at great risk. If they decided not to show up to take our debt, we would be in big trouble very fast.

This budget, I regret to say, does absolutely nothing about the serious problems facing our country. The overarching challenge facing America is a buildup of deficits and debt, without question. The hard reality about this budget is it actually adds to the deficit in each and every year over just doing nothing. If we just put the Federal Government on autopilot and went home, we would be $130 billion better off in the deficit than if we pass this budget.

For 2006 alone this budget increases the deficit by $63 billion. Yet they come to the Senate and talk about fiscal responsibility and fiscal restraint and they are doing something about the deficit. They are doing something about the deficit. They are making it worse. We do not ever hear them talk about doing anything about the debt because their budget increases the debt every single year by over $600 billion, according to their own calculations. They will increase the debt of this country by $3 trillion in 5 years. And this is the crowd who said they were going to have maximum paydown of the debt just 3 years ago. The President told us he had a plan, that he could have these big tax cuts, defense buildup, massive tax cuts, that he was going to protect Social Security, going to protect Medicare, and going to have maximum paydown of the debt.

The only problem with it is none of it worked. None of it added up. And the result is instead of paying down the debt, the debt has skyrocketed.

I see the Senator from Hawaii is in the Chamber. How much time would the Senator like?

Mr. AKAKA. I ask for 10 minutes to speak on my amendment.

Mr. CONRAD. I am happy to yield 10 minutes on the amendment off the amendment time.

AMENDMENT NO. 143

Mr. AKAKA. Mr. President, I rise today to express my support for an important education amendment proposed by my colleague from New Mexico, Senator BINGAMAN, to S. Con. Res. 18, the fiscal year 2006 budget resolution.

Education is the key to our future. The continued economic growth and future prosperity of the United States depends on the quality of our educational system. But the President's fiscal year 2006 budget falls short of that goal, and this resolution does nothing to remedy this failure. It is the first budget in over a decade to cut funding for education. Much of the cuts are directed towards new and unproven initiatives at the expense of programs that almost everyone in the education community supports. We must do everything we can to ensure that children in this country get the best education available.

This budget resolution, like the President's budget, aims to eliminate 48 effectual education programs for student success: programs that prepare students to enter the workforce, such as adult education, programs that help students to prepare for and thrive in college such as TRIO programs, Ppograms that improve teacher skills such as the Teacher Quality Enhancement program, programs that prepare children to begin school such as Even Start, and programs that work to improve schools such as Comprehensive School Reform. S. Con. Res. 18 includes nothing to assure funding for these and other education programs.

One of the programs that the Bingaman amendment is working to restore is the Excellence in Economic Education Act. This program was included in the No Child Left Behind Act and works to promote economic and financial literacy in grades K through 12. There is a tremendous opportunity to instill in individuals the knowledge and skills that they need to make good decisions throughout their lives during their years in elementary and secondary education. This is particularly important as our students grow up in a world where we face more and more complex decisions related to managing limited resources and preparing financially for the future.

The majority of the EEE's funding, after being competitively granted to a national organization, provides funds to State and local partnerships for teacher training, assistance to school districts desiring to incorporate economics and personal finance into curricula, and evaluations of the impact of economic and financial literacy education on students, related research, and school-based student activities.

In Hawaii, a subgrant from the program is funding the development of a pre- and post-test assessment tool that will allow the Hawaii Council on Economic Education to measure the effectiveness of its teacher training courses and workshops. Another subgrant helped to fund a calendar poster contest on basic economics concepts conducted among elementary school students in Hawaii. A final EEE subgrant is focusing on enriching curriculum through economics. One of the wonderful things about some of the projects funded by the EEE is that they are shared best practices, meaning that teachers and schools do not have to reinvent the wheel in the ways they convey economics and personal finance education.

Entities across the country received much-needed resources for economic and financial literacy through the EEE's first competitive subgranting process in the year 2004. Although the results of the act's first-year grants have not yet been compiled for evaluation, the program needs a chance to work before it is arbitrarily terminated. I am pleased that the Bingaman amendment will work to give the program this chance.

The cost for this and other programs included in the Bingaman amendment will be $4.8 billion. However, this amendment is more than offset by various tax loophole closures and other reduction measures. Not only is this amendment revenue neutral, but it provides for fiscally responsible deficit reduction. Educating our children and reducing the budget deficit are both vital endeavors, and the Bingaman amendment does both.

Mr. President, as I said at the start of my statement, this budget resolution is a false promise. It underfunds education and shortchanges our future. It deprives our schoolchildren of needed programs and opportunities. It underfunds some, and cancels others outright. But we cannot afford to shortchange our schools. We cannot afford to shortchange our students. We cannot afford to shortchange our communities. And we cannot afford to shortchange our future. Again, I commend my colleague, Senator BINGAMAN, for offering this important amendment.

Mr. President, I yield back the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, I alert colleagues that we are going to have a vote on the Bingaman amendment.

I ask the Chair, has that vote been set?

The PRESIDING OFFICER. It has been set for 5:30.

Mr. CONRAD. So in a half hour colleagues can expect a vote on the Bingaman amendment. I urge colleagues who might want to comment on that amendment or on the budget to take this time to come to the floor, and I remind colleagues that under the budget resolution we are limited to 50 hours. We took 5 hours off before we started. Today we started at 10 o'clock this morning, so we have used up another 7 hours. So we have roughly 38 hours left at this point. This is time that really should not be wasted. I urge my colleagues to come, make their statements, speak on the Bingaman amendment, and in a half hour we will be voting.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. GREGG. Mr. President, I want to speak briefly about the Bingaman amendment. As I understand this amendment, it would increase spending by $4.7 billion, approximately, it would increase taxes by approximately $8 billion, and it would break the caps set in this resolution. The purpose of those caps is to try to control spending. The first amendment out of the box breaks the caps—spends more money, raises more taxes. I think it can be justly characterized as a tax-and-spend amendment.

It is in an area where this President has done an extraordinary job of making a commitment of resources. In comparison to the prior President, for example, the numbers are quite staggering. This President has increased educational funding overall by almost 33.3 percent since coming to office. He has increased funding for No Child Left Behind by almost 46 percent since it started. He has increased title I spending by 52 percent over the Clinton administration and IDEA funding by 75 percent over the Clinton administration.

In fact, compared to the Clinton administration, which asked for no increases in title I and no increases of any significance in special education until the last year of his Presidency, this President has every year asked for over a half a billion dollars in special education and over a billion dollars of increase in title I. As a result, there has been a dramatic increase of resources flowing into those four core programs of Federal education at the elementary school level.

In addition, in the Pell grant level, this administration has also made a huge commitment, increasing funding over the last year of the Clinton administration by almost 56 percent and adding literally millions of more young students to the Pell grant program. And the budget resolution goes even further. Right now you can get a $4,050 Pell grant. This budget resolution will immediately move that up to $4,150 which costs about a half a billion dollars to do that, and we put in a special account to accomplish that.

In addition, we have structured this budget so that there is a capacity to accelerate the forgiveness of loans to students and move those loans over from the loan side to the grant side, the Pell side, so that a student under this budget will actually be able to get $5,100 in what amounts to Pell grants, if they go to school for 4 years, complete their education within 4 years, whether they to go a regular 4-year college or a community college for 2 years and then transfer into a 4-year college. That is a huge commitment to students who are working to get their degrees in college and using Pell grants to assist them. It is dramatic.

In addition, this budget sets up a $5.5 billion reserve fund to allow the education committee, chaired by Senator ENZI, to pass out the Higher Education Act reauthorization. That is new money for the Higher Education Act. And so this budget focuses a lot of energy on education. This President has dramatically increased funding for education.

So what happened? Well, the President suggested that the way you get this money for education, or part of it, is you look at all these different programs that are filtered around the Federal Government. They got there for well-intentioned purposes but mostly because somebody had an idea, and they decided the Federal Government should have a program here or a program there, and they are not major in the sense of money compared to title I or special education or Pell. They are not big pools of money. They are targeted initiatives.

The President said in his proposal: Let's look at those targeted initiatives, see if they are still essential in comparison to what is critical, which is that we make a strong commitment to special education, a strong commitment to title I, a strong commitment to No Child Left Behind, and a strong commitment to Pell grants.

That is a reasonable approach. It is called prioritization. That is what we should do as a government because we are supposed to be conservators of our people's money—otherwise known as tax dollars—not simply throw it at every program that comes down the road, but actually try to pick out the ones that are successful and put the money behind what is legitimately the Federal role, not what is necessarily a State role or a community role, which is what many of these individual smaller programs are. They are programs that the States or the communities could decide to pursue, but we have decided to try to federalize some small section of them because they make a good press release or in some instances they have strong constituencies.

So the President said: Let's look at this and try to prioritize. As a result, we have come up with a budget which dramatically increases over the last year of the Clinton administration the funding for title I, special education, No Child Left Behind, and Pell grants, and sets up a fund to be able to take care of higher education.

It is not appropriate, in light of this, that we should throw away fiscal constraint and essentially say we are no longer going to be concerned about managing the dollars that are spent here at the Federal level on education; we are simply going to raise taxes and pay for all sorts of additional programs.

This amendment breaches the cap by almost $5 billion, raises taxes by over $8 billion, and it is nothing more than a tax-and-spend amendment. It should also be pointed out—and I will make this point on every one of these targeted amendments—that there is nothing in this amendment that will require the Appropriations Committee or the authorizing committee to spend this money on education. This money could be spent on roads, national defense, or homeland security. When you break the cap, when you raise these taxes, you do nothing more than put a number in the budget resolution that says we are going to break the cap by $5 billion. We are going to raise taxes by over $8 billion—I believe it is $8 billion.

It is $9.5 billion. They are raising the taxes by $9.5 billion. I underestimated them.

In any event, all you are going to do is increase the cap—increase spending and increase taxes—and there is absolutely no guarantee, or even a likelihood, that this money will flow as the sponsor of the amendment wants it to because, for whatever reason, the Appropriations Committee does not take seriously suggestions from the Budget Committee. The Appropriations Committee does whatever it wants to do.

Under the rules of the Senate and under the law and under the Budget Act, that is the way it is supposed to work. We give them a top-line number, which happens to be $843 billion. If this amendment were to pass, it would be $447 billion or $848 billion. We give them a top-line number, and they can spend it any way they want. So the representation that this is going to take care of some education program that happened to be passed, one of these specific little programs that has been listed here is just that—a representation—and it has very little viability or probability when it gets into the contest of other demands for spending within the appropriating process.

So this amendment, which raises taxes by $9.5 billion and raises spending by $5 billion, or approximately that—$4.75 billion—accomplishes nothing more than to show that we are not a fiscally disciplined exercise here, and the first amendment out of the box from the other side of the aisle reinforces once again that fiscal discipline is not high on the agenda when it comes to this budget and when it comes to some Members of this body. I hope people will oppose this amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, our dear colleague left out one very important fact about this amendment. This amendment does restore the cuts to education, but it does another thing: it reduces the deficit by a like amount. So this amendment restores the cuts to education, but it raises additional money through the closing of corporate tax loopholes to also reduce the deficit by $4.75 billion.

When the Senator talks about fiscal responsibility—I know it is a new idea on their side—fiscal responsibility is actually reducing the deficit. This amendment supports education and reduces the deficit. That is something that is critically important that we do. I know the budget from our friends on the other side doesn't reduce the deficit, though they say it does. If you examine the document itself, look on page 5 and see how it increases the debt each and every year by more than $600 billion, by their own calculation. It demonstrates that this is not a fiscally responsible budget. To use ''fiscally responsible'' in attachment to this budget is truly farfetched.

The Senator from Massachusetts is seeking time to speak. How much time would the Senator like? We have the vote at 5:30. We should probably retain some time for Senator BINGAMAN, if he would like to close.

Mr. KENNEDY. Five or 6 minutes.

Mr. CONRAD. I yield 6 minutes to the Senator from Massachusetts. If he seeks additional time, we may be able to provide that as well.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, a budget is supposed to be a reflection of our Nation's priorities. Unfortunately, when it comes to education, what we are saying in this national budget is we will spend 2 cents out of every Federal dollar on education. Do you hear me? If we went to any group of Americans across this country and asked them, what do you think your priorities are, what do you think we ought to spend on education, I bet 9 out of 10 would say, out of every dollar we ought to spend more than 2 cents. Under this budget, it is 2 cents out of every dollar. That is basically what this Budget Committee has given us.

This is against a background where the U.S. is falling further and further behind every other nation in the key ingredients. If you look at where the U.S. was in 1975 in terms of math and science, the U.S. was third in the world. If you look at the year 2000, we are 15th in the world. Why is it that after World War II, when we had the return of service men and women who fought for this country, 5 cents out of the Federal budget went to education? Why is it that when the Russians challenged us with Sputnik, we went to 5 cents out of every dollar in education? Now we are going to 2 cents. We are challenged globally, not only economically with the outsourcing of jobs and the rush of low-paying jobs, but we are going to be challenged in terms of national security as well, make no mistake about it.

We are talking about investing in the young minds of this country. What we are finding is a continued deterioration in that commitment. You can go back and fiddle around with all of the statistics and percentages you want—we are not, as a nation, investing in math and science in the education of our young people. In this budget, under the Republicans now, we find that there is ample opportunity to give another $70 billion in tax breaks, but they will not provide that kind of investment in our children in terms of their future in math and science and other education. That is the issue. Senator CONRAD pointed out that this is paid for. Yes, this will also provide a reduction in our deficit. The question is: Do you want to invest in education of the young people of this country? We are seeing where we stand.

We need this amendment because this amendment will make a difference. It makes a difference in a number of different areas. We just voted in the Senate 98 to 0, in terms of the Perkins legislation, to provide additional skills opportunities. I listened last week, when we wanted an increase in the minimum wage, to my friend from Wyoming say that what we need in this country is to give people skills. I believe we ought to provide that opportunity. But under the administration and this budget program, there is a cutback.

My friend from New Hampshire says: Oh, no, this isn't really a cutback. This budget is really an accumulation of our recommendations to the Senate. The fact is they have accepted completely the President's budget in terms of cuts. They say we will accept what the President recommended in terms of cuts, and those cuts are there in education. There are cutbacks on training, skills, and on school dropout programs. Is there anyone in this body who has visited a school and has talked to teachers or parents or school boards or principals who does not understand what we are facing in this Nation in terms of the school dropouts, cutting back on education, trying to provide additional technical education to the children of this country?

The Senator from New Hampshire points out all of the increases we have seen in the Pell grants in recent years. He and I must have different books because I have the Department of Education Fiscal Year 2005 Budget Summary.

I have it right here. Under Pell grants, if you look at that, a third of the way down, it talks about 203, 204, and 205 requests, and they virtually are identical.

Anybody in this Chamber who visits their local schools will find out the challenges that are presented to those schools. This Nation better figure out it better have more than 2 cents out of every dollar going to education. That is absolutely essential. The Bingaman amendment will make an important difference, and I hope this body is willing to accept it.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GREGG. Mr. President, after consulting with the Democratic leader of the committee, Senator CONRAD, we reached the following agreement. I ask unanimous consent that Senator BENNETT be recognized after the vote for half an hour; Senator CONRAD will control the time until 8:45 p.m. At 8:45 p.m., Senator STEVENS will be recognized for an hour, and the time running on the vote will be charged to both sides and come off the time of the bill.

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

Mr. GREGG. I thank the Presiding Officer.

Mr. CONRAD. Mr. President, it is our understanding that when Senator STEVENS is done, we will end for the day.

Mr. GREGG. That is correct, except for wrap-up by the leader.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. CONRAD. I thank the Chair. With that, we have a good agreement, and we also understand between us that if there are Members who feel excluded in some way we will work to be flexible and give people some time, perhaps trade out time in some way to make sure people have a chance to speak.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.

● Mrs. CLINTON. Mr. President, I strongly support Senator Bingaman's amendment to restore funding for education. I am pleased to be a co-sponsor of this critical amendment. And while I am unable to be present in the Senate today to vote, I would like the CONGRESSIONAL RECORD to reflect that if I were present, I would have voted aye.

The Republican budget is nothing short of an assault on education. It cuts education for the first time in a decade, does not provide sufficient funding to sustain current levels of funding for all programs, provides virtually no increases to Title I or IDEA, and neglects to fund any new initiatives.

One of the most egregious examples is the lack of funding for No Child Left Behind, NCLB. At a time when our schools are struggling to meet the requirements of the No Child Left Behind Act, the Republican budget provides $12 billion less than was promised, including $947.5 million less for New York, bringing the total funding shortfall since NCLB was passed to almost $40 billion. If enacted, that would mean 296,648 children who are eligible for Title I will be denied services. This budget leaves behind 3 million disadvantaged students who would receive services if the Republicans had kept their promise for funding for No Child Left Behind.

This budget also fails to provide what is needed for special education, and it does so just 3 months after the President signed the Individuals with Disabilities Education Act into law. This budget betrays the bipartisan funding agreement contained in that law by funding special education at $3.6 billion below the promised level. As a result, funding for IDEA would provide just 18.6 percent of the national average per-pupil expenditure toward meeting the excess cost of educating students with disabilities—still less than half of the 40 percent ''full funding'' level that Congress committed to paying when the IDEA was first adopted 30 years ago.

The resolution before the Senate today provides minimal increases to Title I and IDEA, but pays for them by abolishing and slashing funding for programs that have a big impact on at-risk students. Among the programs targeted for elimination are technology grants that help close the digital divide, safe and drug-free schools, the dropout prevention program, alcohol abuse reduction, elementary school counseling, arts in education, and smaller learning communities. The budget also abolishes the school leadership initiative, a program that I was proud to help design back in 2001 and which has provided critical funding to recruit and retain talented principals to lead our troubled schools.

At the same time that the President has proposed to eliminate the school counseling program, only 1 in 5 children with mental health problems receives services in any given year. The current counselor-to-student ratio in elementary and secondary schools is 1 to 560, roughly 9 percent higher than it was last year, and over double the ratio of 1 to 250 recommended by such organizations as the American School Health Association.

And while the President has proposed to eliminate the dropout prevention program, the Nation faces a dropout crisis. According to estimates by the Civil Rights Project and the Urban Institute, 50 percent of Black and 53 percent of Latino youth complete high school on time.

The budget also eliminates several early intervention programs that help disadvantaged students prepare for and succeed in college. GEAR UP, a Clinton administration initiative that prepares entire grade levels of low-income students for college, would be abolished; a move that would deny services to 20,086 New York students. The TRIO programs Upward Bound and Talent Search, which provide tutoring, mentoring and college counseling services to 19,000 New York students, would suffer the same fate. Senator BINGAMAN's amendment would restore these valuable programs.

Senator BINGAMAN's amendment would also restore funding for Even Start, a family literacy program that serves low-income communities. Last year, New York received $19 million for this program. The Republican budget provides nothing. I worked with Senator SNOWE to spearhead a letter to the Appropriations Committee in October of last year asking for $250 million for this program, and I will do so again if this amendment is unsuccessful.

Ironically, this budget also eliminates the Perkins Vocational Education program, a program that this body voted 99 to 0 to maintain last Thursday. In New York, the Perkins program helps approximately 275,000 high school students and 200,000 post-secondary students in New York attain technical skills to launch successful careers in the 21st century. Yet the Republicans propose to abolish it. Along with Senator COLLINS and 30 of my colleagues, I sent a letter to the Budget Committee specifically asking them to maintain this program. I am disappointed that the will of so many Senators was ignored.

Fundamentally, this budget is a reflection of our values and our priorities. And the message the Republican budget sends is loud and clear: our children and the schools they attend are low on the list. I hope this body will support Senator BINGAMAN's amendment, which takes an important step toward putting children closer to the top.●

The PRESIDING OFFICER. Who yields time? The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I wish to speak very briefly. I gather we will have a vote in 3 minutes on my amendment. I wish to speak very briefly to summarize what it does and urge my colleagues to support the amendment.

The amendment very simply tries to restore in this budget the funds that the President has recommended we eliminate for various educational programs and that this budget also recommends we eliminate for various educational programs.

There is a long list of educational programs that is slated for termination in this budget. There are 48 programs. Some of them are programs about which many of us have spoken very eloquently. The Vocational Education Program, the Perkins legislation we passed last week, is a good example. We had a 99-to-0 vote in the Senate to reauthorize the legislation for vocational education, most of which is in our high schools, that is contained in that Perkins legislation.

This budget, the budget the President has sent us, would eliminate funding for that program. We have a great many other programs—Arts in Education; the GEAR UP program, which is focused on trying to assist minority students and economically disadvantaged students to go on to college; the TRIO program; the Upward Bound Program which, again, serves many students in my State and throughout the country. These are all programs that I hear about when I go back to schools in my State. People say these are good programs. They are programs that are helping our students. They are, in fact, strengthening our high schools.

I know the administration's position is that we should concentrate on high schools this year and perhaps next year. That is the President's desire, that No Child Left Behind should also be extended into our high schools. I favor doing that, but I also believe very strongly that we need to keep the programs in place that are helping our high schools. We need to build on the successes we have had, not eliminate the successes we have had.

I feel very strongly that unless we add this additional money and keep these programs in place, we will, in fact, be putting our schools back rather than forward.

One other program I wish to mention which is slated for termination in the President's budget and, of course, in this budget that is presented to us in the Smaller Learning Communities Program. We are spending in the current year $94.5 million in that program. That is a program to help primarily high schools to restructure so they can provide smaller learning environments for their students. This is an extremely important concept. I am persuaded that much of the dropout problem in our schools is the result of the fact that we are sending students into very large high schools. We need to help them restructure into smaller learning communities. These grants help to do that.

I believe very strongly that we should be increasing that funding, not eliminating it. For that reason, I urge my colleagues to support the amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to amendment No. 143. The clerk will call the roll.

The legislative clerk called the roll.

Mr. McCONNELL. The following Senators were necessarily absent. The Senator from South Carolina (Mr. GRAHAM), the Senator from Arizona (Mr. McCAIN) and the Senator from Kansas (Mr. ROBERTS).

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON), the Senator from New Jersey (Mr. CORZINE), the Senator from Iowa (Mr. HARKIN) and the Senator from Vermont (Mr. LEAHY), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 44, nays 49, as follows:

[Rollcall Vote No. 45 Leg.]

YEAS—44

Akaka	Biden	Byrd
Baucus	Bingaman	Cantwell
Bayh	Boxer	Carper

Chafee	Johnson	Nelson (NE)
Coleman	Kennedy	Obama
Conrad	Kerry	Pryor
Dayton	Kohl	Reed
DeWine	Landrieu	Reid
Dodd	Lautenberg	Rockefeller
Dorgan	Levin	Salazar
Durbin	Lieberman	Sarbanes
Feingold	Lincoln	Schumer
Feinstein	Mikulski	Stabenow
Inouye	Murray	Wyden
Jeffords	Nelson (FL)	

NAYS—49

Alexander	Dole	Murkowski
Allard	Domenici	Santorum
Allen	Ensign	Sessions
Bennett	Enzi	Shelby
Bond	Frist	Smith
Brownback	Grassley	Snowe
Bunning	Gregg	Specter
Burns	Hagel	Stevens
Burr	Hatch	Sununu
Chambliss	Hutchison	Talent
Coburn	Inhofe	Thomas
Cochran	Isakson	Thune
Collins	Kyl	Vitter
Cornyn	Lott	Voinovich
Craig	Lugar	Warner
Crapo	Martinez	
DeMint	McConnell	

NOT VOTING—7

Clinton	Harkin	Roberts
Corzine	Leahy	
Graham	McCain	

The amendment (No. 143) was rejected.

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

Mr. SANTORUM. I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. GREGG. Mr. President, for the information of Members, we will now have a number of speakers, but there will be no additional votes this evening.

Senator CONRAD and I are working on an agreement, hopefully, so we can line up votes for tomorrow and debate for tomorrow morning, and hopefully on those amendments which will be related to Social Security, assuming agreement is reached.

At this time, I believe the unanimous consent agreement calls for Senator BENNETT to be recognized for half an hour, followed by Senator CONRAD having the time until 8:45, at which time Senator STEVENS will be recognized.

The PRESIDING OFFICER. The Senator is correct.

The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, the Budget Act indicates that during every budget debate there should be a period of time discussing the general economy. As the past chair and current vice chair of the Joint Economic Committee, I feel I am in a position to do that. I want to share with my colleagues a statement of where the economy is now, and then make a few comments about where it may be going and talk about the future.

Naturally, you can't have a conversation about the economy without charts. That seems to be one of the essentials for any economic discussion. So I brought a fair number of charts to outline the economy to the Members of the Senate.

This first chart is an historic chart that goes back to the years of the early 1970s. All of the bars above the lines are quarters of economic growth. They are measured in GDP growth, the percentage of growth in the gross domestic product. The bars below the lines are quarters of gross domestic production shrinkage where the economy contracted.

If we go back to this period in the early 1980s, we see what the economists call the double dip, the dreaded period where the economy goes into recession, comes out of it, and then slips back into recession. Those who are old enough to remember the early 1980s remember how difficult a time that really was. I have a very clear memory of one of my associates in that period of time who said to me: Bob, be very, very grateful you have a job. Unemployment was high, business activity was off, the economy was recovering, or attempting to recover from the great inflation.

We talk about the 1930s as the days of the Great Depression. The late 1970s were the days of the great inflation. All kinds of things were happening. I remember running a business in this period and going to the bank to borrow money and feeling very fortunate I was able to borrow money at a 21-percent interest rate to support my business. The folks on the late-night comic shows were talking about the height of the interest rates. I remember one who said Jimmy Carter is the only President in history whose approval rating is below the prime rate.

We came out of that period with the help of a combination of activity by the Federal Reserve with Paul Volcker, actions by the Congress, and tax cuts under President Ronald Reagan. We survived through this, and we had a period of tremendous economic growth, the strong recovery out of the recession, and then, after that recovery had taken hold and gained traction, a period of good economic growth. Then we went into the recession that occurred during the Presidency of the first President Bush—much milder than the dreaded double dip of the 1980s but, nonetheless, a period of contraction. The recovery was not as strong as this one following the double dip because it did not have that much to rebound from. But we had that recovery and then a period of strong economic growth until we come to the recession from which we have just emerged.

Interestingly, this, by technical definition, was not a recession because the technical definition of a recession is at least two successive quarters of shrinkage in the gross domestic production. We never had two successive quarters. What we had were three quarters, not in succession; by historic standards, we had a very mild contraction in the size of the economy.

This was, perhaps, the shortest and shallowest recession that we have had in our history. We did not have that strong a recovery.

When I asked Alan Greenspan why the recovery was not taking hold, he said because the recession was so short and shallow. If you want a really strong recovery like the one we had after the double dip, you have to be coming out of a recession as bad as the one at that time. So we can be grateful.

The recent recovery finally got traction in the second half of 2003, and we see now we are in a period of very strong economic growth, which by historic standards is as good as the economic growth we had in the other two areas. The light blue at the end is what the economists are forecasting for the balance of 2005. But interestingly enough, already the newspapers are saying those forecasts may be too conservative. As they go back and look at the business activity in the first quarter of 2005, they are saying 2005 may very well be a better year than is being forecast. Those are the figures and the statistics for the economy as a whole.

Now we will look at the question of jobs. We heard a lot of rhetoric prior to the election about how bad the job situation was. The background shaded areas in the figure are the areas of recession. You see the unemployment numbers superimposed upon the historic periods of recession. From the period of the double dip, we saw unemployment get into double digits—10.8 percent was the peak. Then it came back down and in this area which is about 7 percent you would feel, OK, the employment picture has gotten good again. We are down from 10.8 down into the 7-percent range. Then, as the economy became even stronger, the unemployment rate fell down. When the recession hit in the early 1990s, unemployment came back up to 7.8 percent, a very large increase from where it had been, but in historic terms not that bad. When the recovery took hold, this time unemployment came all the way down to about 4 percent. Then the recession hit and unemployment spiked at 6.3 percent.

I remember when I took economics in college they told me 6-percent unemployment was full employment—that the economy could not employ more people than that without heating up with inflation. We found out that was not true here. True to the pattern, the peak was reached at 6.3. It is now falling back. Unemployment is at 5.4 percent, well below the averages of the 1970s, 1980s, and 1990s. The economy in these categories is behaving as it has throughout our past history.

Another look at jobs. Here are the jobs per month created since the recovery took hold. We can see it was in the second half of 2003 that the recovery took hold. We started creating new jobs in May of 2003, and while it was anemic for a while, then it really took off in the first part of 2004 and on through. We have had 21 months of increased employment every single month, and we have created over 3 million jobs in that period of time. The economy continues to show signs of creating jobs because jobless claims, which are the forecast of new jobs, have been falling.

Once again, this is the period of the recent recession and jobless claims were going up and peaked in that period. They flattened out. When the recovery took hold in the middle of 2003, they started down in 2003 and they continue to trend downward, indicating that the increase in jobs is something we can look forward to for a fairly good period of time ahead.

Business activity, dividing between service and manufacturing activity: We can see that for the manufacturing sector the recession was very difficult. The blue line shows expansion or contraction. Manufacturing started down in early 2000, went below the line and stayed there until 2002, briefly came back up, and then dipped below again in the first part of 2003. Once again, that is when the recovery took hold and manufacturing has been in positive territory ever since. Services have done better than manufacturing all the way and both of them remain in the position of expansion.

During that period, however, inflation has remained well under control. Here are the inflation numbers. The Consumer Price Index, in the dark blue, has come down and remained fairly low, but the personal consumption expenditures price index, which is the inflation measure that the Federal Reserve uses to determine what is going on with inflation, is even lower and is staying more stable.

So the recovery has taken hold in all sectors, manufacturing as well as services. Jobs are coming back, and the forecasters say we will have economic growth at or above the level we enjoyed during the 1990s, at least through 2005.

What about the deficits? We keep hearing a lot of conversation about deficits around here and people saying: Well, maybe the economy is doing that well, but it is all because of runaway deficits.

Here again is the historic pattern of deficits. You can see the deficits spiked as a percentage of GDP during the 1980 double dip. It got to 6 percent GDP. In the recession of the early 1990s, it did not get that high. It was a little bit under 5 percent. This last one has been under 4 percent. The deficit peaked at a lower level than the peaks of the two preceding recessions. The dotted line that is shown here is CBO's projection of where the deficit is going as a percentage of GDP.

Now, you can say: How can it be falling as a percentage of GDP when it is going up in total dollars? Well, if it is rising less rapidly than GDP is growing, it is falling as a percentage of GDP.

Let's look at the numbers behind the deficit to see what is happening with respect to revenues. Here are the tax revenues as a percentage of GDP, again in historic context. They peaked in 1969–1970. And then when the recession hit, they fell. Here is the double dip, 1980–1982. Just before that recession, they peaked. The recession hit, and revenues fell dramatically.

The last one, 1990–1991, they did not come back up that much. But they fell as soon as the recession came along.

Then we had the revenues to a historic high as a percentage of GDP, up over 21 percent, coming at the time of the dot-com bubble.

One of the things that was responsible for this tremendous rise was the capital gains revenues. We in the Congress cut the capital gains tax rate from 28 percent to 20 percent and produced 5 times—5 times—the capital gains realizations that CBO had projected. There were so many people with so much inflated value in their stock who took advantage of that capital gains tax cut, who cashed it all in and paid that capital gains tax, and that pushed the revenue to unprecedented highs as a percentage of GDP.

The combination of the collapse of the dot-com bubble, and the collapse of the stock market that came along as a result, and the recession drove receipts down. And, yes, the tax cuts played a role there. There are those who were saying the tax cuts were solely responsible for this. The data do not support that. But they came back down.

What is happening is they are coming back up, as they always have. After every recession, revenues have come back as a percentage of GDP. And here are the specifics of how they have come up in fiscal 2005, in the years we have been operating in this fiscal year. The corporate income tax is up 50 percent from where it was a year ago. Payroll taxes are up 6 percent of where they were a year ago. Personal income taxes are up 10 percent of where they were a year ago. That is a clear indication, once again, that the recovery has taken hold and it is producing the standard historic response to a recovery after a recession. Revenues increase as the recovery takes hold.

The overall number is 9 percent. All total revenues are 9 percent higher than they were in the previous year's corresponding months. Total spending in that period is up 7 percent. That includes the war. That includes the supplementals. That includes all of the things we have done here. Total spending is up 7 percent higher than it was the previous year. But total revenue is up 9 percent higher than it was the previous year. So the recovery is taking hold and the deficit as a percentage of GDP is, in fact, staying within historic norms.

Now, I do not want to leave the impression from all of this that the future, therefore, is completely rosy and we do not need to worry about the deficit or that we do not need to worry about the future of the economy because lying there in our future is a major challenge. This has been talked about many times on the floor by Senators from both sides of the aisle. But I want to dramatize it with this set of charts.

I go back to fiscal 1966. Why did I pick fiscal 1966? That was the first year we began to see spending for Medicare.

Medicare was passed prior to that time, but they had to gear up for it. They had to do the kinds of preparations they are doing now with respect to the drug benefit, so that the first time you began to see spending for Medicare was 1966.

All right. These colors on the chart demonstrate how the budget was divided. The big portion of the budget, the dark blue, is defense spending. Defense spending in 1966 was 44 percent of the Federal budget.

The light blue is non-defense discretionary spending. That was everything else. That was highways. That was education. That was courthouses. That was the Customs Office. That was everything we did in Government, which was 23 percent. Interest costs on the national debt were 7 percent. And the red, the mandatory spending, was 26 percent, the mandatory spending primarily being Social Security.

All right. That is what it was when the Medicare spending started.

Now, look what has happened today. This is 2004. The mandatory spending has grown to 54 percent. It is like a Pac-Man beginning to close in on everything else. The defense discretionary, even while we are at war, has shrunk to 20 percent of the budget. The nondefense discretionary is at 19 percent. It shrunk a little from where it was before, but close to the same. The interest costs are steady at 7 percent of the budget. But we have seen mandatory spending go from about 25 percent in 1966 to 54 percent in 2004.

Now let's go out in a projection. This is not a projection into the far distant future. This is only 10 years. We can be a little more confident of a 10-year projection than we can a 20-or 30-year projection. See how the Pac-Man portion of this circle is growing. Mandatory spending is now up to 62 percent. Defense discretionary has shrunk to 14 percent. Nondefense discretionary has shrunk to 15 percent, and interest costs have grown to 8 percent.

If you project this out, as this begins to take over all of the chart, the one thing that will challenge it is not defense spending and not discretionary spending, it is interest costs. As this begins to grow to the point where we cannot cover it, then we borrow more and more, and you will see the yellow begin to push the red back. You would see the yellow begin to take over where the red took over first.

I make this point because, as we are dealing with this budget, we should remember the impact of mandatory spending. I use this figure to illustrate this point to my constituents who say to us: The deficit must be brought under control. You in Congress must stop spending. You have to show some spending discipline, or the deficit will overwhelm us.

Let me give you two numbers. The President's budget proposal is for $2.7 trillion. The amount of discretionary spending that we are debating in this budget is $843 billion, and that $843 billion includes defense. That is why it says defense discretionary. If you take defense off the table on the grounds that we are at war and say, all right, you are going to have to balance the budget and bring the deficit under control by controlling spending, the only portion of spending over which we have any authority becomes 19 percent of the total budget. The other 81 percent will go on regardless of what we do.

That is why we have to have the courage, looking ahead at this that is coming, to say somehow we have to roll back the mandatory spending. You cannot balance a budget of $2.7 trillion by shaving down a percentage of discretionary spending. If we were to have an across-the-board cut of 10 percent of all discretionary spending, we would have a cry of outrage on this floor that would be heard all over the country. A 10-percent across-the-board cut? A 10-percent across-the-board cut for IDEA? A 10-percent across-the-board cut for food stamps? A 10-percent across-the-board cut for everything we do in Government? Absolutely not. But if we were to enact that 10-percent across-the-board cut, ignoring the mandatory spending, that would yield only about $80 billion out of a budget of $2.7 trillion. To use a phrase that all of the politicians in the room can understand, that is within the margin of error. And $80 billion out of a budget of $2.7 trillion makes little or no impact.

That is why in this budget debate we should keep in mind two things: First, as I hope I have illustrated, right now the economy is strong. It is robust. The recovery has taken hold. Jobs are being created. The deficit is coming down as a percentage of GDP. Things are moving in the right direction virtually across the board.

However, if we do not now exhibit the courage to start taking steps to hold down mandatory spending, all of the present work that we have done to make the economy solid, sound, and strong will be for naught. It will be overwhelmed by a sea of red ink, coming not from the fact that Congress is being profligate in the appropriations that we make and spending decisions we make, but coming from the fact that we did not have the courage to deal with the mandatory programs.

Now I have talked about Medicare, and that is the one that seems to have the greatest pressure. But we are also talking about Social Security, a mandatory program. We are talking about Medicaid, a mandatory program. We are talking about farm subsidies, a mandatory program. We are talking about the kinds of things that politicians have a very tough time addressing. This budget begins to address the mandatory programs very slightly, very gently, and in very small amounts. But they have already set off alarms of complaint around the Capitol that ''you are trying to balance the budget on the backs of the poor.'' That is a great slogan, and nobody wants to balance the budget on the backs of the poor, but we have to recognize that if the economy goes into the tank because of runaway spending, driven by mandatory, it will be the poor who will pay the heaviest price.

I remember during the 1990s, when we were enjoying as much expansion as we were in the gross domestic product, one of my colleagues asked Alan Greenspan, Chairman of the Federal Reserve: who benefited most from this boom? He was expecting Greenspan to say it was the rich because look how rich they have become. He was a little surprised when Chairman Greenspan said—and I agree with what he said: Without question, this good economy has primarily benefited the poor.

My colleague said: How can you say that because the poor have not gotten as big an amount of money as have the rich?

The chairman said: The poor have seen their life circumstances change far more dramatically than the rich have. They can get jobs where they could not before. They are beginning to buy homes in ways they could not before. They are beginning to save money in ways they could not before. There is no question but what, in terms of the impact on people's lives, this strong economy has benefited the poor more than anybody else.

That is why we should look at these numbers that I have shared with the Senate today and realize that our primary stewardship must be to keep the economy as strong as we possibly can, that there is nothing we can do that would benefit the poor more than to see to it that this recovery remains robust and that the future moves away from this chart back to the kinds of proportions that we have today on this chart, where mandatory spending is roughly half instead of two-thirds of the total obligations of the Federal Government.

I salute the chairman of the Budget Committee for his resolution and determination to see that we do that, and I hope the Members of the Senate will support the budget as it has been reported from the Budget Committee.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. GREGG. Mr. President, I ask unanimous consent that the time between now and when Senator DURBIN arrives, up to 15 minutes, be divided equally between the two sides. If Senator DURBIN arrives before then, his time will begin, obviously, when he starts to speak. Then the time from when Senator DURBIN starts to speak until 8:45 p.m. be charged to the Democratic side, and at 8:45 p.m. the time will be charged to our side when Senator STEVENS controls the time.

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

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

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

Mrs. MURRAY. Mr. President, I rise tonight to talk about the budget that is now before the Senate. We have to remember that a budget is really a statement of priorities. It talks about how we choose to allocate our resources, and it says a lot about the kind of country we want to be and whether we want communities where opportunities are available to a few or communities where opportunities are available for everyone.

When I was growing up, my father was a World War II veteran. When I was in my teens, he was diagnosed with multiple sclerosis. Pretty soon he was no longer able to work, and my mother had to go to work to support seven kids. Fortunately, with some help from our Government, she got the help she needed to get a good job to take care of us and to take care of my dad. Without that kind of help, I would not be sitting here tonight as a Senator.

My family is not alone. Our country has a proud tradition of helping those who fall on hard times and helping them to reach their full potential. That tradition comes from fundamental American values, and one of those values is a belief in the importance of community.

The American philosophy says we all count and we are all in this together. It says that if I am doing well personally but my neighbors are suffering, I am not doing so well after all either. Today, those community values, those American values, are under attack by a budget that places too little value on the things ordinary Americans need. In doing so, this budget imperils the American dream for every one of us. To keep the American dream alive, I believe we have to put America first. For our Nation to be strong and continue to be an example to the world when it comes to creating opportunities for a better life, we have to be strong at home.

Unfortunately, this budget that is now before us does not put America first. This budget does not allow us to provide the kind of support Americans need in a number of critical areas, ranging from support for our veterans, to education, to health care, to the environment, to funding for our rail system. When this budget cuts funding to these priorities, it puts opportunities out of reach for ordinary working Americans who play by the rules and want nothing better than a chance for a better life for their families. They deserve the chance at a better life, and it is our responsibility to do all we can to give them that chance by making the right investments so they can be safe, healthy, and productive. We must not fail in or overlook this responsibility to put America first. Future generations of Americans are relying on us to make the right decisions now, and the fact is we still have the opportunity to do the right thing in this budget that is before us.

My first concern about this budget is that it is fiscally irresponsible. While the President and this Congress have consistently prioritized tax breaks in a time of war, the war itself has not been enough of a funding priority. It simply astounds me that this budget does not fund the true and full cost of the war in Iraq, which includes rebuilding. It also includes the cost of taking care of our veterans when they return home from their missions. At a time when our Nation is at war, our top priority has to be to support our men and women in uniform. I am deeply concerned that this budget fails to do so. Instead, we are asked to keep the cost of war offline as we pass that cost on to our children, our grandchildren, and future generations of Americans. These costs are knowable. We have been there for years now, and the costs should be reflected in our budget.

This budget underfunds veterans' needs by nearly $3 billion, failing in our commitment to provide the health care and benefits they have been promised in return for the sacrifice they are making for all of us. We have an obligation to care for those who have taken care of us, and, unfortunately, this budget does not meet that obligation.

Access to first-class care should be a reality for all veterans, especially while our Nation is at war. This budget may contain a few steps in the right direction, but sadly it does not go far enough to meet the needs of our veterans. If this budget is enacted, it will severely damage veterans health care. Payroll and inflation increases for doctors, nurses, and medications cost more than $1 billion, but this budget proposes to give the VA only half of what it needs.

To make up for this shortfall, the budget forces more than 2 million middle-income veterans to pay more than double for their needed medications and to pay a $250 enrollment fee. In addition, this budget actually continues to ban some veterans from coming to the VA for care, and so far under this flawed proposal 192,260 veterans have been turned away across the country, including more than 3,000 in my home State of Washington. That sends the wrong message to our troops who are serving us overseas. They need to know that we are there for them when they return home. This budget also imperils the relationship between the VA and the States. The VA has supported the cost of veterans residing in State VA nursing homes since the Civil War. Yet this budget calls on States to cover the entire cost for many veterans in these cost-effective nursing homes.

To make this budget add up, this proposed budget calls for $590 million in unspecified efficiencies. That means thousands of nurses and other providers are going to be cut; thousands of nursing home beds are going to be shuttered; and more than a million veterans are no longer going to be able to come to the VA for the health care they were promised and they deserve.

This budget falls very short in providing the general public with the health care they need. Today there are 45 million Americans who are uninsured. Without the safety net of Medicare and Medicaid, those numbers would be far greater. Let's take Medicaid as an example. Medicaid provides insurance to 40 million Americans and covers 55 percent of poor children. It also covers significant numbers of disabled, of elderly, and it provides the bulk of long-term care. Far too many Americans rely on Medicaid to defund it now.

Whatever the final number of the proposed cuts, and even if we call those improved flexibility, people are going to be hurt badly. The fact is, we should not forget that already-strapped States are going to be left to make up the shortfall because of what we do here. That is not right, and I hope we can correct it as we go through the amendment process.

Let me also talk about education. We had an amendment a short while ago, offered by Senator BINGAMAN. I think all of us need to remember that States are being overburdened by cuts in our educational system. This is another area where I believe this budget fails us as a community and it reflects the wrong priorities. It fails to provide the support necessary to build a workforce with the skills and education necessary so we can pass on a strong and secure economy.

This budget will cut educational funding for the first time in the past decade. It is going to eliminate 48 programs totaling $4.3 billion—programs our children rely on. The programs that have been cut include critical early intervention and college readiness programs, programs such as GEAR UP and TRIO that have been so successful.

This budget also fails employers because it fails to provide the funding we need to bring skilled workers into tomorrow's workforce and to keep our economy growing by eliminating the $1.3 billion Perkins Vocational and Technical Education Program. That is a bad move for students who are entering the workforce, it is a bad move for employers, and a bad move for the future of our economy.

The supporters of the underlying budget say it does not contain the assumptions of the cuts. But appropriators will not have the option to increase or even maintain current levels of funding in critical educational programs if we do not at least restore the funding for the programs that have been cut.

I offered an amendment in the Budget Committee to restore these cuts, and it failed on a party-line vote, just like the vote tonight in the Senate. We need to remember these cuts are real. They are going to affect real people.

Just last week, one of the last things we did was to reauthorize, here in the Senate, the Perkins Vocational and Technical Education Act, while at the same time the Republicans on the Budget Committee voted down my amendment that would have restored the $1.3 billion that program needs to make it work. We are now considering a budget without that amendment.

There are some increases for education in this budget, but they are very deceptive. For example, instead of fulfilling the promise of No Child Left Behind, this budget funds a meager 1.3 percent increase to No Child Left Behind and underfunds it by $12 billion.

This budget increases funding for title I, which is the program that funds disadvantaged students, by 4.7 percent, but that is also very deceptive. There is a shortfall of over $9 billion in this program. That concerns me, as someone who knows. We have a responsibility to make sure the generations that come after us have the skills they need to be productive so we will have a strong country that we can all count on in the future.

Another area of deep concern for me is this budget's failure to fund Amtrak. This budget sets the overall levels for domestic discretionary spending at the level included in the President's budget. That proposal includes his anticipated zero amount for Amtrak's traditional subsidy and $360 million for continuation of commuter service. If this budget gets adopted, I do not know how we are going to keep Amtrak operating next year. If this system shuts down, we will hurt 25 million passengers, people who rely on the Amtrak system to get to work, to get home, and almost 20,000 employees. Bankrupting Amtrak will be the wrong move for the people who depend on the rail system for their livelihood, for their mobility, and for their quality of life.

I am also really disappointed this budget includes language allowing for drilling in the Arctic National Wildlife Refuge. This improper use of the Senate's budget authority circumvents the appropriate avenue for addressing such a critically important and sensitive question.

Drilling in the Arctic is controversial and should be debated in the context of an energy bill. It has no place in this budget resolution, especially as the overinflated revenues are based on unrealistic expectations of oil and gas recovery.

I agree we have to work to achieve energy independence. But the fact is, energy independence can be achieved by tightening fuel economy standards for passenger cars, especially light trucks and sport utility vehicles, and the greater use of renewable energy sources and further focus on energy efficiency will do more to lessen reliance on foreign oil than drilling the Arctic National Wildlife Refuge. Although we were not able to remove this unnecessary provision in the markup, I know an amendment is going to be offered, and I hope we can remove it on the floor.

Before I close, I do want to mention that this budget does not do enough to support our Nation's farmers. When Congress passed the 2002 farm bill, it was hailed as providing new economic development opportunities for rural areas and for ensuring that farmers have a safety net to get them through the hard times. This budget will unravel that safety net by asking farmers, rural communities, and the poor to foot the bill for the support and opportunity that it is our responsibility to provide. In my State alone, with farmers from Washington State reeling from years of low prices and natural disasters and closed foreign markets, this is the time we should be providing a leg up, not cutting back on research and investment.

These are just a few examples of where this budget shortchanges ordinary Americans and does not put America first. I have other concerns with this budget and I will address them throughout the process, but tonight I wanted to register my deep concern that the priorities in this budget proposal are out of line with the challenges we face in this country in these difficult times. The sense of community that makes our Nation great, the feeling that we are all in this together is what got my family through its toughest times. It is what our country needs now more than ever. I believe that should be reflected in our Federal budget.

I believe we can do better, and I will work with my colleagues throughout this process on amendments to help develop a responsible budget that meets our country's needs and really reflects our true values.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I seek recognition on the time allocated to the Democratic side and Senator CONRAD on the budget resolution.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DURBIN. I thank my colleague from the State of Washington who has spelled out with some detail what is included in this budget document. It is hard to believe the Senate budget resolution for the budget of the United States of America has been summarized for our consideration on the floor into 65 pages: 65 pages for a budget in excess of $2 trillion. This, of course, is a budget resolution which just describes things in the most general terms. You have to really dig into this and you have to understand some of the subtleties of this resolution to understand its importance. This really will chart the path for spending by our Federal Government for the next fiscal year, beginning in October. It is a critically important document because this budget defines our priorities and tells us what we can expect in terms of our Nation's spending.

Like the President's budget, this budget from the Republican-controlled Senate Budget Committee will make deficits and the debt worse and not better. Like the President's budget, this budget is dealing in fantasy not in fact. It does not include a penny, not 1 cent to implement President Bush's privatization of Social Security. I do not believe that is a concession by the Republicans that this unpopular idea is dead. But it is an admission by the Republicans, who put this together, that they cannot pay for the President's privatization plan on Social Security. The President cannot explain how he will pay for it. When the Senate Republicans were given that responsibility, they could not either.

So here we have a plan that the President says is his acceptance of responsibility of leadership to privatize Social Security, and yet neither the President nor the Senate Republicans on the Budget Committee can tell us how they will pay for taking trillions of dollars out of the Social Security trust fund and gambling them in the stock market in the hope that those who invest would make more money than they would lose. It is a big gap in this budget. There is not a penny in here to pay for privatization of Social Security.

Let me tell you that it also fails to pay for the full cost of the war in Iraq after 2006. I have not heard any person in this administration even suggest the possibility that all of the American troops will be home by October 1 of this year. I don't believe that will happen. I don't think Iraq is safe enough for our troops to come home.

Recently, we were told by Secretary Rumsfeld that we had 157,000 soldiers in Iraq. It is likely we will have that number, or perhaps slightly less, in Iraq next year. We are spending billions of dollars to support our troops. As far as I am concerned, I will spend and vote for every penny those soldiers need to be safe, to perform their mission, to come home proud with their mission accomplished, but it is going to cost money. We should be honest about it.

How can this President as Commander in Chief offer his budget and how can the Senate Republicans in the Budget Committee offer us a budget for the United States of America for the next fiscal year and not include one penny for the cost of the war in Iraq after 2006? This isn't going to be done for nothing; it will cost us billions of dollars. Their failure to include the full cost of that war after 2006 in the budget resolution tells us they are not prepared to accept the reality and responsibility of leadership.

The President will not tell us how to pay for privatization of Social Security and doesn't include it in his budget. He doesn't tell us how he will pay for the war in Iraq and doesn't include it in his budget. When it comes to this Senate Budget Committee, again we find that it doesn't include the full cost of the war in Iraq after 2006.

There are other things that challenge us, too.

The Tax Code needs to be reformed. I have said half in jest but more seriously as I think about it that the most important thing we can do to simplify the Tax Code is to require that every Member of Congress, every Member of the House and every Member of the Senate, fill out and complete their own Federal income tax returns. We will simplify the Tax Code in a hurry if we can't send that material to the bookkeepers and accountants.

But one of the things that haunts us is the alternative minimum tax. This was the tax that really came out of the revelation 20 or 30 years ago that there were certain Americans who were very successful, making a lot of money, and not paying a penny in taxes. So we created something called the alternative minimum tax which says that even if your bookkeeper has found every way for you to escape paying Federal taxes, in the end you are still going to pay a minimum tax. You can't get off the hook. You are lucky, buddy. You live in America, you made a bundle, and be prepared to pay a little back to this country to defend us, to defend our freedom, and give us a chance to live another year successfully. That was the alternative minimum tax. I believe it is pretty sound principle.

What has happened over the years when we didn't change the formula is that inflation started moving the dollar amount of people who were going to be bound to pay this tax to higher levels, and then we find that some middle-income families are now going to be trapped with the alternative minimum tax. Everyone I have spoken to on both sides of the aisle says this is an outrage, this is unjust, and we need to make sure working middle-income families don't pay the alternative minimum tax. This budget offered by the Senate Republican Budget Committee does not fix the alternative minimum tax, which will affect more and more middle-class Americans next year.

It doesn't include the pay-go rule. For those who follow the arcane language of budget debates in Washington, the pay-go rule is basically this: If you want to cut taxes or increase spending on certain programs, you have to pay for them. It is simple. You can't borrow the money; you can't anticipate debt; you have to pay for it. You want to cut a tax today, what other tax will you increase? What spending will you decrease? That is the pay-as-you-go formula. This approach given to us by many people who described themselves as fiscal conservatives doesn't have pay-go rules that require that new tax cuts be paid for. In a moment, I will tell you what it does say about tax cuts. It is a harrowing possibility for future generations: more debt, debt that, unfortunately, will burden them and their children for years to come. It contains the wrong priorities.

The budget we have before us calls for big cuts in domestic spending on Medicaid, education, veterans, and transportation, even as it provides new tax cuts financed by more borrowing from foreign countries. The deficit under this approach is at record levels already. This budget would increase by an additional $130 billion over the next 5 years.

Despite that, we have been told by the President and others to cut the Federal deficit in half. When you look at all the elements they leave out of here—the cost of the tax cuts, the cost of the war after 2006, the cost of privatizing Social Security—it is clear that this a fantasy budget. This is a phony budget. It doesn't deal with the real costs of government which the President knows if his policies go forward are going to be faced by many others in the future. If you factor in the things the budget leaves out, this budget will create a record deficit of $570 billion in 2010.

I wanted to start this debate by showing this chart, which is nothing short of amazing.

I was elected to Congress in the Reagan administration when we were experiencing the largest deficits to that point in the history of the Federal Government. We didn't think we would ever find a day when we would escape those deficits, but yet it happened. At the close of the Clinton administration, we generated, for the first time in 30 years, if I am not mistaken, some $236 billion in surplus. We had cut spending, we had increased revenue, and we had the economy moving forward at a pace people just couldn't imagine. We generated a surplus.

What does a surplus in the Federal budget mean? It means we are being fiscally responsible, which happened under the Clinton administration, but it also means less money was being taken out of the Social Security trust fund to fund the Nation's debt.

Look what happens. Just as the Clinton administration ends and the Bush years begin, this sea of red ink hits our Nation—the Bush administration deficits. Then take a look at what the real deficits will be if the President continues on his path—a path calling for more tax cuts, a path calling for more costs when it comes to Social Security, the deficit we have talked about, a path that drives us to the point where we would be some $621 billion in debt by the year 2015. What a dramatic change in a short period of time—from the departure of President Clinton until 2015—brought on by President Bush's budget policies, policies endorsed by the Republican side of the aisle.

The biggest cost, of course, left out of the President's budget is Social Security reform. It will cost $754 billion over 10 years for the President's plan to privatize Social Security, growing to $4.9 trillion over 20 years. With this program left out, the budget does not accurately reflect our true fiscal situation. Including the $754 billion cost, the President's Social Security reform makes a bad deficit situation even worse with absolutely no end in sight.

Despite the exploding deficit, this budget goes along with the President and calls for $70 billion in new tax cuts. It does this even as it cuts spending on education, health care, and other areas of great American need, cuts them to the bone. The President's tax cuts, which have given much larger benefits to the wealthy than to the middle class, have been the single largest factor in creating the deficits that I have indicated to you today, according to the Center on Budget and Policy Priorities.

This budget brought to us by the Senate Republicans gives us more of the same. Among the new tax cuts are dividend and capital gains cuts that go overwhelmingly to wealthy taxpayers.

My next chart illustrates that fact. Take a look at dividends and capital gains tax cuts being suggested and proposed in the Senate budget resolution. Who benefits from these massive tax cuts? It turns out if you make less than $50,000 a year, on average you will benefit to the tune of $6. If you earn between $50,000 and $200,000, your tax cut is worth $112; $200,000 to $1 million income a year, your tax cut is $1,480. But if you are in the big leagues, making more than $1 million a year, President Bush's proposed tax cut, to make it permanent, that is endorsed by the Senate budget resolution, means for those making over $1 million a year, you will get an additional tax cut of $35,491 on average. The source of this is the Brookings Tax Policy Center.

Think about that for a moment. Do we believe it is in the best interests of America to drive us deep into deficit, deep into debt, in order to give tax cuts of this magnitude to the wealthiest people in America to the tune of $35,000? Someone making $1 million a year will not even notice this, but $35,000 to someone in middle-income categories would be dramatic.

Yet this Senate budget resolution proposed by the Republicans suggests we go deep into debt to give a $35,000 tax cut to someone making over $1 million a year.

The budgets will give more of the same. The average millionaire's tax cuts will be that dramatic and middle-income Americans will get very little. To put things in perspective, millionaires will receive $32 billion in tax cuts under the President's budget.

Let me compare that $32 billion figure with another figure. The tax cuts for people making over $1 million a year in income, coming to us from the President, coming to us from the Senate Republicans, will cost $32 billion. That is in 2006 alone, $32 billion out of our Treasury to give tax cuts.

What would it take for the President to restore spending on 48 education programs that were eliminated this year? The amount is $4.8 billion. How in the world can we live in a country where the leadership believes that funding education is less important than giving tax cuts to people making over $1 million a year?

Some people hear a Democrat talk about tax cuts for millionaires, and they say, There they go again. That is what I expect to hear from Democrats. This is not a change. But the numbers I have given today are facts in this 65-page document: $32 billion in tax cuts while the President eliminates $4.8 billion in education programs.

Could we maybe say to the millionaires, we will only give you half as much as you expect, maybe only give you $18,000 a year in tax breaks, capital gains, and dividends, and take the $16 billion and move it over here to fund our education programs? Is that an outrageous idea? Is that something hard for America to understand or accept? I don't think so. Restoring the cuts in 48 education programs, including vocational education, would take $4.8 billion.

These huge deficits, of course, are also going to lead to a record level of debt. We will be spending more and more money to pay interest on that debt. In 2006, we asked America's taxpayers to give us $270 billion of their hard-earned money to pay interest on our national debt. We pay more each year in interest on our debt than we spend on veterans, on education, or on the environment. Yet these programs face deep cuts under this budget and the debt grows and grows.

Our huge deficit also makes us dependent on borrowing from foreign countries. The vast majority of America's debt is being bought overseas, primarily by Japan and China. We ought to think about this and we ought to think about it long and hard.

Let me show an example of that. This chart shows the top 10 countries holding our national debt in the world. No. 1 is Japan. No. 2 is China. No. 3 is the United Kingdom. Next is Caribbean banking centers, South Korea, OPEC, Taiwan, Germany, Hong Kong, and Switzerland. To try to explain this in the simplest terms, if we are going to overspend in America, we have to borrow money to do it. When we ask the American people to buy our debts—U.S. Treasuries, for example—they come up with a certain amount of money. But then we find out it is not enough. We are so deeply in debt, we need to borrow so much money, we have to go out of America and see if other countries will buy our debt. So these countries become America's mortgageholders. These countries are holding our Nation's mortgage. No. 1 on the list, Japan; No. 2, China.

Why do they buy American debt? Because they believe it is profitable and sound. Profitable because we pay interest on that debt, naturally. Sound, because the American economy is the strongest in the world and has been for a long period of time. From their point of view, from Japan's and China's point of view, it makes sense to hold America's debt. It pays good interest and it is from a sound debtor.

But we started noticing some changes recently. Two or 3 weeks ago, South Korea—you may remember them as one of our close allies that we went to war to protect in the 1950s from the encroachment of communism—South Korea, a $69 billion creditor of the United States, a couple weeks ago said, maybe the American economy is not as sound as we thought it was. If they continue to go deeply in debt, if they continue in America to produce budget documents that are a fantasy and do not tell the real story, then maybe this American economy is not as reliable and sound as we once thought it was. That mere suggestion by the South Koreans sent this ripple of anxiety and fear around the world. We saw it automatically in the money markets and in trading around the world.

My fear and the fear of many is the time will come when some of these countries will decide that America's currency is not as safe and strong as they would like to see it so they may say, instead of holding dollars, we trust Euros. We think the European economies are more fiscally responsible. If that decision is made, the only way we can keep our mortgageholders happy is to raise interest rates—the profitability of their holding our debt. As we raise interest rates to keep them interested in financing our debt, the pressure is on to raise interest rates for the American economy. And as we do, the cost of owning a home, a car, making any major purchase, or financing a business goes up, as well.

It is not a coincidence—in fact, it is closely parallel—that many of these countries that are our major creditors and mortgageholders are also causing great damage to America's economy. We know what China is doing to America today. Our balance of trade with China says it all. We find ourselves importing more and more Chinese goods into the United States. We find American factories and manufacturing jobs disappearing, particularly over the last 4 years where we have seen this exodus of good-paying manufacturing jobs from the United States to many other countries, but largely to China. We find ourselves more and more dependent on China for cheap imports to sustain our way of life.

What company in America is the largest importer of Chinese goods in our country? Wal-Mart. So if you go to Wal-Mart and you think, boy, they are trimming those prices down, take a look where the products are made. They are made in China instead of the United States. Fewer people in the United States have good-paying jobs. We are getting the cheap goods in from China, but we are paying for it in terms of the strength of our economy.

So not only are these countries—Japan and China in particular, and South Korea and Taiwan and others—in the Asian rim finding themselves as our mortgageholders, but they are also finding themselves taking away jobs from America, taking away jobs we desperately need.

So this administration, the Bush administration, with the cooperation and enthusiastic support of the Republican side of the aisle, believes that more and more debt in America should not be feared, that we should go more deeply in debt than ever in our history, we should pile on that debt with tax cuts for the wealthiest people in America, we should drive this debt to meteoric levels by privatizing Social Security, and not paying for it, and we should do a little sleight of hand in accounting where we do not even include the full cost of the Iraq war after 2006 in our budget.

How can this be coming from an administration that prides itself on being fiscally conservative? This is fiscally irresponsible. We are mortgaging America's future and the future of our children to these countries that hold our national debt. We are giving them more power over our future and our economy than we should. And we are paying dearly for it.

Our huge debt makes us dependent on these countries. We should be cautious about a budget that relies on borrowing more and more and more from foreign countries and assumes they are always going to be willing to continue to buy large amounts of our debts.

In 2001, as I mentioned earlier, before President Bush came to office, we had budget surpluses. We were on track to pay off almost all of the national debt by 2008. Now it is forecast that we will have a $5.9 trillion debt by 2008. Paygo, as I mentioned earlier, is a rule that requires new tax cuts be paid for. There will be an amendment on the budget resolution offered. I don't think it is out of the question to say that if you want to increase mandatory spending programs, or if you want to cut taxes, find a source to pay for them, either another tax or spending cuts. That used to be a basic conservative credo on Capitol Hill. Now it has been ignored. The question is whether, given that chance by Senator FEINGOLD and his amendment, Democrats and Republicans will vote for fiscal sanity and fiscal responsibility.

Let me talk about the priorities in this budget that are simply wrong. This budget cuts many programs to the bone even as it is giving these massive tax cuts to wealthy Americans. The budget cuts Medicaid by about $14 or $15 billion.

Now, the budget is interesting because I looked to see—I used to sit on the House and Senate Budget Committees—how they did it. Well, they did it with an interesting approach. They called for the cuts in Medicaid at the same time as they added these caveats, these warnings, that any cuts in Medicaid should not ''undermine the role the Medicaid program plays as a critical component of the health care system of the United States; cap Federal Medicaid spending, or otherwise shift Medicaid cost burdens to State or local governments . . . ; or undermine the Federal guarantee of health insurance coverage Medicaid provides. . . .''

How can you do both? How can you dramatically cut Medicaid spending and still do these things? I think this is a figleaf. I think members of the Senate Budget Committee know better.

Let me tell you a word or two about Medicaid. It is the largest insurer in my home State of Illinois, covering more than 2 million people out of the 12.5 million whom I represent. The program covers 40 percent of all children born in Illinois and provides health insurance to 30 percent of the kids as they are growing up in my State. It pays for 65 percent of nursing home residents in Illinois. Nationally I think the average is 70 percent.

As more and more people lost their health insurance and struggled with our economy over the last few years, losing good-paying jobs, losing health insurance coverage on the job, we saw the number of people covered by Medicaid increase. Illinois expanded Medicaid coverage in the last 2 years to 130,000 children and 135,000 parents. That expanded coverage is at risk due to the cuts in this budget.

Senator BINGAMAN and Senator SMITH will offer a bipartisan amendment to remove these cuts from the budget, and I hope we will support that amendment. How can we be in a position where we are absolutely derelict in our duty and responsibility to do something about the cost and accessibility and affordability of health care in America and then turn around and say we are going to absolutely gut the safety net? Medicaid is the safety net. Medicaid says if you are working a job and not receiving health insurance, and you reach a point in desperation where you need health care, if your income is low enough, Medicaid will pay for your medical bills.

It is not going to be luxurious care. There is not much of that left in this country under Medicaid, even though some of the critics say there might be. I have not seen evidence of that. Most of the Medicaid providers I talk to, the doctors and hospitals, argue we do not pay them enough. So if we are not going to create a real safety net of health care for America, how can we chop up the existing safety net of Medicaid, as this budget proposes to do?

And let me make one aside here, my own personal point of view. This President is out doing 60 cities in 60 days to talk about the threat of Social Security being out of balance in 40 or 50 years. He looks down the track and sees, 50 years from now, that tiny light of a train coming and says: We better do something today to deal with the challenge of Social Security 50 years from now.

I am not opposed to that. But the President is now barnstorming the United States talking about that problem 40 or 50 years away, and while he is talking about that problem down the tracks, a locomotive is coming right behind us called the cost of health care in America. It has on that locomotive Medicaid, Medicare, and the cost of health insurance, and the President is not saying a word. The Republican leadership in Congress is not saying a word, save for this budget resolution which says we are going to reduce the protection and coverage of Medicaid, protection and coverage essential to people in the last years of their lives in a nursing home, people in the first moments of their lives who are covered as children and infants.

Let me talk about education. What a time in the history of America to cut education. That is what the Senate Republican Budget Committee does, cutting it by $34 billion. Mr. President, 3.2 million children in Illinois are in primary education and depend on Federal funding. And 5,200 children would be unable to attend Head Start. Have you ever been to a Head Start program? Have you seen what they do there? Children come in from some of the poorest families in the neighborhood, kids whose parents probably did not have a good experience in school, and they bring these kids in to learn how to get along well with other kids and to give them a running start at being successful when they enter kindergarten.

Is there a better concept than that, preschool education for kids so they have a chance to succeed? Well, this budget obviously decides we cannot spend as much as we should on Head Start.

Illinois will lose $500 million for elementary and secondary education under this bill. Mr. President, 5,200 children in my State would be unable to attend Head Start programs due to the cuts.

The State would also lose $335 million for special education and $160 million for school improvement programs. This budget also cuts funding for vocational and technical education. Illinois receives $50 million a year for that. It serves 350,000 students who are not college bound, but students who want to be trained with vocational training and similar technical education training so they can make a living and contribute to this country. This budget cuts it.

Three out of every five high school students in Illinois are enrolled in these programs. Senator BINGAMAN has offered an amendment to restore $4.8 million. It is my understanding it was already voted on and failed, which is a sad commentary that we have decided we cannot afford to put money into vocational and technical education. There are billions of dollars for tax cuts for people making over $1 million a year, but we cannot find $4.8 billion in Senator BINGAMAN's amendment for education. What a priority, that the wealthiest among us will receive about $3,000 more in tax cuts every month while we tell the kids in vocational schools and getting technical education we cannot afford their teachers and their classrooms.

Law enforcement also faces terrible cuts, cuts of $2 billion, including a $500 million cut in the COPS Program. I know President Bush and the Republicans in Congress loathe President Clinton's COPS Program. They hate it that a Democratic President would come up with a program to make America's communities safer that was so wildly popular. They have been determined since they arrived in town to kill this program. Well, my congratulations to the Senate Republican Budget Committee. You almost have the job done with this budget. Cutting this money for the COPS Program is sadly going to jeopardize the men and women in uniform who put the badges on every morning and risk their lives so our communities are safer. They are out there fighting crime, violence, drugs, gangs, and this budget says we don't need them; we don't need to continue this program.

I think they are wrong. Since 1994, Illinois has received more than $400 million for the COPS Program. We have added 6,000 new police officers in our State, in 680 different local law enforcement agencies. Illinois is safer and America is safer because of the COPS Program. But because it has Bill Clinton's name associated with it, the Republican Budget Committee has to do away with it. So tax cuts for the wealthiest in America, averaging $3,000 a month for those making over $1 million a year, but we cannot afford the cops on the street to make it safe for our kids to walk home from school or our parents to go out for a stroll in the park in the evening. Is that an upside down priority?

Let me talk for a moment about transportation and Amtrak. The budget cuts transportation by $16 billion, and it eliminates funding for Amtrak. I cannot think of a worse idea at this time. To eliminate national passenger rail service means the following: more cars on the road and highways, causing congestion; more pollution for our air, making it even worse for those suffering from pulmonary disease and asthma and other problems; and with more gas being burned in these cars, more dependence upon foreign oil. This is absolute lunacy that we are walking away from national passenger rail service when we know it means more traffic congestion, more pollution, and more dependence on foreign oil.

That is a priority the Bush administration echoed in the Republican budget. There will be an amendment offered to restore the cuts in Amtrak. I hope it succeeds. We can do better than this budget. It doesn't reflect the real state of our deficit and it doesn't reflect the real values of America. It has the wrong priorities. It cuts things that are essential, such as health care and education and transportation. For what? To give more new tax cuts to the wealthiest people in this country.

I am not sure President Bush thinks that was his Ohio mandate to go forward with these tax cuts. But I wish he could have been at Walter Reed Hospital today. I went to see soldiers who were injured overseas and going through recuperation. I went to one of their physical therapy rooms to watch them be fitted for their new legs and new arms, trying to make their lives again a reality. They are proud of this country and I am, too.

I would be prouder if we were more honest in our budget. But we are not. We don't even include the full cost of the war they fought in this budget. We act as though it doesn't exist after 2006. Well, it does exist. The soldiers who served our country exist. We need to make certain that when it comes to veterans health care, to the basics they need to start their families and get good jobs and restore their lives, we will stand behind them. This budget walks away from them. I hope the Senate will think twice about passing this document. I think we need a new set of priorities, reflecting the real values of America.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. CONRAD. Mr. President, I remember sitting in that chair presiding late in the evening when I was first elected. You get lots of opportunities to sit in that chair and preside. When it draws toward the hour of 8 o'clock and 9 o'clock and 10 o'clock, I know the days can get very long, especially when you are sitting in that chair. I think the Chair understands the process here. We have time, and the time is going to be wasted unless it is used. So we intend to use the time. I hope it is more interesting to the Chair to at least have somebody talking than to sit by his lonesome.

The Comptroller General warned us earlier this year that the fiscal outlook is worse than claimed. He said in a speech to the National Press Club:

> The simple truth is that our Nation's financial condition is much worse than advertised.

The Comptroller General has it exactly right. The Comptroller General of the United States is head of the Government Accountability Office. He is responsible to Congress to tell us about the fiscal condition of the country.

He is warning us that our current budget course is unsustainable. That is a word he uses over and over, ''unsustainable.'' Chairman Greenspan, the Chairman of the Federal Reserve, has used that same word, ''unsustainable.'' It is a word I have used many times to my colleagues that the current budget course is unsustainable. We are running record deficits now. The President says cut revenues some more, add more to spending, and on top of it, we have the baby boomers about to retire. None of this adds up, and the President's budget does not add up. The President has left things out in an attempt to make the numbers look better. One of the things he has left out is any war cost past September 30 of this year. We have $82 billion that the President asked for in a special addition to the budget, called a supplemental, for this year. But past September 30 of this year, he has asked for no additional money, although the Congressional Budget Office tells us that over $380 billion is going to be necessary.

It is not just with respect to the war the President has not given us the full story in his budget. He also has not shown us the full cost of his tax cut proposal. This dotted line shows the end of the 5-year budget window. Look what happens to the President's tax proposal right after the 5 years of the budget window. The cost absolutely explodes. None of that is revealed by the President's budget.

In addition to the war costs and his tax cuts, he has also not shared with the American people the cost of fixing the alternative minimum tax, the old millionaire's tax that is rapidly becoming a middle-class tax trap. Why do I say that? Because now 3 million people are being caught in the alternative minimum tax. In 10 years, they tell us 40 million people will be caught up in the alternative minimum tax. It is going to be a big surprise to a lot of people. They thought they were getting tax cuts from this administration, but they are going to get tax increases from this administration. Many of them will not get it this year, but more of them will, and more next year, and more the year thereafter. Millions more will be caught up in the alternative minimum tax. It costs $774 billion to fix. The President's budget has nothing, zero, in the budget to cover that cost.

Over and over, what the President has done is just leave things out of his budget to claim he is making progress on reducing the deficit.

Earlier Senator BENNETT was on the floor talking about how well the economy is doing. In some measures, it is doing well, but in many others, the economy of our country is being pumped up by writing hot checks. I remember Senator Bumpers so well during the Reagan era when we had a similar pattern of borrow and spend. He said: Anybody can pump up the economy by writing billions of dollars of hot checks. That is what this administration has done, hundreds of billions of dollars of hot checks, and not just over a 5-year period but every year, every year hundreds of billions of dollars of deficit financing.

When the President came into office, he inherited a surplus. He inherited a substantial surplus, $236 billion. He told us if we adopted his plan, there would not be deficits. He was wrong because the deficits have absolutely exploded. And so has the debt. It is not just the deficits. Our friends on the other side of the aisle just want to talk about deficits, but the debt of the country is the real concern.

You will remember the President told us in 2001 that he had a plan that would give us maximum paydown of the debt. He was going to eliminate as much of the debt as could be eliminated. Now we see the reality of the President's plan. Instead of debt being paid down, the debt has skyrocketed. It was $3.3 trillion in 2001. We now project it will be $9.4 trillion in 2015. This debt is going straight up. That is the publicly held debt. The gross debt is even worse. The gross debt was $5.8 trillion in 2001. We now project that it will hit $15.8 trillion in 2015 if the President's policies are adopted.

This truly is a policy of deficits and debt, and it is also a policy of, in some ways, decline because while we are running these massive deficits and dramatic increases in debt, the value of our currency is in sharp decline.

One of the key reasons for that is the massive trade deficits. At the same time we are running huge budget deficits under the President's policies, we are also running massive trade deficits, the biggest trade deficits ever in our history.

The trade deficit last year was $618 billion. Why does it matter? It matters because we have to fill in the gap somewhere. The way the President is filling in the gap is to borrow the money. He is borrowing it from all over the world.

In the last 3 years—and we only have numbers to 2004—this is what is happening to the foreign holding of our U.S. Treasury debt. Foreign holdings of our Treasury debt have gone up 92 percent in just the last 3 years. Some might say: So what. Everything seems to be going well. That just shows countries have confidence in us.

Does anyone really believe America is strengthened by borrowing more and more money from Japan and China and South Korea? Does anybody think that somehow strengthens America?

The harsh reality is that all this borrowing has led to this result: The dollar is in decline. Against the Euro, it has already gone down 33 percent since 2002. As we borrow more, people are having less faith and confidence in the value of the U.S. dollar, and the dollar has declined quite dramatically. It is not just the Euro, it is against other currencies as well.

Senator BENNETT, I am sure, talked about how jobs are now being created. That is true, and that is good news, and all of us are happy for that for the country. But the hard reality is there is an enormous gap between what is happening in this recovery and what has happened in previous recoveries.

This dotted red line shows job recovery in the nine recessions since World War II before this one. One can see at this stage of the recovery—and this is the number of months after the business cycle peak—when we get out to this stage of the recovery, generally job recovery is improving very markedly and very dramatically. But look at the gap between this recovery and the average of the job recovery in the nine previous recessions since World War II. There is an enormous gap. In fact, the gap in jobs is 6.2 million private sector jobs short of the typical recovery. Something is wrong here. Something very different is occurring between this recovery and other recoveries.

One of the questions we ought to be asking is why? Why is this recovery so weak compared to all the other recoveries since World War II? One of the things we see in addition to that is real weekly earnings during the tenure of President Bush are up only $5.32—and that is a week. Real weekly earnings in January of 2001 averaged $523 a week in this country. You see, this goes back to 1996, and we saw a very healthy run up from $485 to $523 from 1996 to 2001.

So that was an increase of $38 a week. In this 4-year period, 2001 to 2005, weekly earnings are only up $5—again an indication that this recovery is weak in comparison to other recoveries. Here is more evidence that something is amiss in this recovery. Here is the share of population at work, and what we see is that it is near a 10-year low, with 62.3 percent of the population employed. We had been up at just about 64 percent, but in this period, with the recession, not surprisingly, the share of population at work was reduced, and still we are not seeing a strong recovery.

I am certain also that Senator BENNETT talked about what has happened with tax cuts and that tax cuts help fuel the recovery. There is no doubt that tax cuts help a weak economy. I myself proposed to our colleagues very substantial tax cuts in 2001, not as big a tax cut over an extended period as the President but actually bigger tax cuts in the short term than the President first proposed in order to give lift to the economy.

I think now our colleagues are basically rewriting history and saying that tax cuts increased revenue. That is not what the record shows. The record shows that tax cuts reduced revenue. Here is what has happened. This chart shows Federal revenues in trillions of dollars, and we can see at the time of the Reagan tax cuts we had a reduction in revenue. At the time of the Bush tax cuts, revenues declined 18 percent over a 3-year period. They did not go up; they went down. This is not a matter of ideology. It is not a matter of partisanship. It is a matter of fact. The fact is, revenue went down.

Looking at it in another way, this is the history of revenue going back to 1955 as a percentage of gross domestic product, and we can see that revenue had reached a peak of almost 21 percent in 2000. This led President Bush to say we need to cut taxes. He was right. Taxes were very high historically at that point, but look at what has happened subsequently. Taxes last year were down to 16.3 percent of gross domestic product. That is the lowest since 1959.

So, again, when our friends say we get more revenue with tax cuts, no, no. We did not get more revenue. Revenue went down sharply. It did not go up. That is just a factual matter.

I remember very well, in 2001, the Congressional Budget Office came to us with—I call this the fan chart. The fan chart was designed to show us the range of possible outcomes of budget deficits going forward. The Congressional Budget Office gave this wide range of possible outcomes depending on various economic scenarios, and they chose this midrange of possible outcomes for the forecast. The administration adopted that same outlook, and they said on the basis of this analysis that we were going to have nearly $6 trillion in surpluses over the next 10 years. Of course, this was back in 2001.

My Republican colleagues came to me when we were having these budget debates, and I said, please, do not bet on a 10-year forecast. Let us not be betting the farm on a 10-year forecast because it may not work out. Yes, let us have tax cuts, let us have money set aside to strengthen Social Security, but let us not bet the whole farm on these forecasts coming true.

Some of my best friends on the Republican side said: Kent, you are way too conservative. Do you not understand with these tax cuts, we will get a lot more revenue? Do you not understand the way it works? If we have these tax cuts, that will fuel the economy, and we will get much more revenue. We will be way above the midpoint of this range.

Well, let us go back and check what really happened. Here is what really happened. It is this red line. We were not at the midpoint. We were not at the bottom of the range of possible outcomes on the deficits; we were way below the bottom. So this theory that tax cuts are going to lead to more revenue did not work out. In the real world, it did not work out.

Here is what the Federal Reserve Chairman says. He rejects claims that tax cuts will pay for themselves. He said:

> It is very rare and very few economists believe that you can cut taxes and you will get the same amount of revenues.

He has made other comments on the subject as well. He said last year, on September 8, in testimony before the House Budget Committee:

> If you're going to lower taxes, you shouldn't be borrowing essentially the tax cut. And that over the long run is not a stable fiscal situation.

That is exactly what the budget before us asks us to do. It asks us to borrow more money to finance more tax cuts when the revenue is already the lowest it has been since 1959.

I have to say to my friends, at some point the stuff that is being proposed has to add up. If my colleagues do not want to finance the spending they are voting for, then vote to cut the spending to match the revenue they will support. If they do not intend to make those cuts in spending, then raise the revenue to meet the spending they insist on passing.

Over and over today, we heard our friends on the other side of the aisle say this budget is one that is fiscally responsible. I will soon have the chart that shows the year-by-year increases in the debt under this budget.

Over and over I heard today that this budget is going to cut the deficit in half. Well, that is a worthy goal—going to cut the deficit in half over the next 5 years. The problem with it is they have just left out all kinds of things we know we are going to spend money on. They left out the war costs past September 30. That is $300 billion, according to CBO. They left out $700 billion to fix the alternative minimum tax. They left out $700 billion to fund the President's Social Security plan.

It does not stop there because, very interesting, if we go to their own budget document on page 5, here is what we find. This is their analysis of how much the debt is going to increase over the 5 years of their budget. Look at what it shows. These are not my numbers. This was not developed by our side of the aisle. This is our Republican colleagues' own budget document, and here is what they say: If we pass this budget, the debt is going to increase in 2005 by $669 billion. Of course, that budget is already in play. Next year they say the debt will increase by $636 billion; the next year they say the debt will increase by $624 billion; the next year by $622 billion; the next year by $611 billion. How is the debt increase being cut in half? The deficit should be the amount by which the debt increases every year, right? Well, this is what they say the debt is going to increase by, and yet at the same time they are saying they are cutting the deficit in half.

How do these two things add up? The only way they add up is by just leaving things out. When you put them back in, what you see is the debt increasing each and every year by over $600 billion, and all before the baby boomers retire.

What is going to happen then? Massive debt before the baby boomers retire, and then a doubling of people eligible for Medicare and Social Security. Then we have a train wreck.

The hard reality is, this budget does virtually nothing about the deficit situation facing the country. In fact, it only makes it worse. Under this budget before us, the deficit is increased by $130 billion over and above what would happen if we did nothing. If we put the Government on autopilot and walked out of here today, the Congressional Budget Office says the deficit would be $130 billion less than if we pass this budget. Yet we heard all day how this is a fiscally disciplined budget.

I wish it were so, but it is not. We now face a circumstance in which the country is living beyond its means. We are running a trade deficit over $600 billion, a deficit on an operating basis over $600 billion, and we are borrowing the money and the President's answer is borrow some more money. Change Social Security, create private accounts, divert money out of Social Security, fill in the difference by borrowing trillions of dollars more.

Tomorrow we are going to have a debate and a lengthy discussion on the question of Social Security and what the proper course is. I, for one, believe we do need to fix Social Security. We not only need to fix Social Security, we need to fix Medicare because the shortfall there is eight times the shortfall in Social Security. The President has no plan to address that shortfall.

In addition to that, we are running these record budget deficits and the President says make the tax cuts permanent, cut the revenue base some more, and spend more money.

This budget spends $100 billion more than last year's budget. I said to my colleagues earlier today, this is almost surreal, talking about this budget, how disconnected it is from reality, how far afield it has become. To hear descriptions of this budget that suggest it is fiscally responsible kind of leaves me shaking my head.

Enormous risks are being run. The risks that are being run are that the folks who are loaning us the money decide they are not going to continue to do it. If that were to happen, the dollar would plummet further. I have already indicated it is off 33 percent against the Euro in just the last several years. But if those who are loaning us money—the Japanese, they have loaned us over $700 billion; the Chinese, they have loaned us over $200 billion; the South Koreans, they have loaned us almost $70 billion—if they decided no longer to continue loaning us these amounts of money, what would we do? What would the options be that would be open to us? How would we pay our bills?

That is a question we ought to be thinking about very carefully. If those who are loaning us these vast amounts of money decided that they were running too great a risk, if they decided they were tired of losing the value of their investments because the value of the dollar is constantly eroding, what would be the choices left to us? Very clearly we would have to dramatically raise interest rates. That would have a very serious impact on our economy, very serious, because not only do we have government debt—Federal Government, State government, local government—corporations have debt and individuals have debt—they have mortgage debt, they have car loan debt, they have student loan debt. What would happen to all of that debt if all of a sudden interest rates had to rise quickly and dramatically in order to get foreign capital back into the country to float this boat because of these massive budget deficits and trade deficits? What then? That is the risk that is being run. That is the risk that is being run with this reckless fiscal policy.

Our friends on the other side have described themselves as conservative. There is nothing conservative about the budget policy of this Government. This is a wildly reckless fiscal policy of record deficits, of record increases in debt with no end in sight, and this budget is more of the same. By its own terms, it says it is going to increase the debt every year of this budget by over $600 billion a year. Debt on top of debt.

It is not too late. The time is still available to us to change course, to go to the American people and say: You know, we have to trim our sails. We are living beyond our means. We have to take steps to reduce this growth of deficits and debt. Yes, we need more revenue. Revenue is at the lowest it has been since 1959. That doesn't mean the first thing we do is raise taxes because could you get more revenue without a tax increase. You could get more revenue by collecting the taxes that are due now. The Internal Revenue Service tells us that the tax gap, the difference between what is owed and what is being paid, is over $300 billion a year. That is money that is owed that is not being paid. Why should we increase taxes on anybody before we collect taxes from people that already owe it?

The vast majority of the American people pay what they owe. But we have a growing number of people and a growing number of companies that are not paying what they owe. The result is the burden gets shifted onto all the rest of us who do pay what we owe.

Part of the result is these massive budget deficits. Yes, we have to be tough on the spending side of the ledger as well, without question. We are going to have to be tough on the spending side. But our Republican friends never want to talk about the revenue side. They say deficits are simply a result of spending.

No, deficits are a result of the relationship between spending and revenue. What has happened is very clear. The facts demonstrate it conclusively. The revenue side of the equation has collapsed. Last year shows the lowest revenue as a percentage of gross domestic product since 1959, and spending has gone up.

I would be the first to say the administration has increased spending with complete bipartisan support. The increase in spending has been primarily in three areas: Defense, homeland security, rebuilding New York. Those are the areas where the spending has gone up. In fact, virtually all of the spending increases are in just those three areas. But that is the reality. Spending has gone up, revenue has gone down. We couldn't pay our bills before, and we sure can't pay them now. The proposal is spend even more, have even less revenue.

The deficits get worse and they get worse at the worst possible time, right before the baby boomers retire. That puts enormous strain on the budget of our country.

What difference does it make? The difference it makes is somehow you have to pay these bills. If we are not going to cut the spending to match the revenue or raise the revenue to match the spending, then the only alternative is to continue to borrow, borrow, borrow. And increasingly, we are borrowing from countries all over the world. That makes us more vulnerable.

I have never heard of a country borrowing its way to power. I have never heard of a country strengthening itself by becoming more indebted to others. I have never heard of a country that built its power on being the biggest debtor nation in the world, which we have now become. We have gone in the last 30 years from being the biggest creditor nation in the world to being the biggest debtor nation.

You can do that for a while, just as a family can live beyond its means for a while. But at some point the bills come due. At some point you have to pay up.

The challenge for us is to get on a different course and a different trendline as quickly as we can. We have seen this country take on challenges such as this many times before and succeed. The strength of America is our resilience and our ability to change course to meet challenges. We did it in World War I, in World War II, and we did it in the Great Depression. We did it in the 1990s when we were faced with massive deficits as well and we were able to get back on a course that turned deficits into surplus. Now that course is reversed once again. Unfortunately, unlike the 1980s when we had more time to get well, this time there is very little time to get our financial house in order before the baby boomers start to retire.

Hopefully, tomorrow we will begin to agree to some amendments to this budget that will reduce the buildup of deficits and debt and begin to set us on a course toward fiscal responsibility. I hope that will happen. We will certainly have a vigorous debate and discussion and amendments tomorrow, and I look forward to it.

Mr. GREGG. Mr. President, the executive branch agencies have many programs to recognize performance and talent. In the legislative branch, we too often take personal effort and hard work for granted. Unfortunately, the Senate does not possess many ways to recognize excellence, and too often we recognize outstanding people only at their farewell parties when they leave to assume a high-level position downtown.

Today, I would like to take a little time off the debate clock to mention something that is not debatable. I think this is simply stating something that all members, on both sides of the aisle, know only too well. I want to recognize three members of our Senate Budget committee staff who exemplify the highest standards of public service—Jim Hearn, Cheri Reidy, and Dave Pappone.

During the recent transition, I was very fortunate to have three of the very best in the Senate, and the U.S. Government, elect to stay with the committee. Jim, Cheri, and Dave Pappone are among the best I have seen. They serve as the institutional knowledge and conscience of the committee. I have benefited greatly from the advice and counsel of these professionals who have served the committee under former Chairmen PETE DOMENICI and Don Nickles. I am proud to say now they are part of my team. When I announced in November that I intended to assume the chairmanship of the Budget Committee, I began to sit through ''budget school'' tutorials with these three to go over the intricacies of the budget process and the Budget Act. Since then, they provide outstanding staff work and recommendations. The resolution before the Senate is here on time and out of committee in not small measure based on their hard work.

Jim Hearn joined the budget committee in 1995. He holds a Master of Public Policy degree with a concentration in Economics and Forecasting from the University of California at Berkeley. Jim served with the Congressional Budget Office, or CBO, from 1984 until 1995. He serves as our director for Federal Programs and Budget Process. He also is author of our committee's Budget Bulletin, which distills and explains the latest budget developments on the Hill, and seeks to explain complex budgetary concepts. Jim is one of those people in Washington who fully understands the Budget Act and the budgetary process. The technical accuracy of the budget, and the drive to bring ''good government solutions'' to the budget process are Jim's constant passion. He is respected by CBO, OMB, and budget experts everywhere—inside and outside Government. Countless Senate committees know they can count on Jim to give them an honest evaluation of budgetary proposals and scoring.

Cheri Reidy joined the Budget Committee in 1982. She holds a Master of Public Policy Analysis from the University of Rochester with an emphasis in statistical and economic analysis and program evaluation. Her undergraduate degree is in Psychology which, no doubt, serves her well in understanding the budget process. Cheri serves as our director for Revenues and Budget Review. Cheri understands all sides of the PAYGO ledger as well as anyone—she especially knows revenues and tax policy. I sometimes think she is the anchor, the core of our professional staff. She is tireless and remains cool under pressure. She spends time with our new committee staff teaching them the ins and outs of budget review and the type of products required to be able to draft a chairman's mark within several days of getting the CBO reestimate of the President's Budget. Cheri is brilliant, a team player, and a pleasure to work with.

David Pappone joined the Budget Committee 3 years ago, when he started as the functional analyst for education and space/science. David holds a Master of Public Administration with a concentration in Budget and Public Finance from George Washington University. There was a television ad years ago for Digital Computers that said, ''If you can make the numbers work—it's the big time.'' Well, Dave Pappone is a genius with spreadsheets and managing information from OMB, CBO, and a number of functional analysts on our staff. David makes the numbers work and produces a number of complex, funding tables and charts in a fashion that seems seamless and almost effortless. He is a one man CBO for our committee and gives us 110 percent day in and day out.

Mr. President, the Budget Committee has an extraordinary staff. On a daily basis I am impressed with their tireless energy, professionalism, and teamwork. At the core are Jim, Cheri, and Dave, and I just wanted to recognize them and say thanks.

Mr. President, today I want to also recognize the achievements of Don Dempsy of my staff, as he moves from the staff of the Budget Committee to serve as the legislative director for the Senator from North Carolina, Mr. BURR.

Don is one of those rare persons who combines unusual academic and intellectual achievements with a keen, practical, and effective role in public policy. Well educated as an economist, he has applied this expertise to health care policy and other public policy areas for over 10 years.

He began his work on the Hill in 1996 and his talents were quickly recognized by a number of Senators. He was promoted over the next few years to positions of increasing responsibility in the offices of the incomparable Senator Gramm and upon his retirement, in the office of Senator KYL.

His accomplishments and expertise with those Finance Committee members are well known. Early last year he joined the Budget Committee under the chairmanship of my predecessor Senator Nickles. We were fortunate enough to benefit from his understanding of the budget and two crucial entitlement programs, Medicaid and Medicare, as well as his intensive knowledge of the full range of health programs.

Don, characteristically, has put his work and his loyalty to the Senate first, and left our office Friday and begins work today with Senator BURR without a break. The Senate and the country thank him for his service.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. STEVENS. Mr. President, I have come to the floor of the Senate tonight to sort of finish up the day, mainly because I am a westerner. I know that many people listen to the coverage of the Senate, but in the West it often happens that the speeches pertaining to the interests of the West come off in the middle of the day. And it is now 8:40 p.m. here. That means it is 5:40 on the west coast and 4:40 in Alaska, my home.

I feel the west coast has been misrepresented as far as the issues that pertain to the development of the Arctic Slope in my State. Gone are the days of the great supporters such as Warren Magnuson and Senator Jackson and Senator Hatfield from Oregon and Senator Hayakawa and others from California. We have almost unanimous opposition to the development of the Arctic Slope now from the west coast. Yet it was the west coast that got most of the oil that came from the development of Prudhoe Bay.

I have lived through this whole period and I want to talk a little bit about the history of it. But I hope people living on the west coast who listen to this and view this program will think a little bit about it and call their Senators and ask them, Why are they opposing the development of domestic oil? Why are they insisting on relying upon foreign sources of oil?

In recent months many have voiced concern about the emerging economic recovery, job creation, our national security, and increasing gasoline prices. In my view, we can only have a full debate on this budget resolution if we discuss what I believe is the source of many of these problems.

It has been 12 years since the United States adopted comprehensive energy legislation, adopted a bill to send to the President a new energy program. For more than a decade, our outdated policy has been a barrier to our economic growth and opportunity. It is like a cancer spreading to all corners of our country and all industries in our economy.

Without sound, balanced energy policy that reflects our current circumstances, Americans will continue to see the symptoms of this cancer in their daily lives: higher prices at the pump, the fear of whole cities held hostage by blackouts, and the whims of unstable governments and unfriendly regimes we rely upon for basic energy needs.

I hope later to address the sweeping impact of our Nation's insufficient energy policy on all segments of our economy. But I want to begin tonight by putting these issues in historical context and reviewing the history of what is called ANWR and the energy crisis of the 1970s.

In 1960, Secretary of the Interior Fred Seaton established the 8.9 million acre Arctic National Wildlife Range and stipulated the range was open for mineral leasing. As the only current Member who worked in the Eisenhower administration, and one who drafted portions of the order creating the Arctic National Wildlife Range, attempts to convince the Congress that the range was ever closed to oil and gas exploration is a mischaracterization of the intent of its creators, the history of the range, and the purpose of the coastal plain of ANWR itself.

Contrary to misinformation, neither the Arctic Wildlife Range nor the coastal plain of ANWR were ''set aside specifically for preserving wildlife for future generations.'' That is a quote many people use. In fact, both the order creating the range and the Alaska National Interest Lands Conservation Act, which we call ANILCA, which created this area called ANWR, contain specific provisions permitting oil and gas exploration and development of our coastal plain.

The process which culminated in the creation of the range was designed to balance a myriad of interests. As the then-solicitor for the Interior Secretary Seaton, my office was responsible for processing the order which established the range. I personally, as an Alaskan, worked with conservationists, Alaska sportsmen, and industry to find the appropriate balance between conservation and development. In fact, Secretary Seaton himself stated that ''Subsurface development will be undertaken in accordance with regulations that will protect and preserve the wildlife and the primitive character of the land.''

The then-Under Secretary at the time, Elmer Bennett, assured our State:

> This Department has every intention to foster legitimate oil and gas activity within this area if any potential is discovered.

Many have forgotten the lessons learned in the 1970s. Before the energy crisis, there were warning signs. In Congress, we held extensive hearings in 1972 on all aspects of energy supply, and we were warned over and over that unless we reevaluated our Nation's policy on energy consumption and development, the country would essentially be unable to meet its energy needs.

By increasing our dependence on foreign oil year after year and failing to increase domestic production, we left ourselves vulnerable to OPEC's decision on October 18, 1973, to impose the Arab oil embargo. OPEC's decision was a retaliatory act. It was retribution for our foreign policy during the October Middle East war.

The embargo lasted until March 1974, and as a Member of the Senate in 1973, I can tell you those were difficult times. The cost of foreign oil rose nearly 400 percent, and the impact on our constituents was brutal. Our people waited in long lines at gas stations throughout our Nation, and the cost of gasoline prevented them from traveling by automobile as they had in the past.

The embargo decreased industrial productivity, increased unemployment, and accelerated inflation. Secretary of State Henry Kissinger estimated that the embargo of the 1970s cost us 500,000 jobs and more than $10 billion in national production.

America's consumers paid the price for that crisis. The price of oil rose, but so did the price of coal, natural gas, electricity, and even firewood. My colleague at the time, Senator Henry Jackson from Washington, estimated every American paid almost $500 more in 1974 for energy. Adjusted for inflation, that would be over $1,000 apiece today.

I remember well President Nixon's words, when the oil embargo began, in a televised speech on November 7, 1973. He called on Congress to enact a major energy bill, something he had asked us to do repeatedly for 2 years. He told the country:

> Our failure to act now on our long-term energy problems could seriously endanger the capacity of our farms and factories to employ Americans at recordbreaking rates . . . It could reduce the capacity of our farmers to provide the food we need. It could jeopardize the entire transportation system. It could seriously weaken the ability of America to continue to give the leadership which only we can provide to keep the peace that we have won at such great cost . . .

What strikes me as I read President Nixon's speech today is that President Bush could give the same speech now. We again need comprehensive energy legislation, and the stakes are still high.

In the wake of the 1970s energy crisis, Congress debated the Trans-Alaska Pipeline Authorization Act. During that debate, opposition came to the Senate floor and made dire predictions. They argued that construction of the pipeline would devastate Alaska's landscape and wildlife in the area.

For instance, Senator KENNEDY predicted:

> Earthquakes [would] create oil spills which would wreak havoc with the Alaskan environment . . . The heat generated by the oil flow . . . would have a detrimental effect on Alaskan tundra and upset the whole ecology of the region . . . and the pipeline [would] become a barrier which would seriously interrupt the migratory patterns and normal movements of various species of wildlife.

And the friends of the Earth testified at a congressional hearing in 1969:

> There is no technology that could restore the wilderness that the pipeline would destroy.

These dire predictions did not come to pass. The Alaskan pipeline withstood an earthquake of 7.9 magnitude on the Richter scale and not a drop of oil was spilled—not one drop during that earthquake. Similarly, our tundra has not been impacted by the flow of oil, nor has the migration of wildlife been affected. In fact, the caribou population in the vicinity of the pipeline increased from 3,000 in the 1970s to 32,000 today.

Even former Congressman Mo Udall, who had argued on the floor of the House that the pipeline would damage Alaska's ecosystem acknowledged that he was wrong. He stated;

> We've had 15 years or so with Prudhoe and we came out pretty good. . . . the people who talked about ecological disaster have been proven very wrong.

Environmental organizations agreed during debate on the pipeline that development of Alaska's resources is important. Stephen R. Seater of the Defenders of Wildlife testified:

> Defenders of Wildlife does not oppose development of Alaskan North Slope oil and gas. The United States is suffering from a lack of fuel, and it has been said by many experts that by mid-summer we will be in a full-blown fuel crisis.

And Thomas B. Stoel of the Natural Resources Defense Council testified:

> [T]he national security importance of Alaskan North Slope oil is that it will relieve the United States of the necessity to import an equal amount of foreign oil.

Despite differences over the possible routes for the transportation of Alaska's oil resources to the Lower 48, almost all Members of the Senate and House agreed that development of Alaskan oil was vitally important to both America's national security and the continued economic well being of the U.S.

I emphasize this: that is why the vote on passage of the Pipeline Act was allowed to proceed without the threat of filibuster. Not one Senator suggested filibustering the Alaskan Oil Pipeline Act.

The passage of the Pipeline Act was adopted by one vote when Vice President Agnew came to Congress and broke the tied vote. Congress directed the Secretary of the Interior to move immediately to authorize construction of the 798-mile pipeline connecting the North Slope with the port of Valdez to deliver oil to the Lower 48.

Four years later, the first tanker carrying North Slope crude oil left Valdez, Alaska. Over 14 billion barrels of oil have been transported through the pipeline since then. Today it provides nearly 20 percent of our domestic oil production, although the throughput of the pipeline has been reduced from a peak of 2.1 million barrels per day to about 750,000 barrels per day. That is why we must get into ANWR and that is why we must discover additional reserves.

At the time, construction of the Trans-Alaska Pipeline was the largest privately financed construction project ever attempted. It stands as a testament to American ingenuity and our ability to balance protection of the environment with production of our natural resources.

Alaska's vast resource potential was again raised in 1978 during debate on the Alaska National Interest Lands

Conservation Act. This act resulted in the creation of over 100 million acres of parks, wildlife refuges and national forests and tripled the amount of land designated as wilderness.

During this debate, the Alaska delegation asked for a stipulation to allow the coastal plain of ANWR to remain open for oil and gas exploration and development, as it was when the Arctic Range was created.

As in the pipeline debate, many Members raised concerns about the environmental impact such development would have on the region. However, even those Members acknowledged that oil and gas exploration and development would occur if necessary for our national security.

Even Congressman Udall stated:

> [N]othing stops some future Congress from allowing the exploration for these uses if they are of sufficient national importance.

He went on to say that a:

> sizable find in the Arctic Range [would be] economically feasible by the year 2000.

Thus, even a staunch environmentalist acknowledged that the coastal plain of ANWR would be developed in the future.

To ensure that the oil and gas rich coastal plain remained open for exploration and development, I worked closely with Senator Henry ''Scoop'' Jackson and Senator Paul Tsongas. They promised that oil and gas activity would take place in ANWR subject to an environmental impact statement.

In the spirit of compromise, Senators Jackson and Tsongas created Section 1002 of ANILCA, which set aside 1.5 million acres along the coastal plain of ANWR for oil and gas exploration and development.

But in the years that followed, the promise made by Senators Jackson and Tsongas has not been upheld. I have now fought for 24 years to see that promise fulfilled and to bring to the United States the energy resources it so desperately needs. I have been thwarted because this body no longer respects the promises made by its predecessors.

There is a new climate in Congress. With the retirement and passing of the old bull World War II types like myself, a Member's word doesn't carry the meaning it used to. Even President Jimmy Carter, who signed the 1980 act, has failed to honor the legislation he helped create. I recently received a letter from President Carter which said that ''Congress may try to subvert parts of ANILCA'' by utilizing the budget process.

Congress has not gone back on its commitments, nor is it taking a ''back door approach'' to legislating this important issue. Section 1002 specifically authorizes exploratory oil and gas activities on the coastal plain and mandates an environmental study. That environmental impact study was completed and submitted to Congress in 1987!

Section 1003 of the 1980 act states that no development in ANWR can take placement without Congressional authorization. We have tried for years to open ANWR pursuant to that section, and have been thwarted by the threat of a filibuster.

President Carter also stated that we are trying to ''circumvent normal legislative procedures'' by inserting ANWR into the budget process. I ask my colleagues, since when have filibusters become ''normal legislative procedure?'' Isn't the will of the people served by a simple majority vote? That is all we are asking for when we put this in the Budget Resolution, a simple majority vote, and not subjecting ANWR to a filibuster, which was unheard of in the 1970's in matters concerning national security, and the availability of this oil from our Arctic is surely a matter of national security.

This year is my 37th year in the Senate; I can remember a time when the filibuster was used sparingly, and I don't recall it ever being used when an issue of national security importance was before the Senate.

ANWR is a national security issue. When the Nation depends on 60 percent of our energy needs from unstable or unfriendly regimes, that involves a national security issue. When U.S. companies move their operations offshore because of high energy prices, this is a national security issue. When Americans can no longer afford to heat their homes, this is a national security issue. And when our military, which is the largest consumer of energy resources, is forced to rely on oil from the Middle East, this is a national security issue.

This Congress has failed to balance conservation with development and now we are—literally—paying the price.

We have not seized opportunities to increase domestic production of oil and natural gas. And, higher gasoline prices, dependence on foreign oil, and a fragile economy—issues that many Members have expressed concern about—are the signs that another energy crisis looms over us.

It is my hope that my colleagues will heed the lessons of history and act now. We cannot wait for another national crisis. The provisions in the budget resolution starting the process of approval of ANWR by majority vote must be supported.

Further, Congress must make good on its promise and open ANWR to exploration and development and begin the projects our country needs to meet our energy demands now.

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

The PRESIDING OFFICER (Mr. MARTINEZ). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent there now be a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

LOCAL LAW ENFORCEMENT ENHANCEMENT ACT OF 2005

Mr SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. Each Congress, Senator KENNEDY and I introduce hate crimes legislation that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society. Likewise, each Congress I have come to the floor to highlight a separate hate crime that has occurred in our country.

A 45-year-old transgender woman was found beaten to death by San Francisco authorities last August. The woman, Toni Green, was born a male but lived as a woman. Police investigating the case believe this may have been the motivation behind the attack.

I believe that the Governments first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

PUBLIC SAFETY EMPLOYER-EMPLOYEE COOPERATION ACT

Mr. KENNEDY. Mr. President, it is a privilege to join with Senator GREGG in championing this important legislation to give fire fighters, police officers, emergency medical personnel, and other first responders the basic right at long last to fair representation in the workplace.

Every year, tens of thousands of police officers and fire fighters are injured on the job. Even apart from the extraordinary tragedy of the loss of over 400 fire fighters and police officers on a single day on 9/11, hundreds of fire fighters and police officers lose their lives in the line of duty each year. This bill is a needed bipartisan effort to protect our Nation's public safety officers and the communities they serve. Providing such protections is the least we can do for them in light of the sacrifices they make every day for our country.

For more than 60 years, the Federal Government has recognized the right of employees to bargain collectively with their employers. It encourages labor and management to work together to improve wages and working conditions and increase productivity. Collective bargaining has led the way on many important changes in today's workplace, such as health and pension benefits, paid holidays and sick leave, and workplace safety. Our legislation will ensure that first responders will also have this fundamental right.

Granting this right to first responders also benefits the public in essential ways. It creates safer working conditions for public safety employees and increases public safety. It saves money for states and local communities by providing more cost-efficient public safety services. And it gives a voice on the job to the courageous public servants who put their lives on the line each day to protect and serve us.

First responders are well aware what it takes to create safe working conditions, and they know what it takes to enhance public safety. This legislation gives first responders the opportunity to discuss on-the-job safety issues with management, and a meaningful role in establishing policies and practices to protect the public.

In addition to improving public safety, this bill will save money. Experience has shown that when first responders are able to discuss workplace conditions with management their departments can provide more cost-effective services. Extending collective bargaining rights to all public safety employees will encourage innovation, efficiency and partnership in public safety departments, and produce lower costs for the States and local communities they serve.

Our legislation accomplishes its goals in reasonable and moderate ways. Most states would not be affected, because their laws already permit collective bargaining between public safety employees and employers.

Under this bill, states that do not do so may choose to establish their own collective bargaining system, or they may ask the assistance of the Federal Labor Relations Authority in establishing bargaining procedures and regulations. This approach respects existing state laws and gives each state the authority to decide how it will comply with this legislation.

The benefits of this bill are clear and compelling. Public safety workers are one of the largest sectors of the workplace that do not yet have the basic right to form a union and bargain with their employers over wages, hours, and working conditions. It is a matter of basic fairness to give these courageous men and women the same rights that have long benefited so many other Americans. They deserve a voice in the life and death discussions about their work. They have earned that right, and I urge Congress to act quickly to guarantee it.

CELEBRATING NATIONAL SAFE PLACE WEEK

Mr. CRAIG. Mr. President, I am please to recognize the week of March 13 through 19, 2005, as National Safe Place Week. As my colleagues know, the Senate adopted a resolution last week providing for this designation. I thank my colleague, Senator FEINSTEIN, for her work on this issue, and I also thank the other cosponsors of this resolution: Senator BOXER, Senator COCHRAN, Senator CRAPO, Senator DEWINE, Senator DODD, Senator DURBIN, Senator FEINGOLD, Senator HATCH, Senator INHOFE, Senator INOUYE, Senator ISAKSON, Senator JOHNSON, Senator KOHL, Senator LANDRIEU, Senator LIEBERMAN, Senator LINCOLN, Senator LUGAR, Senator MIKULSKI, and Senator MURKOWSKI. The Senate's action recognizes the importance of Project Safe Place and sends a message that we will keep working to protect our children. In countless ours of selfless work, volunteers truly do make a difference every day, and in passing this resolution, the Senate applauds the tireless efforts of the thousands of dedicated volunteers across the nation for their many contributions to the youth of our Nation through Project Safe Place.

Events of the day may turn our attention overseas, but it is essential to remember those who are fighting an ongoing battle right here at home to protect this Nation's must valuable resource: our children. Young people are the future of this Nation; they need to be both valued and protected. Sadly, however, as my colleagues know, this precious resource is threatened daily.

There is a tremendous initiative between the public and private sector that has been reaching out to youth for over 20 years. Project Safe Place is a program that was developed to assist our Nation's youth and families in crisis. This partnership creates a network of private businesses trained to refer youth in need to the local service providers who can help them. Those businesses display a Safe Place sign so that young people can easily recognize a "safe place" for them to go to receive help.

The goal of National Safe Place Week is to recognize the thousands of individuals who work to make Project Safe Place a reality. From trained volunteers to seasoned professionals, these dedicated individuals are working together with the resources in their local communities and through their ties across the Nation to serve young people. Because of Project Safe Place, this all happens under a well-known symbol of safety for in-crisis youth.

Project Safe Place is a simple program to implement in any local community, and it works. Young people are more likely to seek help in locations that are familiar and nonthreatening to them. By creating a network of Safe Places across the Nation, all youth will have access to needed help, counseling, or a safe place to stay. However, though the program has already been established in 42 States, there are still too many communities that do not know about this valuable youth resource.

If your State does not already have a Safe Place organization, please consider facilitating this worthwhile resource so that young people who are abused, neglected, or whose futures are jeopardized by physical or emotional trauma will have access to immediate help and safety in your community. To create more Project Safe Place sites in Idaho, the staff in several of my State offices have completed the training to make them Safe Place sites, and now have the skills and ability to assist troubled youth. In the coming years, Project Safe Place hopes that every child in America will have the opportunity to connect with someone who can provide immediate help by easily recognizing the Safe Place sign.

Mrs. FEINSTEIN. Mr. President, I also rise today to recognize National Safe Place Week, which begins on March 13, 2005.

I am proud to join Senator CRAIG as an original cosponsor of S. Res. 71, which designates the week of March 13–19, 2005 as National Safe Place Week. This resolution recognizes the participating businesses, community organizations, youth service agencies and volunteers that are part of the YMCA National Safe Place program and work for the safety and well-being of at-risk youth.

Youth today face an ever-growing amount of pressure in their daily lives at school, at home, and in the community. For some youth, problems include abuse or neglect at home, drug or alcohol addictions of family members and friends, trouble at school or dangerous situations on a date. Young people who face these situations should not feel left alone, but should have a place in their community to which to turn.

Over the past 22 years, the National Safe Place program has connected over 79,000 youth in crisis to immediate help at Safe Place locations and has provided over 78,000 youth with counseling by phone. Present in 41 States and serving 714 communities, the National Safe Place program brings together the private and public sector to reach out and help at-risk youth who are lost, scared, threatened or in unsafe situations. In my home State of California, there are nine designated Safe Place programs with over 1,667 Safe Place sites located in 65 communities.

National Safe Place sites include fast food restaurants, convenience stores, fire stations, libraries and other public buildings and are marked by large, yellow Safe Place signs displayed prominently in front windows. Any youth can walk into a Safe Place site and receive immediate help from a trained volunteer, and further help from a Safe Place staff person who can provide counseling, residential assistance or professional referrals, as needed.

The National Safe Place Week recognizes the time, resources and energy of thousands of businesses, community organizations and volunteers who make this effective, growing network of support for youth possible. In addition, it seeks to increase awareness of the crises that youth face today.

I am encouraged by the National Safe Place Program's positive impact on communities throughout the Nation, and I hope that more communities will choose to participate in this innovative program. I believe that the National Safe Place program brings us closer to making our country safe for youth, and for that I offer my full support.

TRIBUTE TO JOHN GILLILAND

Mr. BAUCUS. Mr. President, I rise today to commend John Gilliland, who worked for me on the trade staff of the Finance Committee for the last 2 years. He left to go work for the law firm of Miller and Chevalier, where I know he will be a great success.

We were lucky to have John with us on the Committee for 2 years. But he has been working hard on public policy issues for much longer than that.

John began his Senate career in the office of my good friend and colleague, Senator BLANCHE LINCOLN. John worked for 2 years as her legislative counsel on trade and agriculture issues. Senator LINCOLN, of course, was instrumental in helping us pass the 2002 farm bill and the Trade Act of 2002, and John was her key staffer on both pieces of legislation.

My staff worked closely with John on these issues, and everyone was so impressed by him that I hired him to help us on the Finance Committee.

I am glad we did. John has been a tremendous asset. He knows agriculture and trade inside and out. I am always amazed that I can ask him almost anything, and he not only knows that answer, but can give me all of the history, politics, and nuance.

His knowledge of agriculture was particularly important for Montana, where farming and ranching are the engine of our export income. John is somebody who I trusted to represent me in Montana, and someone who I trusted to represent Montana here in Washington. That alone is saying a lot.

John worked on some difficult and important issues while on the Finance Committee. He played a key role in the Australia free-trade agreement and was responsible for oversight of WTO negotiations. He was also a strong advocate for our work to end the embargo against Cuba, and he helped negotiate the first ever Montana-Cuba agriculture trade deal. In fact, John traveled with me on several of my trade missions, including to Cuba, Asia, Australia, and New Zealand.

John is also someone who is very dedicated to his family. He is lucky to have a wonderful wife, Rebecca, and three great kids-Will, Hudson, and Rebecca Jane. And they are fortunate to have a hard-working and talented husband and father.

Now, all of this is not to say that John doesn't have his faults. Most of his colleagues give John a hard time for not being able to match his clothes. Their criticism is warranted. In fact, on a trip to Thailand last year, we finally forced him to buy a new suit and some dress shirts. I am confident that we have now set him on the right path.

Having visited John at his desk, I can also say that I am happy that OSHA never paid him a visit. I heard someone describe John and his office best when they said that he combines southern charm with northern efficiency and third-world desk organization.

All of that said these are about the worst things you can say about John. In fact, you would be hard pressed to find a person who does not like John. He is truly one of the nicest and most genuine people you will ever meet. There are a lot of people in this town with substantive knowledge, but there are few who can put together the substance, personality, and strategy and be truly exceptional. John is one of those people.

I always say that public service is one of the most noble things a person can do. John Gilliland embodies the best in public service. He is aces. And I wish him the best.

ADDITIONAL STATEMENTS

CONGRATULATING BODE MILLER

● Mr. GREGG. Mr. President, I rise today to recognize and congratulate a great Granite Stater, Bode Miller. On Saturday Bode became the first American in 22 years to ski his way to the overall World Cup title. An Easton, NH native, Bode perfected his talents on the slopes of Cannon Mountain and now serves as the Director of Skiing at Bretton Woods. His style may not be conventional. It has been said that, like a good many New Hampshire natives, he has a mind of his own and enjoys doing things his own way. That independent spirit helped him do something else his own way this past Saturday—win the overall World Cup trophy.

The American World Cup drought has been in place since 1983 and, as Bode said on Saturday, had grown into ''curse'' proportions. In New England, we don't take kindly to sports ''curses.'' Since the turn of the century, New Hampshire's sporting faith has been rewarded with three Super Bowl trophies from the New England Patriots and, of course, the much talked about World Series title in October by the Boston Red Sox. Bode's extraordinary feats on the ski slopes of Europe have gained him worldwide recognition and has an extra special importance for those from New Hampshire who enjoy some of best skiing in the world in the White Mountains. We are proud that the slopes we enjoy skiing each winter, albeit at speeds much slower than Bode, have been the training ground for the world's best skier.

Bode donned his first pair of skis at the age of 3 and spent much of his early skiing life on the slopes of Cannon Mountain. He entered his first race when he was 11 and attended the Carrabassett Valley Academy in Maine and went on to the Junior Olympics in 1996, where he first made a name for himself. Bode competed in the 1998 and 2002 Winter Olympics, and he has collected eighteen World Cup wins over his career.

At 27 years of age, Bode Miller has accomplished the most sought-after spot of every skier, and has done so with his own style, determination, physical stamina and personality. Today we congratulate Bode Miller on this tremendous accomplishment, and we look forward to continuing to follow the eventful progress of the world's greatest skier.●

HAPPY BIRTHDAY GEORGE WIDMAN

● Mr. CONRAD. Mr. President, it is with great pleasure that I come to the floor today to wish a legendary North Dakota businessman, George Widman, a happy belated birthday. On Saturday, March 12, George turned 85. He celebrated this momentous birthday yesterday with friends and family. I never forget George's birthday because we share March 12 as our birthdays.

George and I have known each other many years, and his resiliency is something I have long admired. Following the disastrous floods and fire that struck downtown Grand Forks in 1997, George was wondering whether or not his world famous Widman's Candy Store would see another day. He told his wife, Betty, they could build the new candy store anywhere in the world, but they both agreed it was best to stay in Grand Forks and rebuild their business they had spent so many years crafting into a downtown Grand Forks landmark.

After Grand Forks had started to rebuild following this disastrous flood, George was kind enough to send every U.S. Senator a Widman's chocolate bar with the words ''thank you'' imprinted on it. This describes George's approach to life: give of yourself for the benefit of others.

George epitomizes everything North Dakota represents. Growing up during the Great Depression, he learned at an early age that in order to succeed hard work is required. He is very proud of his military service in World War II. He is a Navy veteran and served on the USS *Bunker Hill* from 1942 until his ship was hit in battle in 1945, He is devoted to his family, his community, and his Nation—all reasons we should pay tribute to George on his birthday and every day.

Today, three of George's six children are also in the candy business. Even though he has long passed the normal retirement age in our Nation, he stills comes to work every day to make candy and interact with the public he loves dearly. As George puts it, it's not about the money, but the people he serves.

Again, it is my pleasure to honor George on his 85th birthday and wish him continued health and happiness.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC–1264. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Rates for Pilotage on the Great Lakes'' (RIN1625–AE38) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1265. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Security Zone; Fifth Coast Guard District'' (RIN1625–AA87) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1266. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Regulated Navigation Area: Humboldt Bay Bar Channel and Humboldt Bay Entrance Channel, Humboldt Bay, California'' (RIN1625–AA11) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1267. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Special Local Regulations: Severn River, College Creek, Weems Creek and Carr Creek, Annapolis, MD'' (RIN1625–AA08) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1268. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Special Local Regulations: Rowing Regattas, Indian Creek, Miami Beach, Florida'' (RIN1625–AA08) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1269. A communication from the Chief, Regulations and Administrative Law, U.S. Coast Guard, Department of Homeland Security, transmitting, pursuant to law the report of a rule entitled ''Drawbridge Operation Regulations (Including 2 Regulations): [CGD08–05–011], [CGD01–05–017]'' (RIN1625–AA09) received on March 14, 2005; to the Committee on Commerce, Science, and Transportation.

EC–1270. A communication from the General Counsel, Office of the General Counsel, Federal Energy Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled ''Regulations Governing the Conduct of Open Seasons for Alaska Natural Gas Transportation Projects (Order No. 2005) received on March 14, 2005; to the Committee on Energy and Natural Resources.

EC–1271. A communication from the Board Members, Railroad Retirement Board, transmitting, pursuant to law, the Board's 2004 Annual Report; to the Committee on Health, Education, Labor, and Pensions.

EC–1272. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of Air Quality Implementation Plans; Maine; NOx Control Program'' (FRL No. 7881–2) received on March 14, 2005; to the Committee on Environment and Public Works.

EC–1273. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Implementation Plans; Designation of Areas for Air Quality Planning Purposes; State of Arizona, Maricopa County Area; Technical Correction'' (FRL No. 7879–3) received on March 14, 2005; to the Committee on Environment and Public Works.

EC–1274. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Extension of National Pollutant Discharge Elimination System (NPDES) Permit Deadline for Storm Water Discharges for Oil and Gas Activity That Disturbs One to Five Acres'' (FRL No. 7882–2) received on March 14, 2005; to the Committee on Environment and Public Works.

EC–1275. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Tennessee: Final Authorization of State Hazardous Waste Management Program Revision'' (FRL No. 7883–5) received on March 14, 2005; to the Committee on Environment and Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, without amendment:

S. 97. A bill to provide for the sale of bentonite in Big Horn County, Wyoming (Rept. No. 109–37).

S. 252. A bill to direct the Secretary of the Interior to convey certain land in Washoe County, Nevada, to the Board of Regents of the University and Community College System of Nevada (Rept. No. 109–38).

By Mr. DOMENICI, from the Committee on Energy and Natural Resources, with amendments:

S. 253. A bill to direct the Secretary of the Interior to convey certain land to the land to the Edward H. McDaniel American Legion Post No. 22 in Pahrump, Nevada, for the construction of a post building and memorial park for use by the American Legion, other veterans' groups, and the local community (Rept. No. 109–39).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Ms. COLLINS (for herself and Mr. FEINGOLD):

S. 611. A bill to establish a Federal Interagency Committee on Emergency Medical Services and a Federal Interagency Committee on emergency Medical Services Advisory Council, and for other purposes; to the Committee on Homeland Security and Governmental Affairs.

By Mr. SPECTER:

S. 612. A bill to require the Secretary of the Army to award the Combat Medical Badge or another combat badge for Army helicopter medical evacuation ambulance (Medevac) pilots and crews ; to the Committee on Armed Services.

By Mr. SPECTER:

S. 613. A bill to establish the Steel Industry National Historic Site in the State of Pennsylvania; to the Committee on Energy and Natural Resources.

By Mr. SPECTER:

S. 614. A bill to amend title 38, United States Code, to permit medicare-eligible veterans to receive an out-patient medication benefit, to provide that certain veterans who receive such benefit are not otherwise eligible for medical care and services from the Department of Veterans Affairs, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DAYTON:

S. 615. A bill to amend title 38, United State Code, to improve benefits under the Montgomery GI Bill by establishing an enhanced educational assistance program and by repealing the requirement for reduction in pay for participation in the program, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ROCKEFELLER (for himself and Mrs. HUTCHISON):

S. 616. A bill to inform the American public and to protect children from increasing depictions of indecent and gratuitous and excessive violent material on television, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. LEVIN (for himself and Ms. STABENOW):

S. 617. A bill to direct the Secretary of the Army to carry out the dredging project, Menominee Harbor, Menominee River, Michigan and Wisconsin; to the Committee on Environment and Public Works.

By Mr. SESSIONS (for himself, Mr. LOTT, and Mr. ENZI):

S. 618. A bill to amend section 1951 of title 18, United States Code (commonly known as the Hobbs Act), and for other purposes; to the Committee on the Judiciary.

By Mrs. FEINSTEIN (for herself, Ms. COLLINS, Mr. LAUTENBERG, Mr. SPECTER, Mrs. LINCOLN, Mr. DODD, Mr. DAYTON, and Mr. NELSON of Florida):

S. 619. A bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions; to the Committee on Finance.

By Mrs. FEINSTEIN (for herself, Mr. WARNER, Mr. SCHUMER, Mr. DEWINE, Ms. MIKULSKI, Mr. DURBIN, Mrs. BOXER, Mrs. CLINTON, Mr. LEVIN, Mr. DODD, and Mr. REED):

S. 620. A bill to reinstate the Public Safety and Recreational Firearms Use Protection Act; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 29

At the request of Mrs. FEINSTEIN, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. 29, a bill to amend title 18, United States Code, to limit the misuse of social security numbers, to establish criminal penalties for such misuse, and for other purposes.

S. 109

At the request of Mr. VITTER, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 109, a bill entitled the ''Pharmaceutical Market Access Act of 2005''.

S. 224

At the request of Mr. KENNEDY, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 224, a bill to extend the period for COBRA coverage for victims of the terrorist attacks of September 11, 2001.

S. 288

At the request of Mr. GREGG, the name of the Senator from Alaska (Ms. MURKOWSKI) was added as a cosponsor of S. 288, a bill to extend Federal funding for operation of State high risk health insurance pools.

S. 328

At the request of Mr. CRAIG, the names of the Senator from North Dakota (Mr. CONRAD), the Senator from Missouri (Mr. BOND) and the Senator from Connecticut (Mr. DODD) were added as cosponsors of S. 328, a bill to facilitate the sale of United States agricultural products to Cuba, as authorized by the Trade Sanctions Reform and Export Enhancement Act of 2000.

S. 352

At the request of Ms. MIKULSKI, the names of the Senator from Indiana (Mr. LUGAR), the Senator from New Jersey (Mr. CORZINE) and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of S. 352, a bill to revise certain requirements for H–2B employers and require submission of information regarding H–2B non-immigrants, and for other purposes.

S. 370

At the request of Mr. LOTT, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 370, a bill to preserve and protect the free choice of individual employees to form, join, or assist labor organizations, or to refrain from such activities.

S. 382

At the request of Mr. ENSIGN, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 382, a bill to amend title 18, United States Code, to strengthen prohibitions against animal fighting, and for other purposes.

S. 392

At the request of Mr. LEVIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 392, a bill to authorize the President to award a gold medal on behalf of Congress, collectively, to the Tuskegee Airmen in recognition of their unique military record, which inspired revolutionary reform in the Armed Forces.

S. 394

At the request of Mr. CORNYN, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 394, a bill to promote accessibility, accountability, and openness in Government by strengthening section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), and for other purposes.

S. 397

At the request of Mr. CRAIG, the names of the Senator from Missouri (Mr. BOND) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 397, a bill to prohibit civil liability actions from being brought or continued against manufacturers, distributors, dealers, or importers of firearms or ammunition for damages, injunctive or other relief resulting from the misuse of their products by others.

S. 406

At the request of Ms. SNOWE, the name of the Senator from South Dakota (Mr. THUNE) was added as a cosponsor of S. 406, a bill to amend title I of the Employee Retirement Security Act of 1974 to improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees.

S. 407

At the request of Mr. JOHNSON, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. 407, a bill to restore health care coverage to retired members of the uniformed services, and for other purposes.

S. 414

At the request of Mr. MCCONNELL, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 414, a bill to amend the Help America Vote Act of 2002 to protect the right of Americans to vote through the prevention of voter fraud, and for other purposes.

S. 481

At the request of Mr. AKAKA, the name of the Senator from West Virginia (Mr. ROCKEFELLER) was added as a cosponsor of S. 481, a bill to amend title 38, United States Code, to extend the period of eligibility for health care for combat service in the Persian Gulf War or future hostilities from two years to five years after discharge or release.

S. 489

At the request of Mr. ALEXANDER, the names of the Senator from Nevada (Mr. ENSIGN) and the Senator from Georgia (Mr. ISAKSON) were added as cosponsors of S. 489, a bill to amend chapter 111 of title 28, United States Code, to limit the duration of Federal consent decrees to which State and local governments are a party, and for other purposes.

S. 498

At the request of Mr. BURR, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 498, a bill to provide for expansion of electricity transmission networks in order to support competitive electricity markets, to ensure reliability of electric service, to modernize regulation and for other purposes.

S. 539

At the request of Mr. MARTINEZ, the names of the Senator from Alabama (Mr. SESSIONS), the Senator from Minnesota (Mr. COLEMAN) and the Senator from Louisiana (Mr. VITTER) were added as cosponsors of S. 539, a bill to amend title 28, United States Code, to provide the protections of habeas corpus for certain incapacitated individuals whose life is in jeopardy, and for other purposes.

S. 550

At the request of Mr. CORZINE, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 550, a bill to amend the Public Health Service Act with respect to facilitating the development of microbicides for preventing transmission of HIV and other diseases, and for other purposes.

S. 575

At the request of Ms. MIKULSKI, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 575, a bill to amend the Internal Revenue Code of 1986 to provide a refundable credit for certain education expenses.

S. 586

At the request of Mr. BOND, the names of the Senator from California (Mrs. FEINSTEIN), the Senator from Florida (Mr. NELSON) and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of S. 586, a bill to amend the Internal Revenue Code of 1986 to provide for the proper tax treatment of certain disaster mitigation payments.

S. 593

At the request of Ms. COLLINS, the names of the Senator from Mississippi (Mr. COCHRAN) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 593, a bill to amend title VII of the Tariff Act of 1930 to provide that the provisions relating to countervailing duties apply to nonmarket economy countries.

S. 602

At the request of Ms. MIKULSKI, the names of the Senator from Mississippi (Mr. COCHRAN), the Senator from Texas (Mr. CORNYN) and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. 602, a bill to amend the Public Health Service Act to fund breakthroughs in Alzheimer's disease research while providing more help to caregivers and increasing public education about prevention.

S. 610

At the request of Mr. TALENT, the names of the Senator from Illinois (Mr. DURBIN) and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 610, a bill to amend the Internal Revenue Code of 1986 to provide for a small agri-biodiesel producer credit and to improve the small ethanol producer credit.

S. CON. RES. 17

At the request of Mr. BIDEN, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. Con. Res. 17, a concurrent resolution calling on the North Atlantic Treaty Organization to assess the potential effectiveness of and requirements for a

NATO-enforced no-fly zone in the Darfur region of Sudan.

S. RES. 31

At the request of Mr. COLEMAN, the name of the Senator from Washington (Mrs. MURRAY) was added as a cosponsor of S. Res. 31, a resolution expressing the sense of the Senate that the week of August 7, 2005, be designated as ''National Health Center Week'' in order to raise awareness of health services provided by community, migrant, public housing, and homeless health centers, and for other purposes.

S. RES. 33

At the request of Mr. LEVIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. Res. 33, a resolution urging the Government of Canada to end the commercial seal hunt.

S. RES. 59

At the request of Mr. SMITH, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. Res. 59, a resolution urging the European Union to maintain its arms export embargo on the People's Republic of China.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. COLLINS (for herself and Mr. FEINGOLD):

S. 611. A bill to establish a Federal Interagency Committee on Emergency Medical Services and a Federal Interagency Committee on emergency Medical Services Advisory Council, and for other purposes; to the Committee on Homeland Security and Governmental Affairs.

Ms. COLLINS. Mr. President, I rise today to introduce the Emergency Medical Services Act of 2005. This legislation will help to improve Federal efforts to support community-based emergency medical services across America. I am pleased to be joined by Senator FEINGOLD in this effort.

Today, New York University's Center for Catastrophe Preparedness and Response is releasing an important report, titled ''Findings from a National Roundtable to Improve Emergency Medical Service's Homeland Security Preparedness.'' This report details concerns and recommendations from more than 50 representatives of national EMS organizations and Federal agencies. Their top recommendation was to improve EMS homeland security preparedness through enactment of the very measure we are introducing today. I would note that a former member of my staff, Tim Raducha-Grace drafted this report. Tim continues to be a champion of first responders nationwide, and I congratulate him on this latest achievement.

A comprehensive, coordinated emergency medical services system is essential to assure prompt, quality care to help individuals suffering from automobile crashes to traumatic medical emergencies, to terrorist events. The emergency medical services system serves as one of the most important parts of our health care safety net.

Unfortunately, for the past 20 years, Federal support for EMS has been both scarce and uncoordinated. At least seven Federal agencies are involved in various aspects of emergency medical services (EMS), though most agencies focus on only one segment of the EMS system and don't effectively coordinate with other agencies.

In 2001, at the request of Senator FEINGOLD and myself, the General Accounting Office cited in its report Emergency Medical Services: Reported needs are Wide-Ranging with a Growing Focus on Lack of Data the need to increase coordination among Federal agencies as they address the needs of regional, State, or local emergency medical services systems.

This legislation would seeks to improve one of the few existing efforts to coordinate Federal support for EMS providers. This legislation would formally establish a Federal Interagency Council on Emergency Medical Services (FICEMS), and would require the National Highway Traffic Safety Administration, in coordination with the Department of Homeland Security, to provide organizational and staff support.

This legislation would enhance coordination among the Federal agencies involved with the State, local, tribal and regional emergency medical services and 9–1–1 systems. It would also help to assure Federal agencies coordinate their EMS-related activities and maximize the best utilization of established funding.

Local, State and Federal level emergency medical services systems are extremely diverse and involve numerous different agencies and organizations. To assure a viable, responsive emergency medical services system, Federal agencies need the input and advice of their non-Federal partners and from persons regulating or providing emergency medical services systems at the State and local level.

According to Tom Judge, the Executive Director of Lifeflight of Maine, and Jay Bradshaw, the State of Maine's EMS Director, improved coordination can help strengthen support for a wide range of emergency medical services, from rural EMS providers, to communications between EMS systems, to improving coordination between local EMS providers and their Federal partners.

Another GAO report made it clear that the Center for Medicare and Medicaid Services needs to better coordinate its reimbursement with the Department of Transportation's matching grants for equipment and vehicles. Many of Maine's communities are at risk of seeing their first ambulance service closures in rural areas, such as in Rumford, ME, due to low reimbursement rates. If DOT targeted assistance to the low reimbursement areas that were at risk of shutting down, we might be able to maintain service in those areas.

Improved coordination could also strengthen the integration between local providers and Federal agencies. Substantial numbers of our Reserve and National Guard units are being called up for duty, which has hurt search and air rescue capability across Maine. While LifeFlight of Maine is called upon to provide an eye in the sky there is little to no current capability for lifting someone out of the woods when there is no space to land. If the Navy pulls the last part time aircraft out of Brunswick Naval Air station, there wouldn't be any capability at all within a reasonable response timeframe.

I am pleased to have the support of Maine's EMS Director, Jay Bradshaw, Lifeflight of Maine, the American Ambulance Association, the National Association of Maine EMS Directors, and others.

We must ensure that Federal agencies coordinate their efforts to support the dedicated men and women who provide EMS services across our Nation. I urge my colleagues to join me in supporting their efforts by cosponsoring this legislation.

Mr. FEINGOLD. Mr. President, I am pleased to join my colleague from Maine, Senator COLLINS, today to introduce legislation that will help improve and streamline Federal support for community-based emergency medical services. Our proposal will also provide an avenue for local officials and EMS providers to help Federal agencies improve existing programs and future initiatives.

When someone has been seriously hurt or has an emergency medical problem in this country, the first thing they do is call for an ambulance. And the EMS providers of this country do a great job in responding to these emergencies. All of us have a friend or loved one who has relied on these first responders. These folks rush to assist people in trouble no matter the cause. Their only interest is making sure the patient is medically stable and being taken care of.

Congress has long recognized the important role played by EMS providers. However, Federal support for EMS has been unfocused and uncoordinated, with responsibility scattered among a number of different agencies. In 2001, the General Accounting Office cited the need to increase coordination between the Federal agencies involved with EMS issues but not much progress has been made since that report was issued. The Federal Government doesn't even have a good handle on how much it is spending on EMS or what the needs are for EMS.

A report to be released today by the New York University Center for Catastrophe Preparedness and Response highlights some of the deficiencies in our support for EMS. According to that report, less than 4 percent of the Office of Domestic Preparedness first responder grant funding and 5 percent of

HHS bioterrorism grant funding goes to EMS. More than half of ambulance providers received no direct Federal funding for homeland security preparedness. EMS providers receive very little homeland security preparedness education, training, and equipment and tend not to be well integrated into overall response planning.

The bill we introduce today is a good first step towards addressing many of the deficiencies in our current EMS policies and takes many of the steps recommended by the NYU report. It would establishes a Federal interagency committee whose purpose will be to coordinate Federal EMS activities, identify EMS needs, assure proper integration of EMS in homeland security planning, and make recommendations on improving and streamlining EMS support. Although Federal law, P.L. 107–188, called for the establishment of a working group on EMS, this legislation goes further in detailing the role and function of the interagency committee. The Senate Homeland Security and Governmental Affairs Committee will certainly iron out any overlap that may exist.

This legislation also establishes an advisory council for the interagency committee that includes representatives from throughout the EMS community. The advisory committee, made up of non-Federal representatives from all EMS sectors and from both urban and rural areas, will provide guidance and input to the interagency committee on a variety of issues including the development of standards and national plans, expanding or creating grant programs, and improving and streamlining Federal EMS efforts. The advisory council is a critical component of this legislation because it is the channel through which local EMS practitioners can directly impact and help reform national EMS policy.

I want to thank the long list of supporting organizations, including Advocates for EMS, the American Ambulance Association, the American College of Surgeons, the American Medical Association, the American Heart Association, Association of Air Medical Services, ComCARE, the Emergency Nurses Association, Gold Cross/Mayo Medical Transport, the National Association of EMS Educators, the National Association of EMS Technicians, the National Association of EMS Physicians, the National EMS Pilot Association, the National Association of State EMS Directors, and the National Registry of EMTs. I also want to thank all of those Wisconsinites who provided so much helpful input in coming up with this legislation. In particular, I would like to thank Dr. Marvin Birnbaum of the University of Wisconsin, Fire Chief Dave Bloom of the Town of Madison, and Dan Williams, chair of Wisconsin's EMS advisory board, for their advice and guidance.

EMS providers are a critical component of our Nation's first responder network. We must act now to streamline and coordinate Federal EMS support and work to better understand the needs of the EMS community. I therefore ask my colleagues to join me in supporting this legislation.

By Mr. SPECTER:

S. 612. A bill to require the Secretary of the Army to award the Combat Medical Badge or another combat badge for Army helicopter medical evacuation ambulance (Medevac) pilots and crews; to the Committee on Armed Services.

Mr. SPECTER. Mr. President, I have sought recognition to explain briefly the provisions of legislation I have introduced today that would direct the Secretary of the Army to award the Combat Medical Badge (CMB), or a similar badge to be designed by the Secretary of the Army, to pilots and crew of the Army's helicopter medical ambulance units—commonly referred to by their call sign ''DUST OFF''—who have flown combat missions to rescue and aid wounded soldiers, sailors, airmen, and Marines.

The legacy of the DUST OFF mission was brought to my attention by a group of Pennsylvania constituents who have been sharing the DUST OFF story in an attempt to persuade the Army to recognize the service and sacrifice DUST OFF crews made, especially during the Vietnam War, in saving the lives of thousands of fallen comrades by extracting the wounded from forward positions to bases where they would receive life-saving medical care.

The Army began using helicopters to evacuate wounded soldiers during the Korean War. However, because of their smaller size, Korean War helicopters were used solely as a means of transporting the wounded from the combat zones. It was not until the early 1960's that a group of Army aviators envisioned using the newer, larger, UH–1A ''Huey'' helicopters to serve as mobile air ambulances where a medic and crew could provide life-saving treatment en route to the medical aide station.

The road to establish air ambulance units within the Army was rocky and uncertain. Combat commanders often considered the use of helicopters for this purpose a diversion of valuable resources. However, through determination, skill, and the American fighting spirit, air ambulance crews proved they were a valuable and reliable resource in providing support to the combat mission. Indeed, between 1962 and 1973, DUST OFF crews evacuated more than 900,000 allied military personnel and Vietnamese civilian casualties to medical assistance sites.

Captain John Temperelli, Jr. was the first commander of the 57th Medical Detachment, Helicopter Ambulance, who would lead the first DUST OFF unit in Vietnam. Army Captain Temperelli is considered the ''pioneer'' of DUST OFF; however, it was Army Major Charles L. Kelly, the unit's third commander, who would establish the traditions and the motto that DUST OFF crews hold sacred today.

Major Kelly, like his predecessors, believed in the mission of rescuing fallen comrades so much so that he gave his life to the mission. On July 1, 1964, Major Kelly and his crew received a call to evacuate a wounded soldier. When they arrived, Major Kelly was instructed by an American advisor on the ground to leave the area; the landing zone was too ''hot.'' Major Kelly responded with the phrase that would become the DUST OFF motto: ''When I have your wounded.'' As Major Kelly hovered over the battlefield, an enemy bullet struck him in the heart; he was killed. It was with news of Major Kelly's death and the story of DUST OFF's dedication to the wounded that DUST OFF earned its permanency in the Army.

I received a book written by a Pennsylvania native, Army Chief Warrant Officer 5 Mike Novosel, titled DUSTOFF: The Memoir of an Army Aviator. Mr. Novosel—a Medal of Honor recipient who served two tours in Vietnam and was a veteran of two other wars—knows first hand the sacrifice, courage and dedication to duty that DUST OFF crews displayed in Vietnam and continue to display today. In his two tours as a DUST OFF pilot in Vietnam, Mr. Novosel flew 2,543 missions and extracted 5,589 wounded. In his book, Mr. Novosel shares many amazing stories of landing in ''hot'' landing zones to allow his medic and crew chief, who were also exposed to enemy fire, to rescue and care for the wounded. But as Mr. Novosel has said, his experience as a DUST OFF pilot was not uncommon. Thousands of brave soldiers risked their lives every day by flying into combat zones to evacuate the wounded.

I am honored that Mr. Novosel and others have brought the story of DUST OFF to my attention. It is my sincere hope that the Army will recognize DUST OFF pilots and crew with an appropriate badge which acknowledges the combat service of these brave individuals. When the War Department created the Combat Medical Badge (CMB) in WWII, as a companion to the Combat Infantryman Badge (CIB) it did so to recognize that ''medical aidmen . . . shared the same hazards and hardships of ground combat on a daily basis with the infantry soldier.'' DUST OFF pilots and crew equally shared the hazards and hardships of ground combat with the infantry soldier. The fact that they were not directly assigned or attached to a particular infantry unit a fact that, under current Army policy, makes them eligible to receive a CIB or CMB should not bar special recognition of their service, service that one author has characterized as ''the brightest achievement of the U.S. Army in Vietnam.''

On July 29, 2003, I chaired a hearing of the Senate Committee on Veterans Affairs to hear testimony from DUST OFF participants about their experiences under fire. I gave the Army an opportunity to explain its position and, perhaps, rethink its opposition to the awarding of an appropriate designation to DUST OFF crew members. Based on testimony offered by three Vietnam veterans—Chief Warrant Officer, Ret., Michael J. Novosel, M.O.H., Chief Warrant Officer, Ret., John M. Travers, and Mr. William Fredrick ''Fred'' Castleberry—I am now more convinced than ever of the worthiness of this legislation. Following the July 29, 2003, hearing, I introduced this legislation—S. 1487 in the 108th Congress. The bill was referred to the Committee on Armed Services, which has jurisdiction over this matter. Unfortunately, the bill never made its way out of committee which is why I am re-introducing this important legislation today.

Army officials recently decided to create a ''Close Combat Badge'' (CCB) for non-infantry soldiers that recognizes their direct participation in ground combat. However, this badge will not be awarded to DUST OFF Medical Helicopter Evacuation Crew Members who have yet to be properly recognized.

On the Vietnam Veterans Memorial are etched the names of over 400 medics, pilots, and crew that gave their lives so others might live. The forward thinking, enthusiasm, and dedication of DUST OFF crews in Vietnam are attributes seen in today's DUST OFF crews. I urge my colleagues to support this legislation which would recognize the nature of the service these individuals have performed, and continue to perform, while serving on DUST OFF crews.

By Mr. SPECTER:

S. 613. A bill to establish the Steel Industry National Historic Site in the State of Pennsylvania; to the Committee on Energy and Natural Resources.

Mr. SPECTER. Mr. President, I have sought recognition to introduce legislation that will honor the importance of the steel industry in the Commonwealth of Pennsylvania and the Nation by creating the ''Steel Industry National Historic Site'' to be operated by the National Park Service in southwestern Pennsylvania.

The importance of steel to the industrial development of the United States cannot be overstated. A national historic site devoted to the history of the steel industry will afford all Americans the opportunity to celebrate this rich heritage, which is symbolic of the work ethic endemic to this great Nation. The National Park Service recently reported that Congress should make remnants of the U.S. Steel Homestead Works an affiliate of the national park system, rather than a full national park, an option which had been considered in prior years, and which I proposed in legislation during the 107th Congress. Due to the backlog of maintenance projects at national parks, the legislation offered today instead creates a national historic site that would be affiliated with the National Park Service. There is no better place for such a site than in southwestern Pennsylvania, which played a significant role in early industrial America and continues to today.

I have long supported efforts to preserve and enhance this historical steel-related heritage through the Rivers of Steel Heritage Area, which includes the City of Pittsburgh, and seven southwestern Pennsylvania counties: Allegheny, Armstrong, Beaver, Fayette, Greene, Washington and Westmoreland. I have sought and been very pleased with congressional support for the important work within the Rivers of Steel Heritage Area expressed through appropriations levels of roughly $1 million annually since fiscal year 1998. I am hopeful that this support will continue. However, more than just resources are necessary to ensure the historical recognition needed for this important heritage. That is why I am introducing this legislation today.

It is important to note why southwestern Pennsylvania should be the home to the national site that my legislation authorizes. The combination of a strong workforce, valuable natural resources, and Pennsylvania's strategic location in the heavily populated northeastern United States allowed the steel industry to thrive. Today, the remaining buildings and sites devoted to steel production are threatened with further deterioration. Many of these sites are nationally significant and perfectly suited for the study and interpretation of this crucial period in our Nation's development. Some of these sites include the Carrie Furnace complex, the Hot Metal Bridge, and the Unites States Steel Homestead Works, which would all become a part of the Steel Industry National Historic Site under my legislation.

Highlights of such a national historic site would commemorate a wide range of accomplishments and topics for historical preservation and interpretation from industrial process advancements to labor-management relations. It is important to note that the site I seek to become a national site under this bill includes the location of the Battle of Homestead, waged in 1892 between steelworkers and Pinkerton guards. The Battle of Homestead marked a crucial period in our Nation's workers' rights movement. The Commonwealth of Pennsylvania, individuals, and public and private entities have attempted to protect and preserve resources such as the Homestead battleground and the Hot Metal Bridge. For the benefit and inspiration of present and future generations, it is time for the federal government to join this effort to recognize their importance with the additional protection I provide in this bill.

I would like to commend my colleague, Representative MIKE DOYLE, who has been a longstanding leader in this preservation effort and who has consistently sponsored identical legislation in the U.S. House of Representatives. I look forward to working with southwestern Pennsylvania officials and Mr. August Carlino, President and Chief Executive Officer of the Steel Industry Heritage Corporation, in order to bring this national historic site to fruition. We came very close to passing this bill in the 108th Congress with its passage in various forms in the House and Senate. However, Congress adjourned prior to final passage of the same bill in both chambers. Therefore, today I reintroduce this legislation and urge its swift passage.

By Mr. SPECTER:

S. 614. A bill to amend title 38, United States Code, to permit medicare-eligible veterans to receive an out-patient medication benefit, to provide that certain veterans who receive such benefit are not otherwise eligible for medical care and services from the Department of Veterans Affairs, and for other purposes; to the Committee on Veterans' Affairs.

Mr. SPECTER. Mr. President, I have sought recognition to reintroduce the ''Veterans Prescription Drugs Assistance Act of 2005,'' a bill which seeks to assist Medicare-eligible veterans struggling with the costs of prescription medications.

In the 108th Congress, I worked with my colleagues to provide a prescription drug benefit for all Medicare-eligible seniors. Today, I offer legislation to allow Medicare-eligible veterans to obtain prescription drugs from the Department of Veterans Affairs (VA) at the significantly discounted costs that VA, as a high-volume purchaser of prescriptions medications, is able to secure in the marketplace.

On May 23, 2003, I introduced similar legislation—S. 1153 in the 108th Congress. In my capacity as Chairman of the Veterans Affairs Committee in the 108th Congress, I held a hearing on June 22, 2004, and heard testimony from Senate colleagues, Veterans Administration officials, and various veterans service organizations on this important legislation. On July 20, 2004, the Committee on Veterans Affairs reported out S. 1153 by a vote of 10 yeas and 5 nays. Unfortunately, the full Senate did not consider this measure.

In 2003, former Veterans Affairs Secretary Anthony J. Principi was forced to limit access to VA care—which continues to this day—by suspending new enrollments of non-service-disabled middle and higher income veterans who were not enrolled for care as of January 17, 2003. The Secretary was forced to so act because the number of patients provided care by VA had more than doubled in just five years and, as a result, VA's medical care system had been overwhelmed. As a consequence, VA was unable to provide timely access to healthcare for all veterans who had sought it and appointment waiting times had grown to alarming levels. But in almost every news story that followed the Secretary's difficult decision, it was noted that many of the new enrollees who had overwhelmed VA's capacity to provide care were Medicare-eligible veterans who were able to get Medicare-financed care elsewhere but who were seeking access to the relatively generous prescription drug program provided to veterans under VA care.

Currently, VA provides enrolled patients with prescription medications for $7 for each 30-day supply. But to get such prescriptions, the veteran must obtain the full range of medical care from VA. This fact, coupled with former VA Secretary Principi's decision to close enrollment, means that veterans who are now, or who will be, eligible for Medicare who had not enrolled for VA care prior to January 17, 2003, will be unable to access VA's generous prescription drug benefits. This legislation would provide some relief for those veterans. In addition, I anticipate that it may induce some VA-enrolled Medicare-eligible veterans—those who were happy with their Medicare-financed care but who enrolled for VA care to gain access to VA-supplied drugs—to return to non-VA care with knowledge that they will be able to get their non-VA prescriptions filled through VA. Enactment of this provision, then, would reduce—not exacerbate—VA patient backlog numbers.

The premise of this legislation is straightforward. VA fills and distributes more than 100 million prescriptions each year for its 4.7 million veteran-patients. As a result, it has significant purchasing power—power which, coupled with VA's formulary program, allows it to negotiate very favorable prices for prescription drugs. According to the National Association of Chain Drug Stores, the average "cash cost" of a prescription in 2003 was $59.28. The average VA per-prescription cost in 2003 was just under $25—more than 50 percent less. This bill would allow veterans to access these significant discounts simply by providing a written prescription from any duly licensed physician, presumably one he or she has seen under the Medicare program.

By reintroducing this legislation today, I seek to afford Medicare-eligible veterans access to such discounts. I do not propose that VA be directed to supply drugs to all Medicare-eligible veterans at VA expense, or even with a partial VA subsidy. VA has stated that such a mandate would divert VA funding which, clearly, is already stretched to the limit—away from VA priority patients: the service-connected, the poor, and those with special needs. I accept VA's statement of concern. I accept and I insist that scarce funding be directed, first, to meet the needs of priority patients. This legislation, therefore, requires that VA recover the costs of drugs it supplies under this program from veterans who bring their prescriptions from outside doctors to VA.

I do not propose to tell VA in this bill how to recover these costs. VA is better positioned than I to make such judgments. Thus, my legislation provides flexibility to VA to design and test payment mechanisms to best accomplish cost recovery while still easing veterans' access to the drugs they need. It might be that enrollment fees, a co-payment structure, or a simple "cost-plus" for administrative expenses pricing format, or some combination of those mechanisms works best. It might be that different approaches work best in different regions of the country. I intend for the VA to experiment with different pricing structures to determine what works best. However, I also intend that veterans get a break on prescription drug pricing.

Those who would first benefit from this program are World War II and Korean War veterans who answered their country's call over 50 years ago. As they age, many desperately need relief from high drug prices. My purpose is not to minimize the work of the drug companies. Their discoveries have truly been marvels, but that is precious little comfort to a Medicare participant who, whatever the drug's overall utility might be, cannot afford both the drug and food or shelter or heat.

The premise of this legislation is simple: veteran access to VA market-driven discounts. Yet, the assistance it could provide might be profound. I urge my colleagues to support this bill so that the problem might be solved, or at least reduced, for seniors who served. They deserve it, and we should do it.

By Mr. ROCKEFELLER (for himself and Mrs. HUTCHISON):

S. 616. A bill to inform the American public and to protect children from increasing depictions of indecent and gratuitous and excessive violent material on television, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. ROCKEFELLER. Mr. President, to better protect our children and families from the increasingly indecent and violent images pervading our homes, I am introducing with Senator HUTCHISON the Indecent and Gratuitous and Excessively Violent Programming Control Act of 2005. I believe this to be a crucial issue with far-reaching implications for our young people and for our country, and I strongly encourage my colleagues to join me in seeing that this bill is enacted and sent to the President for his signature.

Each day, and for hours and hours every day, broadcast, cable, and satellite television outlets indiscriminately barrage our children and families with indecent and violent images. Our children don't differentiate between sources of their programs, and neither should the law. Not only does the pervasive nature of indecent programming coarsen our society, but also its effects are being felt in our homes, in our schools, and on our streets. I cannot tell you how many parents and educators have told me that the behavior of the children in their care is bad and getting worse, and that they blame what these kids are seeing on television for much of the problem.

The Indecent and Gratuitous and Excessively Violent Programming Control Act is not intended to limit artistic expression, nor is it my purpose to impose the will of Congress on decisions that properly belong to parents. What I hope to do with this legislation is to give parents and broadcasters, especially local affiliates, a set of tools they can use to control the violence and lewdness being beamed into their homes and communities. To help parents determine what is appropriate programming for their children to watch, this legislation mandates meaningful labeling of violent and indecent programming to include a full-screen, 30-second warning every 30 minutes on broadcast, cable, and satellite programming. To help local broadcasters determine what appropriate programming for their communities is, the bill would allow local broadcasters to refuse to air programming that they believe violates their own community standards, and protects local broadcasters from fines levied for broadcast decisions imposed on them by national networks. I believe local broadcasters in West Virginia and across the country know what the standards of decency are in their own communities, but currently are at the mercy of the national networks. We need to give them the tools to follow community standards, and protect them when a national network forces them to air harmful programming.

The Indecent and Gratuitous and Excessively Violent Programming Control Act will require the Federal Communication Commission to begin comprehensive review of existing technologies to protect our children from gratuitous and excessively violent programming on broadcast television. My bill would require the FCC to assess the effectiveness of both the current voluntary ratings system and the "V–Chip" and other content-blocking technologies. I supported both voluntary announcements and requiring television manufacturers to install the V–Chip. I believe that both can be beneficial to parents who seek to limit what their kids are seeing. But I acknowledge—as every parent in a house with a television must that kids will seek out inappropriate content, and will attempt to find a way around whatever warnings or technological fixes we put in place to control their access to that content.

This legislation calls upon the FCC to recommend improved techniques or additional technologies that will help parents protect their children from material that could harm them or incite them to harm others. Specifically, if the FCC cannot affirm that these technologies are practically effective in protecting children then 1. create a "safe harbor" or other mechanism to protect children from gratuitous and excessively violent programming on broadcast television and 2. Require the least restrictive means to protect children from indecency and gratuitous and excessive violence for cable and satellite programming.

This should not be an ad hoc judgment made out of fear of the FCC on the part of broadcasters, but instead a bright line test that artists, television networks, advertisers, and cable and satellite providers and, most importantly, parents can rely on. Because programming that is excessively violent or promotes violence is every bit as damaging to our youth as is content depicting sexuality in gratuitous or prurient manner, we must address both issues.

The Indecent and Violent Programming Control Act would increase fines the FCC could impose on broadcasters from $27,500 to $500,000 and gives the FCC the appropriate authority to double fines bases on certain circumstances. While I believe indecent programming transmitted against national and community standards, or against the wishes of adult consumers, must be punished, I also believe that most broadcasters are responsible and are interested in providing wholesome entertainment. As a means of self-policing, I have included a Sense of Congress that broadcast television outlets, as well as cable and satellite providers, abide by the ''Television Code of National Association of Broadcasters.''

Finally, and this may be the most important part of the bill, my legislation mandates that all broadcasters, be they network, cable, or satellite, to double the amount of children's programming they are required to show each week. Whatever one believes about other parts of the legislation I am introducing here today, I would hope that my colleagues would be pleased and proud to see this provision enacted. What might surprise my colleagues, and indeed most Americans, is that broadcasters are currently only required to show three hours of children's content a week. When you consider that what passes for children's content often amounts to little more than advertisements for products aimed at children, this is a travesty.

I welcome a vigorous and healthy debate on the issue of indecent programming aimed at children. We owe it to our children, and to the nation, to take up these challenging questions, and resolve to find ways to protect kids, encourage creativity, and pay allegiance to the Constitution. I believe the Indecent and Gratuitous and Excessively Violent Programming Control Act is a vital step toward that goal.

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. 616

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 ''Indecent and Gratuitous and Excessively Violent Programming Control Act of 2005''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Increasingly, parents, educators, and families are concerned about the material that is broadcast on television and radio, and the effect such material has on America's children.

(2) Television influences children's perception of the values and behavior that are common and acceptable in society.

(3) Broadcast television, cable television, and video programming are—

(A) uniquely pervasive presences in the lives of all American children; and

(B) readily accessible to all American children.

(4) 85.1 percent of all American homes subscribe to multi-channel video programming.

(5) Complaints about indecent programming have grown exponentially in the last five years.

(6) In 2004, Americans filed over 1,000,000 complaints with the Federal Communications Commission about indecent programming.

(7) According to reports from the Parents Television Council, indecent and violent video programming on cable television is pervasive.

(8) Studies also show that parents are increasingly concerned. According to the Kaiser Family Foundation, more than 4 out of 5 parents are concerned that their children are being exposed to too much sex on television.

(9) Violent video programming influences children, as does, indecent programming.

(10) The American Association of Pediatrics, the American Psychological Association, the American Medical Association, and the U.S. Surgeon General have all documented the harm from watching excessive television violence on children.

(11) There is empirical evidence that children exposed to violent video programming at a young age have a higher tendency to engage in violent and aggressive behavior later in life than those children not so exposed.

(12) There is empirical evidence that children exposed to violent video programming have a greater tendency to assume that acts of violence are acceptable behavior and therefore to imitate such behavior.

(13) There is empirical evidence that children exposed to violent video programming have an increased fear of becoming a victim of violence, resulting in increased self-protective behaviors and increased mistrust of others.

(14) There is a compelling governmental interest in limiting the negative influences of violent video programming on children.

(15) A significant amount of violent video programming that is readily accessible to minors remains unrated specifically for violence and therefore cannot be blocked solely on the basis of its violent content.

(16) Age-based ratings that do not include content rating for violence do not allow parents to block programming based solely on violent content thereby rendering ineffective any technology-based blocking mechanism designed to limit violent video programming.

(17) Technology-based solutions, such as the V-chip, may be helpful in protecting some children, but cannot achieve the compelling governmental interest in protecting all children from violent video programming when parents are only able to block programming that has, in fact, been rated for violence.

(18) Restricting the hours when violent video programming can be shown to protect the interests of children whose parents are unavailable, unable to supervise their children's viewing behavior, do not have the benefit of technology-based solutions, are unable to afford the costs of technology-based solutions, or are unable to determine the content of those shows that are only subject to age-based ratings.

(19) After further study, pursuant to a rulemaking, the Federal Communications Commission may conclude that content-based ratings and blocking technology do not effectively protect children from the harm of violent video programming.

(20) If the Federal Communications Commission reaches the conclusion described in paragraph (19), the channeling of violent video programming will be the least restrictive means of limiting the exposure of children to the harmful influences of violent video programming.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) COMMISSION.—The term ''Commission'' means the Federal Communications Commission.

(2) MULTICHANNEL VIDEO PROGRAMMING DISTRIBUTOR.—The term ''multichannel video programming distributor'' has the same meaning given such term in section 602 of the Communications Act of 1934 (47 U.S.C. 522).

(3) OTHER PROGRAMMING SERVICE.—The term ''other programming service'' has the same meaning given such term in section 602 of the Communications Act of 1934 (47 U.S.C. 522).

SEC. 4. EFFECTIVENESS OF MEASURES PROTECTING CHILDREN FROM INDECENT AND VIOLENT VIDEO PROGRAMMING.

(a) ASSESSMENT.—The Commission shall assess—

(1) the technological and practical effectiveness of statutory and regulatory measures that require television broadcast station licensees and multichannel video programming distributors to rate and encode programming that could be blocked by parents, including use of the technology required by the Commission's Report and Order, ET Docket 97-206, under section 303(x) of the Communications Act of 1934 (47 U.S.C. 303(x)), in accomplishing their intended purposes;

(2)(A) the prevalence of violent programming on television;

(B) the effectiveness of the current system for rating and encoding violent television programming, including—

(i) an assessment of consumer awareness of the current ratings system; and

(ii) an assessment of whether current ratings are self-administered or performed by independent organizations; and

(3) the technological and practical effectiveness of measures used by multichannel video programming distributors to protect children from exposure to—

(A) indecent video programming; and

(B) gratuitous and excessively violent video programming.

(b) REPORTS.—Not later than 60 days after the date of enactment of this Act and annually thereafter, the Commission shall report its findings from the assessments made under subsection (a) to the Committee on Commerce, Science, and Transportation of the United States Senate and the Committee on Energy and Commerce of the United States House of Representatives.

(c) RULEMAKING PROCEEDING.—

(1) IN GENERAL.—If the Commission determines, on the basis of an assessment under subsection (a), that a measure described in subsection (a) is not effective in protecting

children from exposure to gratuitous and excessively violent video programming on television broadcasts, or from exposure to indecent video programming or gratuitous and excessively violent video programming carried by multichannel video programming distributors, then the Commission shall initiate and conclude (not later than 270 days after the date of that determination) a rulemaking proceeding—

(A) to prohibit television broadcast station licensees from broadcasting gratuitous and excessively violent programming during the hours when children are reasonably likely to comprise a substantial portion of the audience if the Commission's determination relates to measures applicable to such broadcast television programming; or

(B) to adopt measures to protect children from indecent video programming, or gratuitous and excessively violent video programming, as the case may be, carried by multichannel video programming distributors during the hours when children are reasonably likely to comprise a substantial portion of the audience if the Commission's determination relates to measures applicable to such multichannel video programming.

(2) EXEMPTIONS.—The Commission may exempt from any prohibition or measure promulgated under paragraph (1)—

(A) video programming the broadcast or carriage of which does not conflict with the objective of protecting children from access to—

(i) indecent programming; or

(ii) gratuitous and excessively violent video programming; and

(B) premium and pay-per-view services.

(d) ENFORCEMENT.—The forfeiture penalties established by section 503(b) of the Communications Act of 1934 (47 U.S.C. 503(b)) shall apply to a violation of any regulation promulgated under subsection (c) in the same manner as if it were a violation of a provision of that Act subject to a forfeiture penalty under section 503 of that Act.

(e) DEFINITIONS.—In this section:

(1) GRATUITOUS AND EXCESSIVELY VIOLENT VIDEO PROGRAMMING.—The Commission shall define the term ''gratuitous and excessively violent video programming'' for purposes of this section. In defining it, the Commission—

(A) may include matter that is excessive or gratuitous violence within the meaning of the 1992 Broadcast Standards for the Depiction of Violence in Television Programs, December, 1992; and

(B) shall take into account the findings set forth in section 551(a) of the Telecommunications Act of 1996 (47 U.S.C. 303 note).

(2) HOURS WHEN CHILDREN ARE REASONABLY LIKELY TO COMPRISE A SUBSTANTIAL PORTION OF THE AUDIENCE.—The Commission shall define the term ''hours when children are reasonably likely to comprise a substantial portion of the audience'' for purposes of this section.

(3) INDECENT VIDEO PROGRAMMING.—The Commission shall define the term ''indecent video programming'' for purposes of this section.

(4) TELEVISION BROADCAST STATION LICENSEE.—The term ''television broadcast station licensee'' means the licensee or permittee of a television broadcast station licensed or permitted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.).

SEC. 5. IMPROVED ENFORCEMENT OF INDECENCY ON BROADCAST PROGRAMMING.

(a) IN GENERAL.—Section 503(b)(2) of the Communications Act of 1934 (47 U.S.C. 503(b)(2)) is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively;

(2) by inserting after subparagraph (B) the following new subparagraph:

''(C) Notwithstanding subparagraph (A), if the violator is—

''(i)(I) a broadcast station licensee or permittee; or

''(II) an applicant for any broadcast license, permit, certificate, or other instrument or authorization issued by the Commission; and

''(ii) determined by the Commission under paragraph (1) to have broadcast obscene, indecent, or profane language or images,

the amount of any forfeiture penalty determined under this subsection shall not exceed $500,000, with each utterance constituting a separate violation, except that the amount assessed a licensee or permitee for any number of violations in a given 24-hour time period shall not exceed a total of $3,000,000. In determining the amount of any forfeiture penalty under this subparagraph, the Commission, in addition to the elements identified in subparagraph (E), shall take into account the violator's ability to pay, including such factors as the revenue and profits of the broadcast stations that aired the obscene, indecent, or profane language and the size of the markets in which these stations are located.'';

(3) in subparagraph (D), as redesignated by paragraph (1), by striking ''subparagraph (A) or (B)'' and inserting ''subparagraph (A), (B), or (C)''.

(b) ADDITIONAL FACTORS IN INDECENCY PENALTIES; EXCEPTION.—Section 503(b)(2) of the Communications Act of 1934 (47 U.S.C. 503(b)(2)), as amended by subsection (a) of this section, is amended by adding at the end the following:

''(F) In the case of a violation in which the violator is determined by the Commission under paragraph (1) to have uttered obscene, indecent, or profane material, the Commission shall take into account, in addition to the matters described in subparagraph (E), the following factors with respect to the degree of culpability of the violator:

''(i) Whether the material uttered by the violator was live or recorded, scripted or unscripted.

''(ii) Whether the violator had a reasonable opportunity to review recorded or scripted programming or had a reasonable basis to believe live or unscripted programming would contain obscene, indecent, or profane material.

''(iii) If the violator originated live or unscripted programming, whether a time delay blocking mechanism was implemented for the programming.

''(iv) The size of the viewing or listening audience of the programming.

''(v) The size of the market.

''(vi) Whether the violation occurred during a children's television program (as such term is used in the Children's Television Programming Policy referenced in section 73.4050(c) of the Commission's regulations (47 C.F.R. 73.4050(c)) or during a television program rated TVY, TVY7, TVY7FV, or TVG under the TV Parental Guidelines as such ratings were approved by the Commission in implementation of section 551 of the Telecommunications Act of 1996, Video Programming Ratings, Report and Order, CS Docket No. 97–55, 13 F.C.C. Rcd. 8232 (1998)), and, with respect to a radio broadcast station licensee, permittee, or applicant, whether the target audience was primarily comprised of, or should reasonably have been expected to be primarily comprised of, children.

''(G) The Commission may double the amount of any forfeiture penalty if the Commission determines additional factors are present which are aggravating in nature, including—

''(i) whether the material uttered by the violator was recorded or scripted;

''(ii) whether the violator had a reasonable opportunity to review recorded or scripted programming or had a reasonable basis to believe live or unscripted programming would contain obscene, indecent, or profane material;

''(iii) whether the violator failed to block live or unscripted programming;

''(iv) whether the size of the viewing or listening audience of the programming was substantially larger than usual, such as a national or international championship sporting event or awards program; and

''(v) whether the violation occurred during a children's television program (as defined in subparagraph (F)(vi)).

''(H) For purposes of this section, the Commission shall have the authority to impose a forfeiture penalty on any broadcast station (as defined in section 153), network station, nationally distributed superstation, or television network (as those terms are defined in section 339).''.

(c) PUBLIC HEARINGS FOR VIOLATIONS OF INDECENCY PROHIBITIONS.—Section 503 of the Communications Act of 1934 (47 U.S.C. 503) is amended by adding at the end the following new subsection:

''(c) PUBLIC HEARINGS FOR VIOLATIONS OF INDECENCY PROHIBITIONS.—

''(1) IN GENERAL.—In any proceeding initiated under this section in which the Commission issues a notice of apparent liability, but prior to its imposition of a forfeiture penalty, the Commission or designees of the Commission shall conduct public hearings or forums at the discretion of the Commission or its designees, at any time and place the Commission or its designees is able to secure facilities and witnesses, for the purpose of carrying out the duties of the Commission and to ascertain the concerns and interests of the affected viewing communities exposed to the broadcast.

''(2) COMBINED HEARINGS.—If a broadcast results in the initiation of multiple proceedings and the issuance of multiple notices of apparent liability, but prior to the imposition of multiple forfeiture penalties, the Commission or its designee may combine the hearings required under paragraph (1).''.

SEC. 6. LOCAL BROADCASTING AUTHORITY TO PREEMPT PROGRAMMING.

Part I of title III of the Communications Act of 1934 (47 U.S.C. 301 et. seq.) is amended by adding at the end the following:

''SEC. 340. LOCAL BROADCASTING AUTHORITY TO PREEMPT PROGRAMMING DEEMED OBSCENE OR INDECENT.

''(a) LOCAL BROADCASTER ABILITY TO REVIEW PROGRAMMING IN ADVANCE.—A broadcast station licensee or permittee that receives programming from a network organization, but that is not owned or controlled, or under common ownership or control with, such network organization, shall be given reasonable opportunity to review all recorded or scripted programming in advance.

''(b) AUTHORITY TO PREEMPT.—A broadcast station licensee or permittee described in subsection (a)—

''(1) may decide not to broadcast, or otherwise preempt, in whole or in part and without penalty, any programming that it reasonably believes depicts or describes—

''(A) obscene, indecent, profane, or gratuitous and excessively violent material; or

''(B) activities that would be patently offensive as measured by the community standards of the community in which they operate; and

"(2) shall notify, in advance, the network organization of any decision not to broadcast, or otherwise preempt, any programming under paragraph (1).

"(c) EXEMPTION FROM PENALTY.—A broadcast station licensee or permittee described in subsection (a) shall not be subject to a forfeiture penalty under section 503(b)(2) for the broadcast of a program found to be in violation of section 503(b)(1), if the broadcast station licensee or permittee prior to such broadcast was—

"(1) required by a network organization to broadcast the program which was recorded or scripted, regardless of such broadcast station licensee or permittee's decision not to broadcast, or otherwise preempt, the program under subsection (b);

"(2) not provided a reasonable opportunity to review the program; or

"(3) required to broadcast the program which was unscripted, live, or otherwise presented without a time delay blocking mechanism.

"(d) LIMITATION.—Nothing in this section shall preclude the imposition of a forfeiture penalty under section 503(b)(2) against a network organization or its owned and operated affiliate.

"(e) DEFINITION.—The Commission shall by rule define the term 'network organization' for purposes of this section.".

SEC. 7. WARNINGS BASED ON CONTENT OF PROGRAMMING.

Part I of title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.), as amended by section 6, is amended by adding at the end the following:

"SEC. 341. WARNINGS BASED ON CONTENT OF PROGRAMMING.

"(a) IN GENERAL.—Each television and radio broadcast licensee, multichannel video programming distributor, or other programming service shall provide a warning of the specific content of each recorded or scripted program it broadcasts.

"(b) WARNING STANDARDS.—A warning provided under subsection (a) shall—

"(1) include information regarding the language content, sexual content, and violence content of the program to be broadcast or distributed;

"(2) be broadcast or distributed so as—

"(A) to appear in both visible and audible form;

"(B) to appear full screen for 30 seconds at the beginning of the program, and every 30 minutes thereafter in the case of a program in excess of 30 minutes in length; and

"(C) to advise viewers of their ability to block any such program, including programs containing gratuitous and excessively violent material, using V-chip technology to block display of programs with a common rating required under subsection (x) of section 303.

"(c) REVIEW.—The Commission shall, from time to time, review the warnings on the content of broadcast programming required under this section for the purpose of assuring that such warnings meet the requirements of this section.

"(d) DEFINITIONS.—As used in this section, the terms 'multichannel video programming distributor' and 'other programming service' have the same meaning given such terms in section 602.

"(e) LIMITATION.—Nothing in this section shall be deemed or construed to relieve, preclude, or obviate the application of the ratings standards set forth in the TV Parental Guidelines (Video Programming Ratings, Report and Order, CS Docket No. 97-55, 13 F.C.C. Rcd. 8232 (1998)) as such voluntary ratings were established by the National Association of Broadcasters, the National Cable Television Association, and the Motion Picture Association of America and approved by the Commission in implementation of section 551.".

SEC. 8. ASSESSMENT OF THE EFFECTIVENESS OF VOLUNTARY RATING STANDARDS.

The Commission shall—

(1) assess the effectiveness of measures designed to provide parents with timely information about the rating of upcoming broadcast programming under the TV Parental Guidelines (Video Programming Ratings, Report and Order, CS Docket No. 97-55, 13 F.C.C. Rcd. 8232 (1998)) as such voluntary ratings were established by the National Association of Broadcasters, the National Cable Television Association, and the Motion Picture Association of America and approved by the Commission in implementation of section 551 of the Telecommunications Act of 1996;

(2) assess the technical feasibility of developing ratings systems from alternative sources; and

(3) not later than 180 days after the date of enactment of this Act, report its findings based on the assessment under paragraphs (1) and (2) to the Committee on Commerce, Science, and Transportation of the United States Senate and the Committee on Energy and Commerce of the United States House of Representatives.

SEC. 9. CHILDREN'S PROGRAMMING REQUIREMENTS.

(a) INCREASE IN AMOUNT OF EDUCATIONAL AND INFORMATIONAL PROGRAMMING FOR CHILDREN.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Commission shall promulgate regulations in accordance with section 102(a) of the Children's Television Act of 1990 (47 U.S.C. 303a(a)), to require that each television broadcast licensee broadcast not less than 6 hours of programming specifically designed to serve the educational and informational needs of children during hours when children are reasonably likely to comprise a substantial portion of the audience.

(2) PROPORTIONAL INCREASE FOR DIGITAL TELEVISION MULTICASTS.—In response to the requirements of section 309(j)(14), the Commission shall promulgate regulations in accordance with section 102(a) of the Children's Television Act of 1990 (47 U.S.C. 303a(a)), to require each television broadcast licensee providing digital multicasts to provide an amount of time to broadcast programming specifically designed to serve the educational and informational needs of children during hours when children are reasonably likely to comprise a substantial portion of the audience in the same ratio to its total amount of time provided to such children's programming on its main stream under paragraph (1) bears to the total amount of time provided to all programming during the hours when children are reasonably likely to comprise a substantial portion of the audience.

(b) REPORT.—The Commission shall amend its regulations to require each television broadcast licensee to file, regularly, a report on how it met, for the year in review, its obligations to serve the educational and informational needs of children in accordance with section 102(a) of the Children's Television Act of 1990 (47 U.S.C. 303a(a)).

(c) WEBSITE REQUIREMENT.—The Commission shall amend its regulations to require each television broadcast licensee for which there is a publicly accessible website on the Internet—

(1) to make its report available to the public on that website; or

(2) to provide a hyperlink on that website to the report on the Commission's website.

SEC. 10. REINSTATEMENT OF VOLUNTARY CODE OF CONDUCT.

(a) VOLUNTARY INDUSTRY CODE OF CONDUCT GOVERNING CONTENT OF BROADCAST PROGRAMMING.—It is the sense of the Congress that each television and radio broadcast licensee, multichannel video programming distributor, or other programming service should reinstitute or adopt, as the case may be, and faithfully comply with, the provisions set forth in the "Television Code of the National Association of Broadcasters" as adopted on December 6, 1951, with amendments thereafter, by the Television Board of the National Association of Broadcasters, formerly known as the National Association of Radio and Television Broadcasters.

(b) ANTITRUST EXEMPTION.—

(1) IN GENERAL.—The antitrust laws as defined in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12) and the law of unfair competition under section 5 of the Federal Trade Commission Act (15 U.S.C. 45) shall not apply to any joint discussion, consideration, review, action, or agreement by or among television and radio broadcast licensees, multichannel video programming distributors, or other programming services for the purpose of, and limited to, developing and disseminating voluntary guidelines designed to provide a code of conduct regarding the content of broadcast programs.

(2) EXCEPTION.—The exemption provided for in this subsection shall not apply to any joint discussion, consideration, review, action, or agreement which results in a boycott of any person, corporation, advertiser, or industry.

SEC. 11. PREMIUM AND PAY-PER-VIEW CHANNELS EXEMPT.

(a) IN GENERAL.—Nothing in this Act shall be deemed or construed to apply to any premium or pay-per-view service.

(b) DEFINITION.—For the purpose of this section, the term "premium or pay-per-view service" shall mean any video programming provided by a multichannel video programming distributor that is offered on a per channel or per program basis.

By Mr. LEVIN (for himself and Ms. STABENOW):

S. 617. A bill to direct the Secretary of the Army to carry out the dredging project, Menominee Harbor, Menominee River, Michigan and Wisconsin; to the Committee on Environment and Public Works.

Mr. LEVIN. Mr. President, I come to the floor today to introduce a bill to reauthorize the dredging of the Menominee River and Channel to 24 and 26 feet, respectively, from their present NOAA-certified depth of 20 feet. Congress originally authorized this dredging in 1960 through Public Law 86–645, which was subsequently deauthorized by the Army in an administrative action due to a lack of funding as required by the Water Resources Development Act of 1986, Public Law 99–662.

The Menominee harbor channel depth of 20 feet dates back to 1931. While harbor depths of 20 feet may have been adequate for ships of that time, a detailed study by the Army Corps of Engineers in 1959 reported the size of cargo ships using Menominee, MI and Marinette, WI ports increased significantly in the mid-1950's. Unfortunately, many of today's modern and more efficient cargo ships cannot safely navigate in harbors with 20-foot clearances. Dredging the river and channel to 24 and 26 feet would make these ports accessible to the larger ships and would be important to the economic growth in Menominee, Marinette, and the other regions of the country with which they trade. Manufacturing, shipbuilding, and transportation industries account for over a third of the region's employment and rely heavily on access to competitive port facilities.

Dredging of the Menominee River and Channel has been the subject of no less than a dozen studies submitted to Congress over the past century. The 1959 Army Corps of Engineers study recommended dredging to the depths I am proposing today and included support from the then-Governors of Michigan and Wisconsin, and findings of no adverse impact by the Departments Interior and Health, Education, and Welfare, and the Federal Power Commission. Assessments by the environmental agencies of Michigan and Wisconsin referenced in the Corps' report indicated the proposed dredging would not harm local fish and wildlife. I urge my colleagues to support this bill.

By Mrs. FEINSTEIN (for herself, Ms. COLLINS, Mr. LAUTENBERG, Mr. SPECTER, Mrs. LINCOLN, Mr. DODD, Mr. DAYTON, and Mr. NELSON of Florida):

S. 619. A bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions; to the Committee on Finance.

Mrs. FEINSTEIN. Mr. President, I rise today with my colleague from Maine, Senator COLLINS, to introduce legislation that will repeal two provisions of current law that reduce earned Social Security benefits for teachers and other government pensioners—the Government Pension Offset provision and the Windfall Elimination Provision.

Under current law, public employees, whose salaries are often lower than those in the private sector, find that they are penalized and held to a different standard when it comes to retirement benefits. The unfair reduction in their benefits makes it more difficult to recruit teachers, police officers, and fire fighters; and it does so at a time when we should to be doing everything we can to recruit the best and brightest to these careers.

The current Government Pension Offset provision reduces Social Security spousal benefits by an amount equal to two-thirds of the spouse's public employment civil service pension. This can have the effect of taking away, entirely, a spouse's benefits from Social Security. And, as one might guess, this provision disproportionately affects women.

The Social Security Windfall Elimination Provision reduces Social Security benefits for retirees who paid into Social Security and also receive a government pension, such as from a teacher retirement fund.

Private sector retirees receive monthly Social Security checks equal to 90 percent of their first $627 in average monthly career earnings, plus 32 percent of monthly earnings up to $3,152 and 15 percent of earnings above $3,152. Government pensioners, however, are only allowed to receive 40 percent of the first $627 in career monthly earnings, a penalty of over $300 per month.

To my mind it is simply unfair. My legislation will allow government pensioners the chance to earn the same 90 percent to which non-government pension recipients are entitled.

I do not understand why we would want to discourage people from pursuing careers in public service by essentially saying that if you do enter public service; your family will suffer by not being able to receive the full retirement benefits they would otherwise be entitled to.

Record enrollments in public schools and the projected retirements of thousands of veteran teachers are driving an urgent need for teacher recruitment. Critical efforts to reduce class sizes also necessitate hiring additional teachers. It is estimated that schools will need to hire between 2.2 million and 2.7 million new teachers nationwide by 2009.

California currently has more than 300,000 teachers, but will need to hire an additional 300,000 teachers by 2010 to keep up with California's rate of student enrollment, which is three times the national average. All in all, California has to hire tens of thousands of new teachers every year.

To combat the growing teacher shortage crisis, forty-five States and the District of Columbia now offer ''alternate routes'' for certification to teach in the Nation's public schools.

It is a sad irony that policymakers are encouraging experienced people to change careers and enter the teaching profession at the same time that we clearly tell them that we will reduce your Social Security benefits for making such a change—benefits they worked so hard to earn.

Nearly one million government retirees nationwide are affected by the Government Pension Offset and Windfall Elimination provisions, but their impact is greatest in the 12 States that chose to keep their own public employee retirement systems, including California.

According to the Congressional Budget Office, the Government Pension Offset reduces benefits for some 200,000 individuals by more than $3,600 a year. And, as I mentioned earlier, the Windfall Elimination Provision causes already low-paid public employees outside the Social Security system, like teachers, firefighters and police officers, to lose up to sixty percent of the Social Security benefits to which they are entitled. Sadly, the loss of Social Security benefits may make these individuals eligible for more costly assistance, such as food stamps.

I am also very aware that we are facing extraordinary deficits and that fixing the problem that we are talking about here today will be expensive. I am open to considering all options that move us toward our goal of allowing individuals to keep the Social Security benefits they are entitled to. The important thing for us to do is to take action that moves us in the right direction.

The reforms that led to the Government Pension Offset provision and the Windfall Elimination Provision are almost 20 years old. At the time they were enacted, I'm sure they seemed like a good idea. Now that we are witnessing the practical effects of those reforms, I hope that Congress will pass legislation to address the unfair reduction of benefits that make it even more difficult to recruit and retain public employees.

Ms. COLLINS. Mr. President, I am pleased to join with my colleague from California, Senator FEINSTEIN, in introducing the Social Security Fairness Act. This bill repeals two provisions of current law—the windfall elimination provision (WEP) and the government pension offset (GPO) that unfairly reduce earned Social Security benefits for many public employees when they retire.

Individuals affected by both the GPO and the WEP are those who are eligible for Federal, State or local pensions from work that was not covered by Social Security, but who also qualify for Social Security benefits based on their own work in covered employment or that of their spouses. While the two provisions were intended to equalize Social Security's treatment of workers, we are concerned that they unfairly penalize individuals for holding jobs in public service when the time comes for them to retire.

These two provisions have enormous financial implications not just for Federal employees, but for our teachers, police officers, firefighters and other public employees as well. Despite their challenging, difficult and sometimes dangerous jobs, these invaluable public servants often receive far lower salaries than private sector employees. It is therefore doubly unfair to penalize them when it comes to their Social Security benefits. These public servants—or their spouses—have all paid taxes into the Social Security system. So have their employers. Yet, because of these two provisions, they are unable to collect all of the Social Security benefits to which they otherwise would be entitled.

While the GPO and WEP affect public employees and retirees in virtually every State, their impact is most acute in 15 States, including Maine. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of other public employees, are affected by the GPO and/or the WEP.

Almost one million retired government workers across the country have already been adversely affected by these provisions. Millions more stand to be affected by them in the future. Moreover, at a time when we should be doing all that we can to attract qualified people to public service, this reduction in Social Security benefits makes it even more difficult for our Federal, State and local governments to recruit and retain the teachers, police officers, firefighters and other public servants who are so critical to the safety and well-being of our families.

The Social Security windfall elimination provision reduces Social Security benefits for retirees who paid into Social Security and who receive a government pension from work not covered under Social Security, such pensions from the Maine State Retirement Fund. While private sector retirees receive Social Security checks based on 90 percent of their first $612 average monthly career earnings, government pensioners checks are based on 40 percent a harsh penalty of more than $300 per month.

The government pension offset reduces an individual's survivor benefit under Social Security by two-thirds of the amount of his or her public pension. It is estimated that nine out of ten public employees affected by the GPO lose their entire spousal benefit, even though their deceased spouses paid Social Security taxes for many years.

What is most troubling is that this offset is most harsh for those who can least afford the loss—lower-income women. In fact, of those affected by the GPO, 73 percent are women. According to the Congressional Budget Office, the GPO reduces benefits for more than 200,000 of these individuals by more than $3,600 a year—an amount that can make the difference between a comfortable retirement and poverty.

Our teachers and other public employees face difficult enough challenges in their day-to-day work. Individuals who have devoted their lives to public service should not have the added burden of worrying about their retirement. Many Maine teachers, in particular, have talked with me about this issue. They love their jobs and the children they teach, but they worry about the future and about their financial security in retirement.

I hear a lot about this issue in my constituent mail, as well. Patricia Dupont, for example, of Orland, ME, wrote that, because she taught for 15 years under Social Security in New Hampshire, she is living on a retirement income of less than $13,000 after 45 years in education. Since she also lost survivors' benefits from her husband's Social Security, she calculates that a repeal of the WEP and the GPO would double her current retirement income.

These provisions also penalize private sector employees who leave their jobs to become public school teachers. Ruth Wilson, a teacher from Otisfield, Maine, wrote:

"I entered the teaching profession two years ago, partly in response to the nationwide pleas for educators. As the current pool of educators near retirement in the next few years, our schools face a crisis. Low wages and long hard hours are not great selling points to young students when selecting a career.

"I love teaching and only regretted my decision when I found out about the penalties I will unfairly suffer. In my former life as a well-paid systems manager at State Street Bank in Boston, I contributed the maximum to Social Security each year. When I decided to become an educator, I figured that because of my many years of maximum Social Security contributions, I would still have a livable retirement 'wage.' I was unaware that I would be penalized as an educator in your State."

In September of 2003, I chaired a Governmental Affairs Committee hearing to examine the effect that the GPO and the WEP have had on public employees and retirees. We heard compelling testimony from 73-year old Julia Worcester of Columbia, ME, who told us about her work in both Social Security-covered employment and as a Maine teacher, and about the effect that the GPO and WEP have had on her income in retirement. Mrs. Worcester worked for more than 20 years as a waitress and in factory jobs before deciding, at the age of 49, to go back to school to pursue her life-long dream of becoming a teacher. She began teaching at the age of 52 and taught full-time for 15 years before retiring at the age of 68. Since she was only in the Maine State Retirement System for 15 years, Mrs. Worcester does not receive a full State pension. Yet she is still subject to the full penalties under the GPO and WEP. As a consequence, she receives just $107 a month in Social Security benefits, even though she worked hard and paid into the Social Security system for more than 20 years. After paying for her health insurance, she receives less than $500 a month in pension income.

After a lifetime of hard work, Mrs. Worcester, is still substitute teaching at 75, just to make ends meet. This simply is not fair. I am therefore pleased to join Senator FEINSTEIN in introducing this legislation to repeal these two unfair provisions, and I urge my colleagues to join us a cosponsors.

By Mrs. FEINSTEIN (for herself, Mr. WARNER, Mr. SCHUMER, Mr. DEWINE, Ms. MIKULSKI, Mr. DURBIN, Mrs. BOXER, Mrs. CLINTON, Mr. LEVIN, Mr. DODD, and Mr. REED):

S. 620. A bill to reinstate the Public Safety and Recreational Firearms Use Protection Act; to the Committee on the Judiciary.

Mrs. FEINSTEIN. Mr. President, I rise to offer, along with Senators WARNER of Virginia and DEWINE of Ohio, the Assault Weapons Ban Reauthorization Act of 2005. We are joined by Senators SCHUMER, MIKULSKI, DURBIN, CLINTON, BOXER, LEVIN, DODD and REED, who are original cosponsors of this critical legislation.

This is the same basic legislation that passed by the Senate last year as an amendment to a bill designed to provide blanket immunity for gun manufacturers. However, once that amendment passed, the underlying bill was defeated, in part by its own sponsors, after the National Rifle Association applied intense pressure to Members of this body.

Thus we saw the ideological and extreme view of the National Rifle Association, when they sacrificed their most desired legislative priority—gun immunity legislation—because the Senate had approved the assault weapons ban and two other amendments that would save people's lives: closing the gun show loophole, and requiring trigger locks.

Although President Bush had said he supported the assault weapons ban, he refused to personally engage to help this legislation get signed into law, and the ban expired on September 13, 2004. As a result, these weapons are now once again proliferating through our neighborhoods and communities throughout the United States.

That is why, today, I am introducing the Assault Weapons Ban Reauthorization Act of 2005. This legislation mirrors the legislation I authored in the Senate and then-Congressman SCHUMER authored in the House in 1994.

As was done then, the legislation I am introducing would: ban the manufacturing of 19 specific types of military-style assault weapons, as well as a number of other guns based on a simple test to determine whether the guns were hunting guns or weapons of war; prohibit the manufacture of large capacity ammunition magazines—clips, drums and strips of more than ten rounds—because it is those large capacity ammunition feeding devices that can make a semiautomatic assault weapons so very deadly; and continue to exempt 670 hunting guns entirely, and it is also important to note that the ban would continue to "grandfather" in every gun that was made before 1994. So no innocent gun owner would lose a weapon. There will again be no confiscation component to the bill.

This legislation is not perfect. There are comparisons that were made to get it passed last time around, and since its previous enactment there have been many concerns raised about the need to tighten or alter the definition in order to make the prohibition more effective. I am open to working with my colleagues to ensure we enact the best legislation possible, but we need a first step—at a minimum Congress needs to reinstate the original assault weapons ban.

Unfortunately, we are already seeing the impact of the lapse of this law and we should not let another year pass without reinstating its protections. We know the ban worked. Supply went down. Prices went up. The use of these weapons of war in gun crimes had fallen consistently since the ban passed.

According to Department of Justice data, the proportion of these assault weapons used in crime fell more than 65 percent since the ban took effect. And these statistics are backed up by report from the Brady Campaign.

The analysis in the Brady study was performed by Gerald Nunziato, who for eight years served as the Special Agent in Charge of ATF's National Tracing Center—a man who know first hand what these numbers means.

The study found two key things:

First: ''Assault weapons banned by name in the Federal Assault Weapons Act have declined significantly as a percentage of guns ATF has traced to crime, and in absolute number of traces, since the Act was passed. Had this decline not occurred, thousands more of these banned assault weapons would likely have been traced to crime over the last 10 years.''

In other words, the assault weapons legislation signed into law ten years ago successfully dried up the use of banned assault weapons in crime. Second, arguments have arisen that despite this evidence, the ban has not really worked because gun manufacturers would simply produce copycat guns that have the same killing power as assault weapons, and use these guns in crime across the country. I agree that gun manufacturers have tried everything they could to circumvent the ban and this concern is something that may need to be addressed. But let's look at what the Brady study said about this issue.

Second: ''The gun industry's efforts to evade the Federal Assault Weapons Act through the sale of 'copycat' guns has not substantially undercut the positive effect of the statute in reducing the incidence of assault weapons among crime guns.''

In other words, even though determined gun manufacturers tried to evade the ban, they were not successful and copycat guns did not replace banned guns in equal numbers, at least when traced to crimes.

In many cases, and when dealing with many issues, I continue to find that what is most compelling is not just the statistics, but rather the real people affected by the policies we debate. It's those men, women and children that are the reason most of us come to work everyday. I'm here today to talk about this issues because of the devastating effect these guns can have on families in our neighborhoods, office buildings, street corners or schoolhouses across the country. I have said before that this issue really came home to me on July 1, 1993, just over 11 years ago, when Gian Luigi Ferri walked into 101 California Street in San Francisco carrying two high-capacity TEC–DC9 assault pistols capable of holding 30- or 50-bullet magazines. Within minutes, Ferri had murdered eight people and six others were wounded. His victims were not soldiers or even enforcement officers. These people doing everyday jobs in an everyday place. A place forever tainted by the bloodshed caused by one man and his assault weapons.

And 101 California was just one of many shootings by grievance killers, discontented employees or even schoolchildren—shooting that shows us that nobody is safe when these guns are in the hands of the wrong people. Yet five months ago, the federal ban on assault weapons expired, and once again new guns like the TEC–DC9 are allowed on our streets. The ban expired despite overwhelming public support to renew it—71 percent of all Americans support renewing the assault weapons ban, as do 64 percent of people in homes with a gun. And it expired despite overwhelming support from law enforcement and civic organizations—nearly every major law enforcement and civic organization has supported a renewal, including the Fraternal Order of Police, the Chiefs of Police, the U.S. Conference of Mayors, the National Association of Counties, and the list goes on and on.

Sadly, the ban expired despite the stated public support of President George W. Bush and former Attorney General John Ashcroft and despite the support of a majority of United States Senators—52 of us voted to renew this ban just this past March. Despite all of this support, this past September the American people were lift unprotected and made less safe. And make no mistake—when the ban expired the guns began to flow. And when the guns began to flow the safety of our communities was put in jeopardy.

One advertisement that ran in gun magazines is from ArmaLite, a company that makes post-ban rifles. ArmaLite offered a coupon for a free flash suppressor for anyone who bought one of their guns before the ban expired so that, once the ban expired, the gun could be modified to its pre-ban configuration.

The ad even states that, ''It is not legal to install this on a post ban rifle until the assault weapons ban sunsets.''

This is the kind of thing we can continue to expect—companies once again producing deadly assault weapons, high capacity clips, and dangerous accessories we worked so hard to stop almost ten years ago.

The original assault weapons ban was passed before September 11, 2001, with focus on the use of these military weapons by street criminals and gangs. But in the intervening years we have come to appreciate the significance of the threat posed by foreign terrorists. We know that al Qa'ida and other shadowy terrorist groups may plan to attack us here, at home, using these very weapons. A training manual found in Afghanistan made clear that al Oa'ida has seen the threat posed by these weapons. In fact, some of these guns are the very ones being used against our men and women in uniform in Afghanistan and in Iraq.

Simply put—these weapons are not just a law enforcement problem. They are a homeland security and counterterrorism problem. We need to take action to ensure that AK–47s and other such assault weapons cannot simply be purchased by a terrorist operative in preparation for an attack in the United States.

I am deeply disappointed that despite support of the American people, support of the Congress, and stated support of the President, the assault weapons ban was allowed to expire this past fall.

It is past time to stand up to the NRA and instead listen to law enforcement all across the nation who know that this ban makes sense and saves lives. It is past time to listen to the studies that show that crime with assault weapons of all kinds has decreased by as much as 65 percent since the ban took effect almost ten years ago.

The bottom line is that across this nation everybody knows this ban should be law. Law enforcement, mayors, cities, counties, three former Presidents, and even George W. Bush himself have said the ban should be renewed.

This time I hope, for the safety of all Americans, President Bush, Majority Leader FRIST and Speaker HASTERT will help re-enact this important legislation.

AMENDMENTS SUBMITTED AND PROPOSED

SA 141. Mr. COLEMAN submitted an amendment intended to be proposed by him to the concurrent resolution S. Con. Res. 18, setting forth the congressional budget for the United States Government for fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 through 2010; which was ordered to lie on the table.

SA 142. Mr. GREGG proposed an amendment to the concurrent resolution S. Con. Res. 18, supra.

SA 143. Mr. BINGAMAN (for himself, Mr. KENNEDY, Mrs. CLINTON, Mr. DODD, Mr. AKAKA, Mr. SARBANES, Mr. LAUTENBERG, Mr. LIEBERMAN, Mrs. MURRAY, Mr. LEVIN, Mr. HARKIN, Mr. OBAMA, Mr. BAUCUS, and Ms. CANTWELL) proposed an amendment to the concurrent resolution S. Con. Res. 18, supra.

TEXT OF AMENDMENTS

SA 141. Mr. COLEMAN submitted an amendment intended to be proposed by him to the concurrent resolution S. Con. Res. 18, setting forth the congressional budget for the United States Government for fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 through 2010; which was ordered to lie on the table; as follows:

On page 17, line 16, increase the amount by $1,479,000,000.

On page 17, line 17, increase the amount by $354,960,000.

On page 17, line 21, increase the amount by $1,094,460,000.

On page 17, line 25, increase the amount by $29,580,000.

On page 24, line 16, decrease the amount by $1,479,000,000.

On page 24, line 17, decrease the amount by $354,960,000.

On page 24, line 21, decrease the amount by $1,094,460,000.

On page 24, line 25, decrease the amount by $29,580,000.

SA 142. Mr. GREGG proposed an amendment to the concurrent resolution S. Con. Res. 18, setting forth the congressional budget for the United States Government for fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 through 2010; as follows:

On page 8, line 14, strike the amount $491,526,000,000 and insert $491,562,000,000.

On page 30, line 17 strike the amount $70,154,000 and insert $70,154,000,000.

SA 143. Mr. BINGAMAN (for himself, Mr. KENNEDY, Mrs. CLINTON, Mr. DODD, Mr. AKAKA, Mr. SARBANES, Mr. LAUTENBERG, Mr. LIEBERMAN, Mrs. MURRAY, Mr. LEVIN, Mr. HARKIN, Mr. OBAMA, Mr. BAUCUS, and Ms. CANTWELL) proposed an amendment to the concurrent resolution S. Con. Res. 18, setting forth the congressional budget for the United States Government for fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 through 2010; as follows:

On page 3, line 10, increase the amount by $400,000,000.

On page 3, line 11, increase the amount by $6,420,000,000.

On page 3, line 12, increase the amount by $2,052,000,000.

On page 3, line 13, increase the amount by $628,000,000.

On page 3, line 19, increase the amount by $400,000,000.

On page 3, line 20, increase the amount by $6,420,000,000.

On page 3, line 21, increase the amount by $2,052,000,000.

On page 4, line 1, increase the amount by $628,000,000.

On page 4, line 7, increase the amount by $4,750,000,000.

On page 4, line 16, increase the amount by $200,000,000.

On page 4, line 17, increase the amount by $3,210,000,000.

On page 4, line 18, increase the amount by $1,026,000,000.

On page 4, line 19, increase the amount by $314,000,000.

On page 4, line 24, increase the amount by $200,000,000.

On page 4, line 25, increase the amount by $3,210,000,000.

On page 5, line 1, increase the amount by $1,026,000,000.

On page 5, line 2, increase the amount by $314,000,000.

On page 5, line 7, decrease the amount by $200,000,000.

On page 5, line 8, decrease the amount by $3,410,000,000.

On page 5, line 9, decrease the amount by $4,436,000,000.

On page 5, line 10, decrease the amount by $4,750,000,000.

On page 5, line 11, decrease the amount by $4,750,000,000.

On page 5, line 15, decrease the amount by $200,000,000.

On page 5, line 16, decrease the amount by $3,410,000,000.

On page 5, line 17, decrease the amount by $4,436,000,000.

On page 5, line 18, decrease the amount by $4,750,000,000.

On page 5, line 19, decrease the amount by $4,750,000,000.

On page 17, line 16, increase the amount by $4,750,000,000.

On page 17, line 17, increase the amount by $200,000,000.

On page 17, line 21, increase the amount by $3,210,000,000.

On page 17, line 25, increase the amount by $1,026,000,000.

On page 18, line 4, increase the amount by $314,000,000.

On page 30, line 16, decrease the amount by $400,000,000.

On page 30, line 17, decrease the amount by $9,500,000,000.

On page 48, line 6, increase the amount by $4,750,000,000.

On page 48, line 7, increase the amount by $200,000,000.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY AND CITIZENSHIP

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY AND HOMELAND SECURITY

Mr. GREGG. Mr. President, I ask unanimous consent that the Committee on the Judiciary and the Committee Subcommittee on Immigration, Border Security and Citizenship and the Subcommittee on Terrorism, Technology and Homeland Security be authorized to meet to conduct a joint hearing on ''Strengthening Enforcement and Border Security: The 9/11 Commission Staff Report on Terrorist Travel'' on Monday, March 14, 2005 in Dirksen Room 226 at 2:30 p.m. The tentative witness list is attached.

Witness List:

PANEL I: Elaine Dezenski, Deputy Assistant Secretary for Policy, Bureau of Transportation Security, Department of Homeland Security, Washington, DC; and Tom Walters, Acting Assistant Commissioner, Office of Training and Development for Customs and Border Protection, Department of Homeland Defense, Washington, DC.

PANEL II: Doris Meissner, former Immigration and Naturalization Commissioner, Senior Fellow, Migration Policy Institute, Washington, DC; and Janice Kephart, former Staff Counsel for the 9/11 Commission, Senior Consultant, The Investigative Project, Mount Vernon, VA.

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

PRIVILEGE OF THE FLOOR

Mr. CONRAD. Mr. President, I ask unanimous consent that privilege of the floor be granted to Sara Vecchiotti during the consideration of the budget resolution and rollcall votes thereon.

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

Mr. AKAKA. Mr. President, I ask unanimous consent a legislative fellow in my office, Al Bird, be allowed floor privileges for consideration of this resolution.

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

APPOINTMENT

The PRESIDING OFFICER. The Chair, on behalf of the majority leader, pursuant to Public Law 100–458, section 114(b)(2)(c), appoints Marsha Blackburn, of Tennessee, to the Board of Trustees of the John C. Stennis Center for Public Service Training and Development, for a 6-year term.

ORDERS FOR TUESDAY, MARCH 15, 2005

Mr. STEVENS. I ask unanimous consent when the Senate completes its business today, the Senate adjourn until 9:30 a.m. on Tuesday, March 15. I further ask that following the prayer and the pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate then resume consideration of S. Con. Res. 18, the budget resolution; provided further that upon returning to the resolution, there be 16 hours 8 minutes remaining for each side.

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

PROGRAM

Mr. STEVENS. Mr. President, tomorrow the leader wishes Senators to know the Senate will resume consideration of the budget resolution. We will continue the amendment process tomorrow morning. Each side will have policy luncheons tomorrow; however, the Senate may remain in session during that period. For the remainder of the day, we will continue to work through additional amendments and Senators should expect rollcall votes throughout the day and into the evening tomorrow.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. STEVENS. Is there any further business to come before the Senate?

If there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 9 p.m., adjourned until Tuesday, March 15, 2005, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate March 14, 2005:

DEPARTMENT OF AGRICULTURE

CHARLES F. CONNER, OF INDIANA, TO BE DEPUTY SECRETARY OF AGRICULTURE, VICE JAMES R. MOSELEY.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

MICHAEL D. GRIFFIN, OF VIRGINIA, TO BE ADMINISTRATOR OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, VICE SEAN O'KEEFE, RESIGNED.

DEPARTMENT OF STATE

ROBERT JOSEPH, OF VIRGINIA, TO BE UNDER SECRETARY OF STATE FOR ARMS CONTROL AND INTERNATIONAL SECURITY, VICE JOHN ROBERT BOLTON.

NATIONAL MUSEUM AND LIBRARY SERVICES BOARD

KIM WANG, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL MUSEUM AND LIBRARY SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 2009. (REAPPOINTMENT)

DEPARTMENT OF JUSTICE

PAUL D. CLEMENT, OF VIRGINIA, TO BE SOLICITOR GENERAL OF THE UNITED STATES, VICE THEODORE BEVRY OLSON, RESIGNED.

IN THE COAST GUARD

THE FOLLOWING INDIVIDUALS FOR APPOINTMENT AS PERMANENT COMMISSIONED REGULAR OFFICERS IN THE UNITED STATES COAST GUARD IN THE GRADES INDICATED UNDER TITLE 14, U.S.C., SECTION 211:

To be lieutenant commander

CURTIS L. SUMROK, 0000

To be lieutenant

JED R. BOBA, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN THE UNITED STATES COAST GUARD UNDER TITLE 14, U.S.C., SECTION 211:

To be commander

MICHAEL T CUNNINGHAM, 0000
GREGORY J DEPINET, 0000
BRIAN T FISHER, 0000
PATRICK FOLEY, 0000

To be lieutenant

JULIE Y ANDREWS, 0000
REBECCA L AVERY, 0000
KEVIN L BARNETTE, 0000
JON T BARTEL, 0000
JAMES R BETZ, 0000
KENNETH A BISHOP, 0000
JOHN D BLOCK, 0000
JOSHUA N BLOCKER, 0000
ROBERT M BOTNEN, 0000
JON K BRACKIN, 0000
WILLIAM J BROOME, 0000
ROBERT S BROWN, 0000
GEORGE M BRUHL, 0000
DANIEL G BUCHSBAUM, 0000
VINCENT J BUKOWSKI, 0000
PHILLIP B BURGARD, 0000
JERRY D BUTWID, 0000
JAMES A CABASE, 0000
JOSEPH G CALLAGHAN, 0000
WILLARD R CALLIHAN, 0000
KEVIN R CARLSON, 0000
NICOLE M CARTER, 0000
HARRY W CAULTON, 0000
STEVEN J CHARNON, 0000
AMY L COGLIANESE, 0000
BRODIE G COWNIE, 0000
JEFFREY L CRAIG, 0000
FREDERICK C CRAWFORD, 0000
MICHAEL J DAVANZO, 0000
ELLIS G DAVIS, 0000
JACKY L DEPUE, 0000
DAVID J DIBELLA, 0000
RICHARD H DIXON, 0000
MATTHEW D DOORIS, 0000
CHRISTOPHER DOUGLAS, 0000
AARON N DOWE, 0000
CRAIG F DYKES, 0000
SHAUN L EDWARDS, 0000
FREDERICK C ENGLISH, 0000
THOMAS S EVANS, 0000
STEVEN M FACHKO, 0000
KRISTOPHER S FEGLER, 0000
DANIEL P GAINOR, 0000
PATRICK J GALLAGHER, 0000
VINCENT A GAMMA, 0000
DAVID R GATES, 0000
MICHAEL D GERO, 0000
FELTON L GILMORE, 0000
ARTHUR H GOMEZ, 0000
CHARLES L GOW, 0000
HARRY L GREENE, 0000
NAVIN L GRIFFIN, 0000
WILLIAM M GROSSMAN, 0000
ROBERT L HAGGERTY, 0000
JEFFREY W HALL, 0000
MARK F HAMMOND, 0000
SETH A HARBAUGH, 0000
SHANNON M HARELSON, 0000
THOMAS J HARRINGTON, 0000
RICHARD A HARTLEY, 0000
JOSE L HERRADOR, 0000
KENNETH A HETTLER, 0000
KURT A HIGGINBOTHAM, 0000
KEVIN S HILL, 0000
RICK R HIPES, 0000
LOUIS J HODAC, 0000
MONTREVILLE D HOLCOMBE, 0000
GREGORY A HOUGHTON, 0000
JOHN K HOWARD, 0000
KRISTINA R HYNES, 0000
PHILLIP ISON, 0000
JOSHUA E JARRELL, 0000
DAVID G JELIN, 0000
CHARLES T JENNINGS, 0000
KEITH A JERNIGAN, 0000
MARY F JOHNSON, 0000
MARC A JONES, 0000
CHRISTOPHER F KENDL, 0000
DANIEL J KENNEDY, 0000
SCOTT R KIRKLAND, 0000
REED H KOHBERGER, 0000
DONALD O LAJAVIC, 0000
PAUL J LAMCZYK, 0000
MICHAEL E LANGSTON, 0000
PAUL N LAROCHE, 0000
MARK L LAY, 0000
RANDEL J LAYTON, 0000
ROBERT M LEMONDE, 0000
DOUGLAS R LINCOLN, 0000
GREGORY LOISELLE, 0000
STEVEN M LONG, 0000
SCOTT E LUGO, 0000
HERBERT J LUMPP, 0000
EDWARD N MADURA, 0000
HECTOR L MALDONADO, 0000
BRYAN A MARKLAND, 0000
JOHN A MARTIN, 0000
ERIC S MAY, 0000
PETER A MCCAFFREY, 0000
JOHN A MCCLAIN, 0000
JOSEPH P MCCONNELL, 0000
WILLIAM A MCKINSTRY, 0000
JOHNNIE F MESSER, 0000
BARBARA N MIDKIFF, 0000
CLIFFORD W MORRIS, 0000
EDWARD J MOSLEY, 0000
PHILIP J MOTSAY, 0000
ULYSSES S MULLINS, 0000
BRIAN J MURPHY, 0000
MICHAEL A NALLI, 0000
RICHARD T NAMENIUK, 0000
JEFFREY W NOYES, 0000
KELLY L OSBORNE, 0000
JOSEPH B PARKER, 0000
JAMES H PERSHING, 0000
RICHARD D PETERSEN, 0000
ROBERT A PHILLIPS, 0000
LAWRENCE R PICCONI, 0000
BRANDON J PLEMONS, 0000
KENNETH B POOLE, 0000
MARK B POTOTSCHNIK, 0000
ANTHONY P POWELL, 0000
STEPHEN C PRIEBE, 0000
DAVID C PROHASKA, 0000
ROBERT J PUTANSU, 0000
ERIC C RAMOS, 0000
MICHAEL G REAGAN, 0000
RODNEY RIOS, 0000
ROBERTO RIVERA, 0000
BARTON D ROBINSON, 0000
JACK E ROBINSON, 0000
ROBB M ROBLE, 0000
MORGAN H ROPER, 0000
TRACY L ROYCE, 0000
KUNSTLER D RUSSELL, 0000
MICHAEL D RUSSELL, 0000
PEYTON H RUSSELL, 0000
DENNIS M RYAN, 0000
MICHAEL J SALEMI, 0000
RACHELLE N SAMUEL, 0000
LUIS C SANDOVAL, 0000
TIMOTHY L SCHMITZ, 0000
JOHN A SCHUTZENHOFER, 0000
HILLIARD W SEAMANS, 0000
TAZ L SEARS, 0000
TESSA L SEITZINGER, 0000
TOM W SHELTON, 0000
LEONARD W SHELTRY, 0000
DALE V SHEPARDSON, 0000
TIMOTHY C SINQUEFIELD, 0000
KEVIN M SLIGH, 0000
DAVID G SMITH, 0000
PATRICK R SMITH, 0000
ROBERT W SMYTH, 0000
DAVID C SOCCI, 0000
JOSEPH H D SOLOMON, 0000
GARY J SPONHOLZ, 0000
GLENN D STOCKS, 0000
MARK W STOEGBAUER, 0000
MICHAEL R STONE, 0000
KEVIN J SULLIVAN, 0000
MICHAEL G TAFFE, 0000
WILLIAM E TAYLOR, 0000
JAMES W TEDTAOTAO, 0000
CALLIE THOMAS, 0000
DEVIN L TOWNSEND, 0000
STEVEN J TUCKER, 0000
RYAN M WAGNER, 0000
BRUCE WALKER, 0000
JOHN D WALLINGTON, 0000
EMILY E WARD, 0000
BRIAN S WARING, 0000
CHESTER K WARREN, 0000
BRIAN D WAZLAVEK, 0000
WILLIAM F WEINBECKER, 0000
CHRISTOPHER A WHITE, 0000
SCOTT C WHITE, 0000
GLENN E WHITLOW, 0000
MICHAEL A WILFORD, 0000
DONNOVAN F WILLIAMS, 0000
WILLIAM B WINBURN, 0000
TRACY L WIRTH, 0000
PAUL H WISNIEWSKI, 0000
JEFFERY L WOLFE, 0000
GREGORY S WOOD, 0000
RONALD R WRIGHT, 0000

To be lieutenant junior grade

TERESA K ABERLE, 0000
JOSEPH B ABEYTA, 0000
SHAWN K BAILEY, 0000
DONALD A BALDWIN, 0000
KEVIN M BECK, 0000
JOHN M BETTENCOURT, 0000
CHRISTOPHER S BILLIAU, 0000
ADAM R BIRST, 0000
WILLIAM K BLAIR, 0000
BRIAN W BOYSTER, 0000
KENNETH T BOYT, 0000
CONNIE L BRAESCH, 0000
TONY L BROGAN, 0000
ERIC V BROWN, 0000
KEVIN A BROYLES, 0000
TODD C CANNARELLA, 0000
CHARLES J CLARK, 0000
DARYL C CLARY, 0000
JEFFREY R CLOSE, 0000
ANDREW J COLLINSON, 0000
CHARLENE R T CRISS, 0000
HAYES C DAVIS, 0000
ANDREW D DEGEORGE, 0000
JOHN R DOEPP, 0000
JASON D DOLBECK, 0000
KEITH M DOXEY, 0000
THOMAS E ENGLISH, 0000
JEFFREY P FERLAUTO, 0000
JOSHUA FITZGERALD, 0000
MATTHEW L FITZGIBBONS, 0000
TROY E FRYAR, 0000
JASON M GELFAND, 0000
WILLIAM S GIBSON, 0000
DERRICK S GREER, 0000
ROBERT E GRIFFIN, 0000
STEVEN M GRIFFIN, 0000
JAY W GUYER, 0000
DAVID L HALL, 0000
DEREK C HAM, 0000
ANDREW T HAWTHORNE, 0000
JENNIFER L HNATOW, 0000
JACOB A HOBSON, 0000
HENRY IRIZARRY, 0000
MATTHEW N JONES, 0000
SHARMINE N JONES, 0000
STEVEN W KEE, 0000
STEPHANIE M KELLEY, 0000
BRENT G KENNY, 0000
CHARLOTTE A KEOGH, 0000
KENNETH M KEYSER, 0000
RONALD J KOOPER, 0000
SCOTT J KREJCI, 0000
DONALD R KUHL, 0000
JOSEPH W KUSEK, 0000
CRAIG S LAWRANCE, 0000
JOSUE MALDONADO, 0000
AMY G MARRS, 0000
JOHN R MCGOWAN, 0000
MONICA A MCGUIRE, 0000
CHRISTINA MEDRANO, 0000
DEREK H MITCHELL, 0000
TODD C MOE, 0000
MARC J MONTEMERLO, 0000
THERASA M NETTESHEIM, 0000
DAVID J OBER, 0000
THEDRIT PARKER, 0000
SCOTT P PARKHURST, 0000
JEAN A PASCHAL, 0000
CHRISTOPHER M PASCIUTO, 0000
STEVE J PEELISH, 0000
BARTON L PHILPOTT, 0000
RUSSELL T PICKERING, 0000
ERNEST L PISANO, 0000
ROBERT K RAWLINGS, 0000
KEVIN F ROCKS, 0000
CHE C ROGERS, 0000
MATTHEW ROONEY, 0000
DANIEL E ROSS, 0000
MATTHEW W ROWE, 0000
MICHAEL B RUSSELL, 0000
DOUGLAS M SALIK, 0000
EVELYNN B SAMMS, 0000
DELFINO B SAUCEDO, 0000
DEON J SCOTT, 0000
EDWARD L SEMLER, 0000
LYLE R SERBER, 0000
KIRK C SHADRICK, 0000
JOSE L SIANDRE, 0000
IAN M STAL, 0000
ROBIN R STOTZ, 0000
ANDREW J SWALE, 0000
ROBERT D TAYLOR, 0000
LAWERENCE W TINSTMAN, 0000
MICHAEL R TROTOCHAUD, 0000
SCOTT E WALDEN, 0000
BURTON B WALKUP, 0000
MICHAEL M WEAVER, 0000
SCOTTI O WHALEY, 0000
ANN M WICKHAM, 0000
MATTHEW E WILL, 0000
JOHN T YARES, 0000
DAVID K YOUNG, 0000

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be general

LT. GEN. RONALD E. KEYS, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

REBECCA L. BROWN, 0000
FRANK C. BUDD, 0000
JOHN W. BULLOCK, 0000
CHERYL E. GREGORIO, 0000
LARRY T. KIMM, 0000
NAOMI T. LAWLESS, 0000
ROBERT M. LUCANIA, 0000
DEAN L. MESSELHEISER, 0000
DANIEL P. NAUGHTON, 0000
DONALD L. NOAH, 0000
ALAN L. PETERSON, 0000
PATRICIA A. REILLY, 0000
MARK H. SMITH, 0000

JOANNE M. SPAHN, 0000
RONALD G. STEELE, 0000
RICHARD E. VANARSDEL, 0000
DULCIE A. WEISMAN, 0000
DAWN E. WILSON, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

DENNIS L. BEATTY, 0000
JAMES M. DAVIS, JR., 0000
PAUL D. GOVEN, 0000
JULIE A. HALL, 0000
KENT R. HELWIG, 0000
BRADLEY P. HERREMANS, 0000
JEFFREY S. KIDD, 0000
ANTHONY S. LONIGRO, 0000
STEPHEN A. MACHESKY, 0000
JOANNE P. MCPHERSON, 0000
DIANE M. REESE, 0000
LANE T. ROGERS, 0000
MICHAEL G. SCHELL, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

THOMAS L. BLASE, 0000
SCOTT R. GARDNER, 0000
STEVEN E. KEITH, 0000
DAVID L. MORROW, 0000
RICHARD F. MUNSELL, 0000
LEON D. PAGE, SR., 0000
GARY R. PERRY, 0000
CHARLIE R. STUTTS, 0000
CARL J. SWANSON, 0000
GREGORY L. TATE, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

GARY D. BROWN, 0000
GERALD R. BRUCE, 0000
RODGER A. DREW, JR., 0000
ERIC N. EKLUND, 0000
JODY A. EVANS, 0000
PHILLIP D. GRISSOM, 0000
NIKKI A. HALL, 0000
MARY E. HARNEY, 0000
CHRISTOPHER C. LOZO, 0000
SCOTT R. MARTIN, 0000
JAMES B. ROAN, 0000
MICHAEL A. RODGERS, 0000
PETER J. SEEBECK, 0000
ROBERT I. SMITH, 0000
PATRICK E. TOLAN, JR., 0000
NEIL S. WHITEMAN, 0000
JEFFREY P. WILCOX, 0000
STEPHEN R. WOODY, 0000
LARRY D. YOUNGNER, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

DONNELL E. ADAMS, 0000
MICHAEL E. ADAMS, 0000
MERRIL J. ALLIGOOD, JR., 0000
JOHN C. ALLISON, 0000
MARK A. ALTOBELLI, 0000
STEVEN L. AMATO, 0000
JOHN M. AMIDON, 0000
E. WEST ANDERSON, 0000
PHILIP R. ANDREWS, 0000
MICHAEL P. ARCENEAUX, 0000
LEE J. ARCHAMBAULT, 0000
JAMES R. AYERS, 0000
CHRISTOPHER B. AYRES, 0000
VALENTINO BAGNANI III, 0000
NORMAN J. BALCHUNAS, JR., 0000
LYNNE E. BALDRIGHI, 0000
DANIEL F. BALTRUSAITIS, 0000
ROBERT G. BARLOW, 0000
PATRICK BARNES, 0000
RUSSELL C. BARNES, 0000
JAMES A. BARR, 0000
ROBERT K. BARRY, 0000
CHARLES J. BARTLETT, 0000
SUZANNE M. BEERS, 0000
PAUL G. BELL, 0000
CHRISTOPHER J. BENCE, 0000
NANNETTE BENITEZ, 0000
RICKEY B. BENNETT, 0000
THOMAS A. BERGHOFF, 0000
JOHN C. BERRY, 0000
KEVIN T. BETZ, 0000
JUDITH D. BITTICK, 0000
BRIAN M. BJORNSON, 0000
LESLIE A. BLACKHAM, 0000
DANIEL C. BLAETTLER, 0000
HARRY H. BLANKE III, 0000
CARL H. BLOCK, 0000
MARK D. BONTRAGER, 0000
JOHN K. BORLAND, 0000
KARL S. BOSWORTH, 0000
MICHAEL T. BREWER, 0000
MICHAEL D. BRICE, 0000
JACK L. BRIGGS II, 0000
MONTY L. BROCK, 0000
GREGORY N. BRODMAN, 0000
FRANCIS M. BROWN, 0000
MARK A. BROWN, 0000
MICHAEL P. BRYANT, 0000
MARK A. BUCCIGROSSI, 0000
KEVIN W. BUCKLEY, 0000
RICHARD J. BURGESS, 0000
MARK E. BURNS, 0000
ROBERT F. BUSSIAN, 0000
RUDOLPH T. BYRNE, 0000
ANDREW S. CAIN, 0000
MICHAEL G. CALDWELL, 0000
MICHAEL A. CANNA, 0000
JOHN E. CANNADAY III, 0000
LOUIS A. CAPORICCI, 0000
THOMAS C. CARTER, 0000
PETER H. CASTOR, 0000
RONALD J. CELENTANO, 0000
JAMES J. CHAMBERS, JR., 0000
PATRICK W. CHRISTOPHERSON, 0000
DAN L. CLARK, 0000
STEPHEN A. CLARK, 0000
JOHN G. CLARKE, 0000
KAREN A. CLEARY, 0000
JAMES D. CLIFTON, 0000
JOHN C. COLOMBO, 0000
CURTIS C. CONNELL, 0000
KENNETH C. COONS, JR., 0000
RAYMOND C. CORCORAN, 0000
CHARLES P. CORLEY, 0000
JOAN H. CORNUET, 0000
CHARLES D. CORPMAN, 0000
JOHN F. COSTA, JR., 0000
GERALD R. COSTELLO, 0000
FRANCIS COX, 0000
RODNEY L. CROSLEN, 0000
CRAIG A. CROXTON, 0000
KEITH R. CUNNINGHAM, 0000
GERALD D. CURRY, 0000
BRIAN P. CUTTS, 0000
LINDA J. DAHL, 0000
DENNIS E. DALEY, 0000
PETER D. DAVIDSON, 0000
WILLIAM T. DAVIDSON, JR., 0000
DONNIE G. DAVIS, JR., 0000
MARK L. DAVIS, 0000
MICHAEL D. DAVIS, 0000
SHUGATO S. DAVIS, 0000
KEVIN D. DEGNAN, 0000
WILLIAM P. DELANEY, 0000
SCOTT L. DENNIS, 0000
DAVID M. DENOFRIO, 0000
JAMES L. DEW, JR., 0000
STEVE G. DIDOMENICO, 0000
GREG R. DODSON, 0000
ROBERT A. DOMINGUEZ, 0000
JOHN T. DONESKI, 0000
JOHN W. DOUCETTE, 0000
SAMUEL R. DOUGLAS, 0000
GREGORY F. DRAGOO, 0000
ROBERT J. EGBERT, 0000
JOHN M. EGENTOWICH, 0000
PETER S.H. ELLIS, 0000
BRUCE C. EMIG, 0000
MARK D. ENGEMAN, 0000
JON L. ENGLE, 0000
CHARLES M. ENNIS, JR., 0000
DOUGLAS H. FEHRMANN, 0000
THOMAS J. FELDHAUSEN, 0000
DANIEL R. FERNANDEZ, 0000
KENNETH H. FIELDING, 0000
FRANK E. FIELDS, 0000
EDWARD A. FIENGA, 0000
STEPHEN M. FISHER, 0000
BRIAN R. FOLEY, 0000
JOHN K. FORSYTHE, JR., 0000
BOBBY G. FOWLER, JR., 0000
TIMOTHY J. FOWLER, 0000
DEAN G. FOX, 0000
ERIC E. FOX, 0000
JOHN H. FRANZ, 0000
TIM B. FREEMAN, 0000
GERALD J. FRISBEE, 0000
JACKIE D. FRISBY GRIFFIN, 0000
THOMAS B. FROONINCKX, 0000
ALGENE FRYER, 0000
CLAUDE V. FULLER, JR., 0000
BRYAN J. GALLAGHER, 0000
RONALD J. GARAN, JR., 0000
WONZIE L. GARDNER, JR., 0000
ROBERT F. GASS, 0000
CEDRIC D. GEORGE, 0000
DONALD S. GEORGE, 0000
ROBERT P. GIVENS, 0000
DAVID M. GLOGOWSKI, 0000
THOMAS W. GOFFUS, 0000
LIESEL A. GOLDEN, 0000
GARY P. GOLDSTONE, 0000
GERALD S. GORMAN, 0000
THOMAS F. GOULD, 0000
JENNIFER L. GRAHAM, 0000
SOCRATES L. GREENE, 0000
DANIEL G. GROESCHEN, 0000
VIRGIL A. GROGEAN II, 0000
MICHAEL J. GUIDRY, 0000
MICK R. GUTHALS, 0000
GARY M. GUTOWSKY, 0000
PAUL W. GYDESEN, 0000
CHRIS E. HAIR, 0000
STEVEN E. HAMMOCK, 0000
TODD P. HARMER, 0000
BRUCE F. HARMON, 0000
JEFFREY L. HARRIGIAN, 0000
DAVID A. HARRIS, 0000
JERRY D. HARRIS, JR., 0000
RAY P. HARRIS, 0000
WILLIAM S. HARRIS, 0000
JAMES A. HARROLD, 0000
ROBERT J. HARTNETT, JR., 0000
TINA M. HARVEY, 0000
MICHAEL R. HASS, 0000
ARTHUR G. HATCHER, JR., 0000
DARYL J. HAUCK, 0000
THOMAS Y. HEADEN, 0000
JOEL C. HECK, 0000
BART H. HEDLEY, 0000
WARD E. HEINKE, 0000
ANTHONY L. HENDERSON, 0000
SCOTT A. HENDERSON, 0000
GEORGE M. HENKEL, 0000
EUGENE H. HENRY, 0000
MARK S. HERSHMAN, 0000
GARY D. HETLAND, 0000
JOHN M. HICKS, 0000
KYLE E. HICKS, 0000
MANUEL A. HIDALGO, 0000
CLEOPHAS S. HOCKADAY, JR., 0000
RICHARD E. HOEFERKAMP, 0000
JEFFREY A. HOFFER, 0000
ROBERT K. HOFFMANN, 0000
WILLIAM E. HOGAN, 0000
MELVIN A. HOLLAND III, 0000
MICHAEL A. HOMAN, 0000
GARY L. HOPPER, 0000
LELAND R. HOPSON, 0000
ANNE T. HOUSEAL, 0000
MARILYN H. HOWE, 0000
BENJAMIN J. HULSEY III, 0000
DAVID M. HUSBAND, 0000
STEPHEN L. HUTCHENS, 0000
OTTIS L. HUTCHINSON, JR., 0000
WINTHROP C. IDLE, 0000
JOHN R. INGHAM, 0000
KEVIN E. JACKSON, 0000
LISA A. JACQUES, 0000
ROBERT Q. JENKINS, 0000
HERMAN O. JETT, 0000
DAVID L. JOHANSEN, 0000
BRENT A. JOHNSON, 0000
DANIEL R. JOHNSON, 0000
GREGORY H. JOHNSON, 0000
JAMES C. JOHNSON, 0000
KARL B. JOHNSON, 0000
TERRY L. JOHNSON, 0000
CHRISTOPHER A. JONES, 0000
DAVID L. JONES, 0000
FRANK E. JONES, 0000
JACK L. JONES, 0000
STEPHEN R. JONES, 0000
MICHAEL JOY, 0000
KURT J. KAISLER, 0000
JAMES R. KASMER, 0000
EDWARD KEEGAN, 0000
RICHARD C. KELLOGG, 0000
DOUGLAS L. KENDALL, 0000
MICHAEL W. KENNEDY, 0000
VAN D. KEPLEY, JR., 0000
MICAH E. KILLION, 0000
MAURICE L. KILPATRICK, JR., 0000
DEBORAH A. KIRKHUFF, 0000
MICHAEL R. KIRPES, 0000
ERIC A. KIVI, 0000
GARY W. KLABUNDE, 0000
DENISE D. KLOEPPEL, 0000
WILLIAM A. KOLAKOWSKI, 0000
RICHARD A. KOSANKE, 0000
STEWART J. KOWALL, 0000
JOHN H. KRESEK, JR., 0000
MARK S. KROSS, 0000
DANA C. KUECKER, 0000
ROBBY A. KYROUAC, 0000
THOMAS M. LAFFEY, 0000
ROBERT A. LALA, 0000
RAYMOND E. LAMARCHE, JR., 0000
ANITA E. LATIN, 0000
THOMAS J. LAWHEAD, JR., 0000
BENJAMIN C. LEITZEL, 0000
BABETTE M. LENFANT, 0000
GREGORY J. LENGYEL, 0000
LEE K. LEVY II, 0000
JOHN LIPINSKI, 0000
RICKY J. LOCASTRO, 0000
SCOTT C. LOCKARD, 0000
JOHN R. LOHR, 0000
MARK J. LORENZ, 0000
ANDRE L. LOVETT, 0000
RAY DON LOWE II, 0000
RONALD P. LOWTHER, 0000
DAVID E. LUCIA, 0000
STEPHEN P. LUXION, 0000
BRIAN D. MAAS, 0000
ROBERT J. MACDONALD, 0000
ROBERT W. MAHOOD, 0000
RICHARD L. MALLICK, 0000
JAMES E. MANKER, JR., 0000
CHAD T. MANSKE, 0000
HOWARD K. MARDIS, 0000
JOHN E. MARSELUS, 0000
LAWRENCE M. MARTIN, JR., 0000
LESLIE C. MARTIN, 0000
DAVID W. MARTINEZ, 0000
ERIC S. MATHEWSON, 0000
SCOTT G. MAW, 0000
GARY D. MCALUM, 0000
PETER M. MCCABE, 0000
JOHN M. MCCAIN, 0000
BRUCE H. MCCLINTOCK, 0000
DAVID B. MCCORMICK, 0000
GARVIN A. MCGETTRICK, 0000
PAUL D. MCINTOSH, 0000
JOHN K. MCMULLEN, 0000
MARTHA A. MEEKER, 0000
GREGORY L. MELTON, 0000
MARK A. MELVILLE, 0000
MICHAEL R. MENDONCA, 0000
ALAN R. METZLER, 0000
JAMES D. MILBURN, 0000

CHARLES B. MILLER, 0000
DOUGLAS W. MILLER, 0000
RANDOLPH P. MILLER, 0000
ZANE W. MITCHELL, JR., 0000
EUGENE W. MITTUCH, 0000
TIMOTHY S. MOORE, 0000
DANIEL P. MORIN, 0000
ANNE R. MORRIS, 0000
MICHAEL F. MORRIS, 0000
GARY P. MORRISON, 0000
DARRELL S. MOSLEY, 0000
JAMES C. MOULTON, 0000
MARK W. MOUW, 0000
PATRICK O. MOYLAN, 0000
RONALD J. MOZZILLO, 0000
BRIAN K. MURRAY, 0000
JEFFREY M. MURRAY, 0000
ERIC L. NELSON, 0000
JOSEPH W. NICHOLS, 0000
STEPHEN J. NIEMANTSVERDRIET, 0000
BRIAN S. NORMAN, 0000
JON A. NORMAN, 0000
ALAN J. NORTHRUP, 0000
KEVIN W. NORTON, 0000
JAMES H. OGDEN, 0000
ROBERT C. ONEAL, 0000
ROBERT C. PALMER, 0000
GUY M. PALUMBO, 0000
DENNIS B. PANNELL, 0000
JOHN B. PARKES III, 0000
MICHAEL W. PEEL, 0000
DAVID C. PENNY, 0000
JOHN J. PERICAS, 0000
GREGORY M. PERKINSON, 0000
MARY E. PETERSON, 0000
KURT P. PFITZNER, 0000
CURTIS O. PIONTKOWSKY, 0000
JOHN M. PLETCHER, 0000
MARK A. POHLMEIER, 0000
CHRISTOPHER J. POOCK, 0000
PAUL A. PRICE, 0000
MICKEY L. QUINTRALL, 0000
RICHARD J. RAGALLER, 0000
TAMRA L. RANK, 0000
ANDREW M. REDMOND, 0000
BRADFORD M. REINERT, SR., 0000
BRADY R. REITZ, 0000
DAVID L. REYNOLDS, 0000
BRENT A. RICHERT, 0000
BRET G. RIDER, 0000
GILBERTO G. RIOS, 0000
KEVIN D. ROSS, 0000
TERRY L. ROSS, 0000
CONSTANCE M. ROTHER, 0000
JAMES D. RUSSELL, JR., 0000
PATRICK E. RYAN, 0000
HENRY J. SANTICOLA, 0000
NORMAN P. SCHAEFER, 0000
KURT W. SCHAKE, 0000
MARGARET E. SCHALCH, 0000
JEFFREY E. SCHMIDT, 0000
MARK J. SCHMITZ, 0000
ERIC J. SCHNITZER, 0000
PHILIP M. SENNA, 0000
JOSEPH R. SHANNAHAN, 0000
THOMAS J. SHARPY, 0000
MICHAEL R. SHAW, 0000
STEPHEN E. SHEA, 0000
STEPHEN P. SHEEHY, 0000
CURTIS L. SHELDON, 0000
SCOTT F. SHEPHERD, 0000
WILLIAM L. SHERMAN, 0000
LUKE A. SHINGLEDECKER, 0000
STEVEN E. SHINKLE, 0000
BILLY R. SHRADER, 0000
DENNIS W. SHUMAKER, 0000
BRADFORD J. SHWEDO, 0000
KIMBERLY B. SIEVERS, 0000
MARK A. SIMON, 0000
PHILIP S. SIMONSEN, 0000
JAMES L. SISSON, 0000
ROBERT J. SKINNER, 0000
DAVID A. SLADE, 0000
JAMES C. SLIFE, 0000
ANTHONY J. SMITH, 0000
BRADLEY J. SMITH, 0000
BRIAN K. SMITH, 0000
GARLAND D. SMITH, 0000
PATRICK J. SMITH, 0000
THOMAS H. SMITH, JR., 0000
TIMOTHY S. SMITH, 0000
CURT D. SMOLINSKY, 0000
JAMILYN J. SMYSER, 0000
JOHN W. SNODGRASS, 0000
JAMES T. SOHAN, 0000
VIC A. SOWERS, 0000
HAROLD L. SPRINGS, JR., 0000
KENNETH T. STEFANEK, 0000
CHARLES B. STILL, 0000
JOHN G. STIZZA, 0000
DANIEL W. STOCKTON, 0000
RICHARD B. STONESTREET, 0000
MARC F. STRATTON, 0000
JAMES H. STRICKLER, JR., 0000
RICHARD M. STUCKEY, 0000
JON C. SUTTER, 0000
MATTHEW D. SWANSON, 0000
ROBERT W. SWISHER, 0000
MICHAEL E. TALLENT, 0000
MARK S. TALLEY, 0000
DONALD D. THARP, 0000
ERIC E. THEISEN, 0000
MICHAEL H. THORNTON, 0000
ROGER D. THRASHER, 0000
DAVID L. TIMM, 0000
GREGORY S. TIMS, 0000
TERRI L. TOPPIN, 0000
CAMERON W. TORRENS, 0000
HENRY TOUSSAINT, 0000
DARRYL G. TREAT, 0000
MONA LISA D. TUCKER, 0000
RANDY B. TYMOFICHUK, 0000
DAVID R. UZZELL, 0000
SCOTT C. VANBLARCUM, 0000
STAN L. VANDERWERF, 0000
JAMES C. VECHERY, 0000
DAVID VEGA, 0000
STEVEN J. WALKER, 0000
JOSEPH T. WALROND, 0000
MARK D. WARD, 0000
CHARLES L. WEBB III, 0000
JAMES M. WEBER, 0000
THOMAS M. WEBSTER, JR., 0000
CHRISTOPHER P. WEGGEMAN, 0000
GEORGE E. WEIL, 0000
JAMES R. WEIMER, 0000
MICHAEL F. WELCH, 0000
SUZANNE O. WELLS, 0000
BRUCE A. WEST, 0000
ROBERT J. WEST, 0000
JOEL S. WESTA, 0000
MARK W. WESTERGREN, 0000
EDWARD B. WESTERMANN, 0000
TODD C. WESTHAUSER, 0000
KEITH R. WEYENBERG, 0000
JEFFREY D. WHITE, 0000
JOHN W. WHITE, 0000
STEPHEN N. WHITING, 0000
RONALD C. WIEGAND, 0000
WILLIAM WIGNALL, 0000
DONALD R. WILHITE, 0000
THOMAS L. WILLIAMS, 0000
BURKE E. WILSON, 0000
STEVEN W. WINTERS, 0000
JAMES S. WOLCOTT, 0000
ROBERT R. WOODLEY, 0000
TYRONE M. WOODYARD, 0000
DANIEL WOOLEVER, 0000
MICHAEL S. WOOLLEY, 0000
FRANCIS V. XAVIER, 0000
ROBERT A. YAHN, JR., 0000
DENNIS D. YATES, 0000
BRIAN D. YOLITZ, 0000
DANIEL J. ZALEWSKI, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

PHILIP A. BARKER, 0000
LORENZO L. BOLDEN, JR., 0000
GARY R. BREIG, 0000
WENDELL L. BRENNEMAN, 0000
CHARLES R. CORNELISSE, 0000
DONDI E. COSTIN, 0000
DAVID M. FITZPATRICK, 0000
MICHAEL H. HEUER, 0000
MICHAEL A. MOORE, 0000
WESTON H. WALKER, 0000
ROBERT W. WIDO, JR., 0000
DONALD R. WILSON, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be lieutenant colonel

JOSEPH J. AIGNERVAROZ, 0000
MICHAEL S. BURKE, 0000
MICHAEL D. DIETZ, 0000
BRENT J. ERICKSON, 0000
LAURA L. GARNER, 0000
BONNIE E. GOODALE, 0000
JULIA R. GOODE, 0000
FREDERICK H. GRANTHAM, 0000
NORMAN T. GREENLEE, 0000
STEPHEN E. GREENTREE, 0000
SCOTT A. HALE, 0000
JEROME J. HYZY, JR., 0000
DAVID L. JOHNSON, 0000
JOHL K. KLEIN, 0000
LISA A. MCKINNEY, 0000
DANIEL S. MCNULTY, 0000
CHRISTOPHER L. * MORGAN, 0000
STEPHEN M. MOUNTS, 0000
LARRY V. PARSONS, 0000
SHEILA R. ROBINSON, 0000
STEPHEN P. SALES, 0000
CRAIG S. STANALAND, 0000
DOREEN F. WILDER, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be lieutenant colonel

CALVIN N. ANDERSON, 0000
MARGARETE P. * ASHMORE, 0000
JIMMY L. BARDIN, 0000
BRADLEY L. BELL, 0000
DIANA BERG, 0000
NATHAN M. BERMAN, 0000
ROBERT S. BLACK, 0000
VINCENT M. BUQUICCHIO, 0000
FRANZISKA J. CHOPP, 0000
DON M. CHRISTENSEN, 0000
ROBERT J. DRONE, 0000
DONALD R. ELLER, JR., 0000
LAURA FELTMAN, 0000
JENNIFER L. GRIMM, 0000
RICHARD E. * GROVE, JR., 0000
JUAN C. GUERRERO, 0000
MARK A. HATCH, 0000
KRISTINE M. KIJEK, 0000
CHARLES C. KILLION, 0000
ROBIN P. KIMMELMAN, 0000
GARY M. KRAMER, 0000
DANIEL G. LEMIEUX, 0000
ROBERT L. MAY, JR., 0000
JOE W. MOORE, 0000
BRYNN P. MORGAN, 0000
HEATHER L. * OSTERHAUS, 0000
DAVID W. PENCZAR, 0000
MARK D. POLLARD, 0000
ROBERT A. RAMEY, 0000
MICHELLE L.K. RAVEN, 0000
J. EMMANUEL I. SANTA TERESA, 0000
BARBARA E. * SHESTKO, 0000
GLENN P. SMITH, 0000
JENNIFER J. SNIDER, 0000
DAVID R. SNYDER, 0000
VANCE H. SPATH, 0000
SARAJANE STENTON, 0000
SUSAN L. TURLEY, 0000
JOHN K. WEIS, 0000
ROGER M. WELSH, 0000
MICHELE R. ZELLERS, 0000

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AS CHAPLAINS UNDER TITLE 10, U.S.C., SECTIONS 624 AND 3064:

To be colonel

BARRY D. BOWDEN, 0000
DAVID J. COLWELL, 0000
JOHN J. COOK III, 0000
GLENN S. DAVIS, 0000
GORDON G. GROSECLOSE, 0000
DAVID A. KENEHAN, 0000
DAVID C. MORAN, 0000
MITCHELL L. MORTON, 0000
DANIEL M. PARKER, 0000
JOHN D. READ, 0000
GARY K. SEXTON, 0000
THOMAS C. VAIL, 0000
CRAIG N. WILEY, 0000

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624: