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Senate

(Legislative day of Monday, June 19, 1995)

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

PRAYER

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

Almighty God, You know what we need before we ask You, and yet, You encourage us to seek, knock, and ask. When we truly seek You and really desire Your will, You do guide us in what to ask. When we ask what You guide, You provide.

Our day is filled with challenges and decisions that will test our own knowledge and experience. We dare not trust in our own understanding. In the quiet of this moment fill our inner wells with Your Spirit. Our deepest desire is to live today for Your glory and by Your grace.

We praise You that it is Your desire to give good gifts to those who ask You. You give strength and courage when we seek You above anything else. You guide the humble and teach them Your way. We open our minds to receive Your inspiration. Astound us with new insight and fresh ideas we would not conceive without Your blessing.

Make us maximum by Your Spirit for the demanding responsibilities and relationships of this day. Then we will say with the Psalmist, ''Lord is my strength and my shield; my heart trusted in Him, and I am helped; therefore, my heart greatly rejoices.''—Psalm 28:7. Amen.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

FRESHMAN THOUGHTS ON THE BUDGET

Mr. THOMAS. Mr. President, as has been our custom recently, the freshman class would like to take some time this morning to talk about topics that are of primary interest. This morning we want to talk about the budget.

This is an exciting day. We will pass the budget balanced for the first time in 30 years.

Mr. President, let me yield to the Senator from Oklahoma.

Mr. INHOFE. Mr. President, I thank the Senator from Wyoming for yielding.

I think he said it right. This is really a historic day, a day we have been waiting for—many Members—for years, since the 1960's, when this country decided that the Great Society days were coming in and Government would play an expanded role, and that we would be able to take care of everyone from birth to death.

A lot of people realize that this cannot be done. The resources are not there. The money was not there, so we borrowed it.

Over the years, we have established huge deficits and huge debts. Finally, today, we will be passing a budget resolution that is going to put the United States in a position to balance the budget by the year 2002.

In other words, we will be in a position where we will have eliminated our deficit at that time, and then can start paying off this huge, huge, debt that is out there.

A lot of things happened in the last few weeks. President Clinton submitted a budget to this body. It was a pretty big spending budget resolution. It went down by a margin of 99 to 0.

Then a short while after that, the Republicans came forth with essentially what we will be voting on today and passed it. This was a resolution that would eliminate our deficit by the year 2002.

A week after that, the President came with another resolution that would have had the effect, he said, of eliminating the deficit by the year 2005. Until we started looking at it. The Congressional Budget Office looked at it and said, well, wait, in the next 10 years, you will be increasing the debt by about $200 billion a year. When I multiply that out, that would be a $2 trillion increase in our Nation's debt by the year 2005. That is certainly not bringing the deficit under control.

I would like to quote the President. During the speech that was made to a joint session, the President came out and talked about what he was going to do with the deficit. He praised the Congressional Budget Office by saying,

> Well, you can laugh, my fellow Republicans, but I'll point out that the Congressional Budget Office was normally more conservative in what was going to happen and closer to right than the previous Presidents have been.

Yet it was the CBO that came out and said that it was a phony budget resolution, that it did not reduce the deficit. It certainly did not reduce the deficit.

This is an exciting time. We have heard over the last few months of debate that this is not a fiscal issue that we will be dealing with today. This is a moral issue, in that someone who is born today—like young Daniel that was born, and his new father, standing proudly behind me, the Senator from

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

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Pennsylvania—young Daniel, in his lifetime, would have to pay 82 percent of his lifetime earnings if we stayed on the track that we are on today to the Federal Government. This is something we are not going to allow to happen.

I am very proud, Mr. President, to be here today and be able to say, finally, a historic moment has arrived. We are participating in it. I am very proud of the participation of the 11 freshmen, the new Members of the U.S. Senate, who participated in putting this together.

Today is an exciting day. I thank the Senator from Wyoming for yielding to me.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Wyoming.

Mr. THOMAS. Mr. President, let me comment just briefly before I yield to my friend from Pennsylvania.

This is, I think, a day to which we have been looking forward. All 11 freshmen who came to the Senate this year supported the balanced budget amendment. All 11 freshmen will support this balanced budget resolution.

I think it is indicative of the fact that we were on the campaign trail, probably more than anyone else, because we were seeking our first election to the Senate. I think we found among all the issues that the idea of a responsibility in budgeting, the idea of responsibility in spending, was the issue that most people cared about.

Through all these years, we have put it on the charge card. The old charge card is maxed out, and most people know that. So we have a chance, and we will pass a balanced budget today for the first time in many, many years.

Now, I think it is honest and fair to say that passing this budget resolution is the easiest part. After this, of course, given these parameters, we have to go in and determine where the cuts are specifically. Where the additions will be, specifically. How the money is apportioned, and what the priorities are. That, of course, will be the difficult part.

The nature of it, obviously, is that each Member in our own program says we want to balance the budget but not on my program. We want to balance the budget, but we ought to take it away somewhere else. Members would be amazed at the number of folks who say, ''We need a little more money because it will save money in the long run.''

Probably true. Nevertheless, next year's budget is what we are talking about when we have to do something with it. It does demonstrate on the part of this Congress and on the part of the House, and I am proud of, some discipline, some concern for the future.

We had 50 4–H youngsters from Wyoming in yesterday, talking about what is going on, about their future. Talked about the fact that if we do not do something by the time the 4–H'ers are at their high-earning capacity in middle-age they will be paying 80 percent of their income in taxes.

It is not a question of whether we change but how we do it. It is difficult. Everyone said in the balanced budget amendment, I am for a balanced budget amendment—but. But. We have a dozen reasons we cannot do it this way or why we cannot do it in another way. We will hear that, of course, all through this debate, ''I want to balance the budget, but we cannot do it on the backs of the farmers, but we cannot do it on the backs of these people.''

We have to find a way, and we will find a way. I am delighted the President has finally come around to a balanced budget. Even though he does it in a different way, the principle is there and, finally, some commitment to balancing the budget.

He said in his letter, which I was a little disappointed in where he threatens to veto, ''We share the goal of balancing the Federal budget,'' he says, ''but we must do it in the right way.''

The right way is his right way, of course. Each of us has a right way. So it will be difficult, and I understand that. I understand it is a great debate. There are bona fide differences in views, how people think the Government should function. There are those who have a notion that spending more is better; that the Government's job is to collect more taxes and spend it out in the right way. That is a legitimate point of view. I do not happen to share it. I think the real thrust in this country is that the Federal Government is too big and costs too much; that is the general notion. But the other view—it is shared by a number of people in this Congress—is a legitimate one.

So it is a great debate. And, of course, people sometimes say, ''Why can't you guys get together and pass something?'' There are differences of view about it. So it will not be easy, and there will be endless posturing going on defending this little group and defending that group. But through it all, in honesty, there are different sets of priorities. People push those priorities in good faith.

Let me make just a couple of points that I think are important. One is, defense will be one of the areas of great concern. Let me just say I do not know the number, I do not know where it ought to be. But certainly defense, among all the other functions of the Federal Government, is one that is a legitimate one. The Federal Government is the only unit that can carry out defense. This is not a peaceful world. How much you spend, sure, we can debate that. Should we have a strong defense establishment? Of course.

The other one, which I think is interesting in terms of principle, is Medicare. Medicare part A is financed by withholding in Social Security. So there is a fund that comes in, spending comes out. That fund is going to go broke, according to the trustees, in 7 years. There is no question about that. The real issue is, do you take general tax revenues and prop up the fund or do you cause the fund to be self-sustaining, as it should be? Even in part B, where a portion of it is paid for by the recipient, the question is do you fund those things out of general tax revenues with no control over the spending? Or do you seek to fix the program as it is by reducing the spending from 10 percent a year to 7 percent a year?

Mr. President, we have a great opportunity to do some things that need to be done, some things of principle that must be done. We have that exciting opportunity today, and then to move within that budget resolution to the appropriations for the remainder of the year.

I yield at this time to the Senator from Pennsylvania.

Mr. SANTORUM. I thank my friend, the Senator from Wyoming, for yielding, and I thank him for his steadfast effort to come to the floor on a regular basis and organize the 11 freshman Republican Members of the Senate to come and talk about the important issues facing this country today. Obviously, the one on all of our minds is the issue of the budget.

I think the comments of the Senator from Wyoming were right on point. We have a great opportunity today to make history, and I believe we will do so. It is just the beginning of the process. We have a long way to go from passing this budget resolution, which is simply a blueprint. This budget resolution does not get signed by the President. It is a working document, in a sense, for the Congress to follow, laying forth the blueprint as to how we should get to a balanced budget over the next 7 years.

Then it is our job, over the next several months, before the end of the fiscal year, by the end of September, to craft a reconciliation package that brings in line the spending with the projections made in the budget resolution. So we have the actual reductions in the programs over the next several months—not just the blueprint as to how you get to a balanced budget. That is the tough one. That is where we have the disagreement, as the Senator from Wyoming stated, between those of us in the Congress and the President, on the ''right way'' to go about balancing the budget.

I will say, I am at least heartened by the fact that the President now accepts the premise of a balanced budget. When he submitted this budget—this is the President's fiscal year 1996 budget—when he submitted this budget back in February, he did not accept the premise that the Congress and the President should work together to balance the Federal budget, because this budget, according to the Congressional Budget Office and his own budgeteers, had perpetual deficits of over $200 billion a year for as far as the eye could see, in fact, increasing 5 or 6 years out. So his first submission did not accept that premise.

He, also, when he submitted this—and this was during the balanced budget debate—suggested that a balanced budget was harmful; a time certain set for a balanced budget was a harmful thing for the economy, was bad for this country, was bad for people. Now he, surprisingly, has flip-flopped and suggested that a balanced budget is a good idea for a time certain; that we can do it in 7 years—or he suggests 10 years—but a date certain to arrive at a balanced budget is not a catastrophic event as his advisers and many of the President's close advisers suggested during the last several months.

So we have now seen that he first said a balanced budget was not necessary, and now he says it is. He first said we did not need a date certain, now he says we can set one. Then we find out the President says we should not be attacking Medicare. And now, in the most recent budget submission—and by the way, this is it. This is the President's new budget. Just to give a comparison, this is the original President's budget. This is the new President's budget.

You might wonder how you condense all of this into this. It is very simple. There is not much here, relative to what is here. There just is not the specificity, if you look at these pages. It is 20-some pages. You have an executive summary in the first four pages or so. Then you have six pages, double sided—I will admit that, it is double sided, which we save paper on; double sided—of the specifics of the President's budget. This is it. This is the entire new President's budget.

All you have heard about is, ''The President submitted and comes to the table with this great new budget he talked about.'' It is six double-sided pages. Understand this, this is six double-sided pages to describe how we are going to spend, over the next 10 years, somewhere in the area of $16 trillion; six double-sided pages, $16 trillion. Just to put it in perspective a little bit. But this is it.

The other part here are charts. We always have to have charts. So we have charts here at the back that show how he is going to get his numbers down.

He was very critical of the Republicans in their budget that came out of the House and Senate, of cuts in Medicare. He was to draw a line in the sand. Now with this new budget, in fact, the first thing he talks about is reducing the growth in Medicare and contrasts his cuts—which he says are modest, necessary and modest—to ours.

His reductions are around the area of $120 billion over 10—7 years. Ours are a little more than double that, $270 billion over 7 years. The interesting thing is, Budget Director Alice Rivlin testified before the Joint Economic Committee last week, and she went on and just excoriated the Republicans for their horrible reductions in Medicare.

I asked her a very simple question. I said, I look at your budget and the budget numbers. I look at the Republican budget numbers on Medicare. The Republican's budget asks for more money to be spent on Medicare than you do every year. We actually spend more money on Medicare every year. She said we spend less. Their cuts are draconian and terrible, and ours are not. How does that figure? You say most people say how can you spend more money every year on a program and cut less? This is how. Here is the rub. The rub is that the President in all of his projections projects a slower rate of growth in all of these programs. So he assumes that Medicare is not going to grow that much and then only cuts from a lower rate of growth. So he cuts less but he assumes less growth in the first place, which nobody else by the way assumes; just him.

As a result, we have less cuts but lower numbers which is sort of a strange thing. You can argue both sides as to who is being cruel to Medicare. Are you being cruel because you have cut more money, or are you being cruel because you are spending actually less money per year? I would think the people in Medicare would be more concerned about how much money you spend as opposed to what you are required to cut.

We are suggesting more spending on Medicare. But at least the President has suggested that Medicare needs to be fixed and that we have to do something to reduce the rate of growth of spending in Medicare. So he has at least come to the table on that issue. Again, that is not where he was a few months ago in railing against the Republicans.

Finally, I will be willing to say that the President still has a tax cut in his proposal. So he is in agreement with us that we do need some tax relief for middle-income families in America. So there are bases for us to be encouraged about some sort of commonalty, even though the President has come up woefully inadequate and short in his budget, his new budget does not balance even though he says it does. The Congressional Budget Office, which is the numbers that we use, the minority leader, the Senator from South Dakota, just last week said, you know, the President cannot be fooling around with these funny numbers. He has to use Congressional Budget Office numbers. This is the minority leader, the Democratic leader of the Senate, who says the President has to come with a serious proposal that uses the Congressional Budget Office numbers, what his trumped-up, optimistic assessment that the world, the United States is going to continue to grow and inflation is going to be down, all these rosy scenarios so we get to balance by not having to cut as much. We have to use the Congressional Budget Office. The CBO says this budget, this detailed summary here, does not bring us to balance in 10 years like the President said. It does not bring us to balance. In fact, by the year 10 of this budget the deficit is over $200 billion. In fact, the deficit stays about $200 billion over the next 10 years.

So it does not work. This is not a real budget. You hear so much about the argument saying your way or my way, and my way is the right way. His way is no way. No way does this thing get us to a balanced budget. This does not work.

So while I sincerely give the President credit for coming to the table and saying we have to address this issue, we agree on a date certain, we agree that we have to balance the budget, we agree we have to do something with Medicare, we agree we need to do something with tax cuts, you know I appreciate that. It does form a working basis for relationship to try to move forward and not end up at a horrible confrontation come the end of this fiscal year. I think the President has to go back and get real and get real with the numbers, get real with what every business person would use, which is, you know, the most likely or conservative estimates of growth and things like that. The President has not done that.

Mr. DORGAN. Will the Senator yield to me for a question?

Mr. SANTORUM. I will be happy to yield in a minute.

So I have to continue to count the days before the President has come up with a balanced budget proposal. He has still not come to the table scoring to the Congressional Budget Office numbers we have to use here in this place, and that the President agreed in his first State of the Union Address he would use. He has not come to the table with a balanced budget that is credible. And, as a result, we have to continue to do the counting. I think that is unfortunate but I am hopeful that the President will come forward.

I am happy to yield.

Mr. DORGAN. I appreciate the Senator yielding.

I, too, find fault with the President's budget. I have no difficulty with the assertion of the Senator from Pennsylvania that there are some difficulties with the budget, with the numbers in the budget. I am willing to do that.

I wonder if the Senator from Pennsylvania is willing to take a look at page 3 of the budget resolution that he brings to the floor and says is a balanced budget. On page 3 the majority party brings to the floor a budget document that page 3, paragraph (4), deficits—in the year 2002, it says the deficit is $108 billion. The speaker before the Senator from Pennsylvania, the Senator from Pennsylvania, and I expect the speakers after the Senator from Pennsylvania, will continue to insist that this budget is a balanced budget in the year 2002. If that is the case, why on page 3 does it say in the year 2002 there is a budget deficit of $108 billion?

Will the Senator from Pennsylvania not agree that is what it says in this document, and that is what we will have in the year 2002, not a balanced budget but in fact a deficit of over $100 billion?

Mr. SANTORUM. All I know is the Congressional Budget Office scores this document as a balanced budget. I would defer to the Senator from New Mexico as to the specifics of that particular page. This is the first time I have seen it. But from all the scoring that we have had, this was scored by the Congressional Budget Office as a balanced budget according to the Senator from New Mexico. So the Senator's question is with him as to what this document says versus what he has represented to the Congressional Budget Office has told him. That is all I can respond to.

But I will say that, if, in fact, this budget is not balanced, we should go about the process of getting one that does come into balance.

So I guess I do not know the answer to the question.

Mr. DORGAN. If the Senator will yield further, and I appreciate his indulgence, he apparently has found what I found on page 3. This is a condition in the original budget as well. I do not think there is a conflict with what the Congressional Budget Office says and what this document says. I think if the Senator, following his presentation, will check he will discover, as the Senator from New Mexico or Congressional Budget Office and with everyone else has, that, in fact, this budget is not balanced by 2002; this budget on page 3 says the deficit at 2002 is $108 billion. That is a problem.

Mr. SANTORUM. All I would say is that is a very good question. I would like to get the answer. I do not have the answer.

Mr. DORGAN. My point is I think the Senator from Pennsylvania is wrong about the question of whether this budget will balance. That is my only point.

Mr. SANTORUM. I know where the Senator is coming from.

Mr. DORGAN. My only point is, if this is a balanced budget, zero in the year 2002, it does not say zero. It says by the year 2002 there will be a $108 billion deficit. I would say that I do not think there is disagreement among us about whether or not we ought to be in balance. There may be a disagreement about the priorities in spending. But there is no disagreement about the need to balance the budget. The only reason I come and raise the point is that this does not balance the budget. It still remains at a $108 billion deficit in the year 2002, and much more remains to be done.

Mr. SANTORUM. I appreciate that. I assure the Senator that I will bring this matter before the chairman of the Budget Committee for his response to that. I am sure he has a response to that.

What I will say is that we have put forth an honest effort, according to all the numbers that I have seen, that this does bring us to a balanced budget in 7 years, and it does so in the way that I think is really the only way possible to do it: By containing the growth of Government. Under this budget resolution, the Federal Government's budget continues to grow 3 percent a year. Growth is continuing in Government spending. It does not freeze. The spending goes up 3 percent a year. It does not go up as fast as it would had we not changed some of the things here in the budget.

So I am excited about today. I think it is a great opportunity for us to do something for—I see some young people up in the audience—to do something for the next generation of Americans, and provide some rays of hope for them, that we are going to get our economic ship right and give them the opportunity for a successful economy so that they can seek their dreams and fulfill those dreams in a free and prosperous America.

I thank the Senator from Wyoming. I see the Senator from Tennessee is here to speak on this issue. I would be happy to yield at this point to the Senator from Tennessee.

Mr. MURKOWSKI. Mr. President, I make an inquiry, if I may?

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair. Is there a prescribed time this morning for Senators?

The PRESIDING OFFICER. The following are the conditions under which morning business was to be conducted: The Senator from Wyoming [Mr. THOMAS] was recognized for up to 30 minutes. He had yielded time to the Senator from Pennsylvania and was to yield time to the Senator from Tennessee. The Senator from Alaska was to be recognized to speak for up to 15 minutes, the Senator from North Dakota recognized to speak for up to 30 minutes, and the Senator from California [Mrs. FEINSTEIN] recognized to speak for up to 15 minutes. Morning business was to close at the hour of 10:30.

Mr. MURKOWSKI. I thank the Chair and wish the President good day. I yield to my colleague from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

A HISTORIC OCCASION

Mr. FRIST. Mr. President, my fellow freshman colleagues and I are here to continue the discussion and would like to close the discussion with the importance of balancing the Federal budget and to mark this historic occasion for final passage of the 1996 budget resolution conference report.

It was just 18 months ago that I was performing heart and lung transplant surgery in the operating rooms at Vanderbilt University, and at that point in time I worked taking out enlarged, worn-out hearts and replacing them with strong, powerful new hearts that were healthy. These operations gave people with heart disease, heart disease which had crippled their lives, new hope, a new opportunity, a new chance, a new beginning.

Today, I believe we are doing the same thing for our Government. We are reversing the out-of-control spending habits of the past. We are instituting discipline over the spending process. We, indeed, are reenergizing a tired, worn-out Congress with a strong, healthy one; and after 40 years, a new heart is beginning to beat. A new spirit of federalism is flowing out of Washington, and this budget sets forth the blueprint for returning power to the States and to the American people.

The budget resolution conference report eliminates waste. It consolidates duplicative programs and calls for reform of obsolete programs in anticipation of governing in the 21st century. It recognizes the need to phase out programs gradually and responsibly, still mindful of the ever-mounting interest and Federal debt. Franklin Roosevelt once said, ''We can afford all that we need, but we cannot afford all we want.''

Today, the Republicans will complete a dramatic first step towards reforming Government so that it provides all that we need and yet does not provide more than the American taxpayer is willing to pay for.

Mr. President, despite ever-changing tax rates, the amount of revenues paid to the Federal Government have hovered consistently near 19 percent of GDP, gross domestic product, for the last 30 years, and yet Federal spending has risen from 19 percent of GDP in the early 1960's to a high of 24.4 percent in 1983, settling at about 22 percent of GDP today. It is that 3 percent gap between the amount of Government services the American public would like to have and the amount which taxpayers are willing to pay for that is really at the heart of the matter.

Republicans never said it would be easy to close this gap between Federal spending and Federal revenues, and there really should be no misconceptions. This budget makes tough choices. But the American people did not send us here last November to shrink from what they knew would be a mammoth task, that of balancing the budget and reexamining nearly every aspect of modern American Government.

As President Harry Truman has pointed out, no government is perfect. And yet as he said, ''One of the chief virtues of democracy * * * is that its defects are always visible and under democratic processes can be pointed out and corrected.'' And today, America is correcting one of its greatest problems, that is, that of fiscal irresponsibility. And tomorrow we will move on to tackle the other problems that plague our Nation—crime, decay of the inner cities, and breakdown of the American family. The primary step toward solving all of these problems is to rely less on the Federal Government, as we have done in this budget, and to empower America's citizens once again.

All of the Members of the 104th Congress can be proud that democracy has worked, that we have made great

strides in addressing the Nation's budget deficit. When our founders sacrificed so much that America might be independent and free, we accepted a trust to preserve this Nation for future generations.

This conference report is a historic first step, and we must continue to stand tall through the entire reform process.

I will close with a list of 10 points, often attributed to Abraham Lincoln that I believe we should be mindful of as we consider reform of nearly every government program in the coming months:

First, you cannot bring about prosperity by discouraging thrift.

Second, you cannot strengthen the weak by weakening the strong.

Third, you cannot help small men up by tearing big men down.

Fourth, you cannot help the poor by destroying the rich.

Fifth, you cannot lift the wage-earner up by pulling the wage-payer down.

Sixth, you cannot keep out of trouble by spending more than your income.

Seventh, you cannot further the brotherhood of man by inciting class hatred.

Eighth, you cannot establish sound social security on borrowed money.

Ninth, you cannot build character and courage by taking away a man's initiative and independence, and

Tenth, you cannot help men permanently by doing for them what they could and should do for themselves.

Mr. President, I thank the Chair and yield the floor.

The PRESIDING OFFICER. The time controlled by the Senator from Wyoming has expired.

Mr. DORGAN addressed the Chair.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

ORDER OF PROCEDURE

Mr. DORGAN. Mr. President, my understanding was that morning business allocated one-half hour to the Republican side, controlled by Senator THOMAS this morning, and then one-half hour to our side controlled by myself. Is that correct?

The PRESIDING OFFICER. The order provided to the Chair was that the Senator from Wyoming [Mr. THOMAS] was to be recognized to speak for up to 30 minutes, the Senator from Alaska [Mr. MURKOWSKI] recognized to speak for up to 15 minutes, the Senator from North Dakota [Mr. DORGAN] recognized to speak for up to 30 minutes, and the Senator from California [Mrs. FEINSTEIN] recognized to speak for up to 15 minutes.

Mr. DORGAN. Was it to have been in that order? My understanding was that——

The PRESIDING OFFICER. There is no specific sequence. That is the way in which it was provided.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I do not want to complicate this by any means. I think that there is some legitimate confusion relative to the process here. I asked for morning business. I was told that my time, the 15 minutes, began at 9:30. It is just a little after 9:30. I do not want to belabor it. My only effort in coming over was that I have to chair a hearing at 10 o'clock. So I attempted to try to come over in order to make that. With the indulgence of my colleagues, with no objection, I prefer to make a brief statement and then go and open my hearing.

Mr. DORGAN. Mr. President, if I might just respond, I arrived at 9 o'clock and our caucus at the moment, our Democratic caucus, is meeting on regulatory reform. All of us have problems.

My understanding was that we were going to have one-half hour over there and one-half hour over here. If that was not locked in, I guess I would be willing to be flexible on that. But I say that I arrived here at 9 o'clock. I know the Senator from New Mexico is missing the same caucus that I am missing, and I very much did want to respond to some of the points in the budget.

The Senator from Alaska intends to take how long for his presentation?

Mr. MURKOWSKI. I will not take a full 15 minutes, in response in the Senator from North Dakota. I encourage the floor managers, or however the process works, if this could be alleviated perhaps. I am not being critical, but I appreciate the concern of my friend. We are both in the same situation. Maybe the best thing to do is for me to start and get out of here, and then I can yield to my friend from North Dakota the remaining time that I have.

Mr. DORGAN. Mr. President, I will not object to that. I hope that we will be able to sequence it in the future, if that side has 30 minutes, perhaps, if we have 30 minutes reserved, we would be recognized for the next 30 minutes. If the Senator from New Mexico has no objection, I would be happy to allow the Senator from Alaska to proceed at this point and assume the time following that.

The PRESIDING OFFICER. The Chair thanks the Senator from North Dakota. The Senator from Alaska.

Mr. MURKOWSKI. I thank my friend from North Dakota. I wish him a good day.

RISK ASSESSMENT

Mr. MURKOWSKI. Mr. President, I am going to use my time to speak on risk assessment. I had intended to do that at 10:30. However, the hearing which I have to chair, as chairman of the Energy and Natural Resources Committee, is a joint hearing with the Environment and Public Works Committee on a very important and timely topic, and that is the Komi oilspill which has taken place in Russia at this time as I speak. The significance of this spill is unprecedented in relationship to any spills that we have ever experienced previously. Approximately 400,000 barrels of oil per day are leaking from various pipelines in Russia. That equals twice the *Exxon Valdez* spill, which, of course, was one incident. This volume of 400,000 barrels a day is occurring each and every day. The joint committee that will be meeting today will be attempting to focus on this and generate notoriety and, hopefully, a plan to assist in cleanup and to ensure that this terrible, terrible tragedy does not continue.

My statement this morning, Mr. President, is to call attention to the reality that listening to some people in Congress, listening to some people in the executive branch, you might not think it, but I think those of us who have been listening understand that this town was given a very simple message last November. And that message is that it is time for the Federal Government to wake up and reform the way it does business.

It just so happens we now have bipartisan legislation to help point us in that direction. That legislation is the Comprehensive Regulatory Reform Act of 1995. Its purpose is to protect public health and safety and to protect the environment while sparing people, you and I and those out there, from the nasty side effects of overregulation. It is a statement in favor of freedom, common sense, and responsible government, and one more, and that is accountability.

From the air we breathe to the food we eat and the ground we walk on, Federal regulations govern almost every phase of our lives. Their stated purpose, of course, is to help make people healthier and safer by reducing exposure to a variety of risky substances and products and by regulating various activities.

In many cases, Mr. President, these goals are accomplished. However, in others, regulations focus on unsubstantiated or minute risks to health, safety or the environment, and end up wasting a lot of taxpayers' money and time that could be spent on more pressing problems. Worst of all, unnecessary regulations, duplication, take away our freedoms. Our freedoms are lost bit by bit by empowering bureaucrats in Washington to tell us what we can and cannot do and almost on a worst-case basis.

Last year, Mr. President, Americans spent an estimated $647 billion on regulations. That is more than every element of the average person's budget except housing. Yes, that is even more —$104 billion more, as a matter of fact—than America spent in paying its tax bill in 1994. But, unlike taxes and the other bills we pay, much of the costs of regulations are hidden in the price of goods and services, so most people do not know about their true costs to each of us.

Let me make it perfectly clear, Mr. President. We do need regulations that actually do protect health, safety and welfare. No one wants to turn back the clock on the progress that we have made in protecting our health and safety. But there is a movement in grassroots America to shrink the size, expense, and scope of the Federal Government and to reform the way the Federal Government regulates.

We need to respond by making sure that the benefits derived from particular regulations are worth the cost and that we use sound science, not emotion, to address and assess risk to health safety and the environment.

We also need to rebuild public confidence in Government's risk assessments so people will listen when real threats to health and safety are detected. I want to thank the majority leader, Senator DOLE; the ranking member of the committee that I chair, Senator BENNETT JOHNSTON; and the Energy and National Resources Committee for their efforts on this front. I also want to thank my fellow chairmen, Chairman HATCH and Chairman ROTH, who worked with us on the creation of this consensus legislation. My committee and theirs each reported a bill addressing regulatory reform.

Now, to those who ask, Do we need reform? Well, there is absolutely no question. Recognizing that there are many horror stories, let me just share one that occurred in my State of Alaska: Anchorage, AK, is our largest city. The water comes down from the mountains, flows into the gutters for the most part, has very little contamination in it, just what it might pick up on the streets. And the Environmental Protection Agency came down with the ruling mandating that before the water moves in the drains and could be dumped into Cook Inlet where we have 30-foot tides a day, that we must remove 30 percent of the organic matter in the water.

Well, Mr. President, there was no organic matter there. There was absolutely nothing to remove. As a consequence, the city of Anchorage was in violation of their permit from the Environmental Protection Agency and subject to substantial fines. Finally, an enterprising entrepreneur suggested that they put some of the fish waste in the water. So 5,000 pounds of fish waste was put into the water system so it could be removed so that they could comply.

Now, once it became known and the heat began to focus on EPA, they were rather embarrassed and they actually wrote out a press release and said, well, we did not make them do it; they did it themselves. You can imagine the type of an example that sets and the reflection that the people of Anchorage have on the Environmental Protection Agency for coming down in a ruling like that.

We had another situation in Fairbanks. We have cold winters. We pick up a little snow. The city properly would bar parked buses from the road, and buses get snow on them. They were moved onto the back lot. They were cited for dumping the snow on the adjacent lot. We have a hard time understanding that, Mr. President. We have a number of other points I am not going to read. I just want to bring your attention to a few.

Now, finally, I think as we look at the principles contained in the risk assessment bill passed by my committee, we recognize that while the risk assessment process is used by many Federal regulatory agencies, their application and standards are wildly divergent, and there is no set standard for all uses. In fact, the EPA, OSHA, and FDA often differ in their assessment of chemical carcinogens and other matters that are of great interest and concern.

Finally, Mr. President, let me just focus on one more item with regard to our legislation because it provides several important improvements to the risk assessment process requiring Federal regulators to use the following:

Sound science and analysis as the basis for conclusions about risk; the appropriate level of detail for the analysis; the mandate to be reasonable in reviewing the data; using assumptions only when actual data is not available; characterize risk in a clear and understandable manner; do not express risk as a single, high-end estimate that uses the worst-case scenario; compare the risk to others people encounter every day to place it in perspective; describe the new or substitute risks that will be created if the risk in question is regulated; use independent and external peer review to evaluate risk assessment results; and provide appropriate opportunities for public participation.

Let me close by reading a passage that I think sums up the efforts of all who support this risk assessment regulatory reform. I quote:

> The American people deserve a regulatory system that works for them, not against them: a regulatory system that protects and improves their health, safety, environment, and well-being and improves the performance of the economy without imposing unacceptable or unreasonable costs on society; regulatory policies that recognize that the private sector and private markets are the best engine for economic growth; regulatory approaches that respect the role of State, local, and tribal governments; and regulations that are effective, consistent, sensible, and understandable. We do not have such a regulatory system today.

Now these are the words of President Clinton in his Executive order on regulatory planning and review.

So I say to the Senate, the time has come to stem the sea tide of regulation that threatens to engulf us all. We need commonsense health and safety regulations based, again, on sound science and not emotion. We do not need and we must take steps to reform the current Federal regulatory tyranny.

I yield the remainder of my time to the Senator from North Dakota and wish him a good day.

Mr. DORGAN. Mr. President, of the 30 minutes allotted to me in morning business, I yield 10 minutes to the Senator from New Mexico, Senator BINGAMAN.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. I thank the Senator from North Dakota for yielding me time. I do believe that it is heartening that we have a consensus for deficit reduction here in the country. I believe the President led the way in that effort during the first 2 years of his term, and I commend my Republican colleagues for the commitment they have shown to bringing us back to that important goal this year in this Congress.

But, Mr. President, I want to express some concerns that arise when I look at the budget resolution that has been brought to the floor by the Republican majority, concerns that we may be losing sight of our real objective in this budget-cutting exercise.

It seems to me the sole purpose of deficit reduction is to increase our investment in the future. What we are attempting to do is to get the Government to live within its means so as not to leave the bill for this generation's largesse to our children.

Mr. President, indiscriminately slashing budgets is no recipe for growth and is a bad way to organize investments for the future. To leverage our investment, I believe that we need to support programs, particularly education programs, technology programs, and export promotion programs that contribute to our economy's growth and that help create high-wage jobs that enhance the standard of living for all Americans.

I will speak separately on the importance of maintaining our investment in education, but let me first discuss the issues of technology and export promotion.

In this analysis of what works and what does not work, what Government should focus on and what it should not, we need to worry about tomorrow's bottom line just as much as we worry about today's bottom line. Growth policies that help keep our economy strong are vital in looking at that bottom line for tomorrow.

America has much to be proud of in its technology infrastructure, but it would be wrong to believe that Government did not help lead in building that infrastructure, but it would be wrong to believe that Government was not an essential partner with the private sector in helping to innovate and to nurture technologies that the corporate world has further developed.

The conference report on the budget resolution promises to seriously damage our Nation's future vitality. I have a number of problems with the plan, none greater than handing the bill for this balanced budget to those least able to pay and leaving the wealthiest in society in better shape. But I also know that if our Government fails to remain steadfast in its commitment to a national technology infrastructure and to

the funding of civilian research and development and to programs that support and help finance export efforts, then our economy will continue to erode; and we will forgo the gains and growth from high-technology developments and will become a nation built on a lower paying service economy.

Mr. President, in this Chamber, we have heard a great deal about leaving things to the market; that the private sector and the invisible hand will solve our problems most effectively if we essentially shut down many areas of Government. I believe, as do all of us, in a lean and a streamlined Government, but I do not believe that the market alone can solve all the problems of our citizens. And I do not believe that we should ignore the fact that our Government has a good track record and has gotten a great deal right in technology support and in export assistance. There is no doubt that we would be eating our own seed corn if we were to go forward and dismantle these programs.

I recommend to those who frequently call on the ghost of Adam Smith and subscribe to a prescription of the invisible hand that Smith referred to in the ''Wealth of Nations,'' that they go back and reread some of that treatise that he wrote.

Smith clearly outlined a role for Government, a perspective with which I agree.

He states that first, the state has a ''night-watchman function'' to see to the safety and security of its citizens. He argues that the state must educate its labor force, something that we have not done well in this Nation. He continues that the state must build infrastructure on which commerce depends; that is the Government must build roads, canals, and bridges. In the modern context, that means airports and a national information infrastructure and basic research laboratories and export assistance offices.

The Government must pay for itself and must, therefore, tax and charge for its services and the Government must support development of those technologies that are not at first easily commercializable. In his day, an example was shipbuilding, and in our day an example is nuclear energy. Adam Smith himself outlines these as indispensable functions of Government, of minimalist Government, as he saw it and leaves the rest to be fixed by the market.

Those of us who are tasked with the responsibilities of writing budgets and voting on budgets, as we will today, cannot neglect the indispensable roles that Government does have to play. But I believe that the theologies that are driving the Republican budget we are dealing with here have neglected many of these roles. And we must revisit this effort knowing that while we must cut our budget deficit, we must also promote high-end economic growth which creates high wage jobs and a better standard of living for our citizens. And enmeshed as we are in a global economy, we have to export more and erase the chronic deficits that represent real job leakage from our economy.

As I have previously stated in this Chamber, our Government's program in civilian research and development under this budget will be cut by 30 to 40 percent by the year 2002 and will be pushed to a 40-year low as a percentage of the gross domestic product. In contrast, the research communities in Germany and Japan continue to receive increased resources as the growth they have generated for their nations has been recognized and rewarded.

Yet in the United States, we are abandoning those who won the cold war, those who put men on the Moon, who initiated genetic research and biotechnology efforts, who created computers and advanced electronics, who have fought disease and revolutionized a myriad of enhancements in agriculture. Our national investments in science and technology, that have yielded semiconductors, molecular biology advances, and materials science development, have paid off tremendously for the Nation.

In 1969, when the Federal budget was last in balance, Federal civilian research spending was 0.76 percent of gross domestic product. Only the Bush administration stands out among the administrations of the last several decades in trying to correct the downward decline in commitment by this country to technology support. This present administration has maintained the commitment that the Bush administration demonstrated. Today, our support of civilian research and development is running at approximately 0.46 percent of gross domestic product, and in the Republican budget plan is estimated to fall to 0.27 percent of GDP.

The real impact, the impact on our children and on the citizens of this great Nation, is that we will strip them of their opportunities in the future if we go the path that this budget resolution calls for. Are we prepared to do that? Are we prepared to forfeit the important leadership role the United States has played in technological innovation and growth? I hope that we give a resounding ''no'' to those questions.

I have to say that our ambivalence about these issues has already allowed Japan to quickly rise to parity with this Nation in the number of patents produced and in the overall excellence of its technological and manufacturing infrastructure. It is anachronistic to say that Japan simply licenses American technological wizardry. They have their own stable of wizards now, and we must compete. We simply cannot role over and allow ourselves to become followers in the field of high technology advancement. That would be an unforgivable legacy to leave to our children.

I strongly encourage my colleagues on both sides of the aisle to reconsider our Nation's technology support program. I think that most would agree that our Government should not be engaged in picking winners and losers. That is not the issue. What we need to understand is that the combination of fierce market forces and the globally competitive environment we are in rarely support the precompetitive stage of product development. Despite the prospect of substantial reductions in federally supported civilian research and development, the Wall Street Journal has reported that numerous private commitments to research and development are also being cut. In fact, the Wall Street Journal reported that AT&T, General Electric, IBM, Kodak, Texaco, and Xerox have all announced intentions to cut their research budgets.

While other nations ensure that they will build and maintain a strong foundation for research support in their private sector, our Nation is turning away from this strategy and seems all too ambivalent about letting advanced manufacturing move abroad, allowing high-wage jobs to disappear, and allowing the responsibilities and rewards of innovation to be taken by our competitors. If we hope to restore the economic health of our Nation, then we should embrace these proven growth-producing programs which help our industry and help our citizens, rather than running from those programs. Adam Smith, if he were here today, would argue that our precompetitive technology programs are indispensable to the national interest.

Export assistance programs are also in our national interest. On the 19th of June, Senator BOND outlined for us the important role that the International Trade Administration and the Bureau of Export Administration of the Department of Commerce play in our international trade activities and in our economy. I agree with him that these governmental functions need to be maintained. To the degree that the conference report fails to support these activities, we need to go back to the drawing board.

Let me first point out that our great Nation spends less than 2.8 cents supporting each $100 of exports. On one hand, given that export related jobs tend to earn higher wages and, on the other, that our Nation is approaching a $200 billion trade deficit this year, our support for export activities is a worthwhile investment. In fact, our investment in exports is too paltry as it is.

Comparatively, as a recent report from the Economic Strategy Institute reports, the lowest level of export assistance support among other developed nations is about 10 times the U.S. level. The recent trade agreement that was just consummated yesterday between ourselves and Japan should highlight for the American people and for this body the importance that trade plays in our ability to maintain good-paying jobs in this country.

A gauge often used to assess the jobs impact of exports is that a billion dollars of exports equals about 20,000 jobs

in the American economy. If you run the numbers, it is clear that our economy is losing about 4 million jobs because of trade deficits. Cutting the budget deficit should help increase the overall health of the economy, should lower interest rates, and should help spur business activity in the Nation. But it is also clear that the export sector will become an even more important driver of our economic growth. Given these trends, it is important that Government address market failures in the export sector.

Exports are important to this economy. And exports create jobs, good jobs. Export-related jobs are growing seven to eight times as fast as the growth of total employment. A decade ago, less than 7 million Americans worked in export-related jobs while today the number is close to 12 million. In another 5 years, the number will approach 16 million. And given what we know about the stagnation of wages in this Nation, that despite high corporate profitability today, our workers are not benefiting from increased productivity, it is important to underline the fact that export jobs pay more, in fact, about 15 percent more than other manufacturing jobs.

Companies that manufacture for export are more productive, and they are less likely to be caught in the tailspin of a shrinking manufacturing sector. We ought to consider putting manufacturing jobs on the endangered species list, Mr. President, if we turn away from our efforts to export. To be clear about the financial impact: white-collar manufacturing workers earn an average of $20.50 an hour in wages and benefits, blue collar workers earn $16.69 an hour, and people employed in the service sector average just $8.39 an hour. Every time we replace a manufacturing job with a service job, we are cutting our wages in half. Mr. President, just going with this trend cannot be in the national interest. We need to support our export base and support our technology base. Anything else would be irresponsible.

Some might ask, why not leave a sector that is growing—and that is the export sector—that seems healthy and headed in the right direction, free from any Government meddling? First of all, this export activity has been achieved through private partnerships with Government. When the market fails to provide critical export financing, the Ex-Im Bank, a classic example of Government/private sector partnerships, absorbs credit risks that private institutions would not absorb. And has the Ex-Im Bank been a deficit creator? No. During the last fiscal year, the Ex-Im Bank took $785 million from the U.S. Treasury and provided $15 billion in financing that supported $17 billion in United States exports, with nearly half of this going to the fastest-growing big emerging markets such as China, India, Indonesia, Malaysia, South Korea, Argentina, and Brazil.

There are many other examples of how we have helped in promoting exports in this economy, Mr. President, through Government/industry partnerships. Addressing risks that the private sector would not, the Overseas Private Investment Corporation, a quasi-Government institution, has provided the insurance to make global trade and investment more secure. OPIC, which has not paid out any large claims since the mid-1970's, has actually generated significant returns to the treasury. But even when discussions have been held about privatizing this activity, private providers contend that they will not make insurance commitments that OPIC can. These are examples of the Government addressing failures of the market; and they happen to be examples where the costs, if any, to the Government, have been turned into strong positive gains.

In the international arena, when foreign markets are truly free, then the Department of Commerce and USTR need not negotiate for and protect American economic interests, but such free markets exist only in theory. A realistic look at world trade would show the French subsidizing their export financing; Chancellor Kohl offering $2 billion in low cost loans to China linked to purchases of German products; and Tokyo pouring over $2 billion a year for foreign aid into Indonesia to grease the way for its firms.

The neoclassical economist would argue, no problem. They would argue that American consumers still win, and these other governments are only harming themselves and their people. The problems with that line of reasoning are many, but in particular, we are not engaged in a perfect world economy. In Japan, producers' interests are dealt with more preferentially than consumers'. And as we know in this Nation, consumers' interests are not generally subordinate to producers. Over the long run, specialization will occur, and production will move to areas like Asia where consumer interests have been constrained. To prevent further erosion of the American manufacturing and export base, we need to support industry efforts to penetrate otherwise closed foreign markets.

The Department of Commerce estimates that over $1 trillion of infrastructure projects will come on line in Asia in the next decade. Virtually all of these projects will be awarded by governments, and virtually all will be hotly contested by companies supported by their home governments. I believe that we cannot responsibly afford to further diminish the meager support that we provide our exporters just as other competitors are expanding theirs. We need our Government on the front line to make sure that American firms and American workers get a good share of these projects.

Furthermore, over the last 40 years, the American economy has been the robust growth market on which our firms have focused and which firms around the world have targeted. Our corporations have not developed the same skills base and support structures that other nations have developed to promote exports. For smaller and mid-size firms, international opportunities are new and important, and America has hardly tapped the tremendous potential of this sector. For these companies, acting purely on their own, the task of penetrating foreign markets is expensive and overwhelming.

Fifty large firms account for about half of America's exports. We need to do better, and we need to, as a Government, support an infrastructure for export growth. That means that we need to support the efforts of the Foreign Commercial Service, need to broaden our counseling activities, and need to continue to connect our small firms, which are the backbone of our economy, with resources to achieve export-led growth. This is what Government is supposed to do. And I would propose to you that such a jobs-growth strategy complements our budget reduction goals, the combination of which will maximize our investment in the future.

Let me briefly share with you two brief stories of encounters of firms from the great State of New Mexico with the Department of Commerce, that so many here seem bent on dismantling. FMI, an Albuquerque developer of software applications for barcode scanners, had never exported to the Mexican market. With the assistance of the Santa Fe office of the International Trade Administration, FMI participated in RepCom '94, a show organized under the State of New York trade division that enabled the firm to secure important distributors, establish relations with potential client firms, and even yielded a significant direct sale. The firm has just secured its first-ever sales in to the Mexican market and expects its position to grow. Second, United States Cotton, a manufacturer of cotton pads and other cotton cosmetic products, recently reported the signing of a joint venture agreement with a firm in Chile, where it too had never traded before. Using the Gold Key Service Program of the Department of Commerce, U.S. Cotton has been able to generate first-year sales approaching $500,000. The firm anticipates that expanded production capabilities in Chile will result in expanded sales and will create additional jobs.

Let me also add that the great State of New Mexico, which has led the Nation in terms of export sector growth over the last 5 years, trades today nearly as much with Japan as with Mexico. And New Mexico exports to the Asian region in total are actually much greater than to Mexico. Last year, New Mexico exported approximately $100 million in goods to Mexico, $80 million to Japan, and $150 million to the Asian region. The combined efforts of the state's trade development offices and the Santa Fe office of the International Trade Administration in

the Department of Commerce as well as the resources of the Small Business Administration have helped New Mexico to participate in the global economy. We have a long way to go in our great State, but supporting exports, supporting technology development make sense for New Mexico and make sense for America.

In conclusion, Mr. President, we need to heed Adam Smith's word. We need to make sure that Government addresses those tasks that the private sector cannot or will not address. We need to maintain our investment in civilian research and development efforts, and we must continue to build the export platform that has been under construction for some time. To fail to do this would limit our leverage in building a more prosperous future and securing continued American leadership.

I would like to remind my Republican colleagues that their opposition to these export programs is an entirely new development. Letters of support for the Foreign Commercial Service, for expansion of International Trade Administration domestic service centers, and for prevention of reduced staffs for sites have been sent to the Secretary of Commerce by Senators BROWN, CAMPBELL, COVERDELL, D'AMATO, DOMENICI, HATCH, HATFIELD, and numerous others. I realize that we are all facing a confluence of tough choices in our budget deficit reduction efforts, what to cut and what not to cut—but I would argue that our colleagues' earlier intentions were correct, that supporting our small and mid-sized businesses into the international arena was the correct strategy to jump start growth, spur jobs, and create a more healthy economy.

Claims that these programs significantly impact our budget deficit are not supported by the facts. We spend less than a billion a year for all export programs in a $1.2 trillion annual budget, but reducing this amount would harm our business sector, reduce growth, stifle incomes and keep us blocked out of important growing economies. We would effectively be handing over to other nations important, high-paying jobs that would otherwise go to American workers.

That, Mr. President, is not what we have been elected by the citizens of this great Nation to do.

Mr. President, let me just urge that in finalizing a budget resolution between this Congress and the President, we need to keep our eye on the ball of those programs that will promote job creation and promote more economic growth in the future. This budget, as it comes before us today, does not do that. Mr. President, I hope that can be corrected before final action is taken by this Congress.

Mr. DORGAN addressed the Chair.

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

Mr. DORGAN. Mr. President, I yield myself as much time as I may consume of my remaining time.

The PRESIDING OFFICER. There are 20 minutes remaining of the Senator's time.

THE 1996 BUDGET: TRUTH AND PRIORITIES

Mr. DORGAN. Mr. President, today we will consider the conference report on the budget. It is interesting that we saw, today, a big chart on the floor of the Senate, again, entitled Where is Bill? I indicated the other day that if I were someone inclined to do that sort of thing, I would bring a chart that says Where is the Bill?

This budget conference report comes to the floor of the Senate, I believe, nearly 75 days after the law required that it be brought to the floor. But, frankly, I think that is less important than the question of what is brought to the floor. I do not think there is much difference here on the floor of the Senate with respect to our desire to balance the budget. No one who is thinking very clearly in this Senate or in this Congress or in the country could believe that we can spend money we do not have very long and remain a strong nation.

The question is not whether. The question is how do we put our fiscal house in order and balance the budget?

In 1993, I voted for an initiative recommended by President Clinton to cut $500 billion from the projected deficits. The $500 billion cut in deficits included some very controversial things. It included some tax increases that were not popular, some specific spending cuts that were not popular. And I understand why a number of people did not want to vote for it. In fact, it passed the Senate by one vote. It passed the House of Representatives by one vote.

In the Senate, in fact, we did not even have one Member of the minority vote for that resolution—not one. I understand that as well. They felt strongly that it was a resolution that did not have the correct priorities, so they did not want to support it. Many of us voted for it, even though it was very controversial, in order to reduce the deficit. We felt it was necessary to do so. Now we have folks saying, well, the Democrats do not care about the deficit, and they do not want to do anything. The fact is that we had to produce all the votes in 1993 on the $500 billion deficit reduction package. We did not get help from one Republican.

But what is past is past. The question is what do we do now for the future? The majority party brings a budget resolution to the floor of the Senate today. First of all, let me give them credit. I think this is the right issue. We need to reduce the deficit. In fact, some were critical of the President this morning, and I share that criticism. I have indicated to the President that the initial budget he sent to this Congress had deficits that were too large, and I assume that is why he sent us a supplemental budget recently. I share that criticism. I think we have to do this in a manner that is right and real for the American people.

A while ago, I asked one of my colleagues on the floor of the Senate to look at page three of the budget resolution. The budget resolution, which is on every Senate desk, which we are going to vote on today, says on page three, line four, Deficits. It says, ''For the purposes of the enforcement of this resolution, the amounts of the deficits are as follows * * *'' And then it indicates that in the year 2002 the deficit is $108 billion.

I have been watching people break their arms patting themselves on the back this morning, saying that this is a balanced budget. I come from a town of 300 people where people talk pretty straight about these things. If you look at this and read page three, they would say, wait, if you say this is a balanced budget, why in the year you claim there is a budget in balance do you have a $108 billion deficit? This is not a balanced budget.

The only way they can claim it is to say: We will reduce this $108 billion to zero by taking the trust funds in the Social Security account for that year, and we will show this as a zero debt. Well, let us say a business has lost $100 million. If a business did what this budget does, if you told business people to take the money from their employees' pension accounts and bring it into their books and claim they have lost no money, the folks that did that will be fast on their way to jail. This is not an honest way to budget. This budget is not in balance. That is point No. 1.

We need to balance the budget. We need to do it without misusing the Social Security trust funds. Those Social Security trust funds coming from taxes taken from the paychecks of workers, contributions made by businesses, which go, by law, into a trust fund. They are not to build star wars, or to offset other kinds of spending in the Federal budget, but only for the purposes of funding Social Security. This budget is out of balance.

The only way they can put it in balance—even though on page three it says it is a $108 billion deficit in the year 2002, the only way they can put it in balance, and the way they come to the floor and claim it is in balance is to misuse the Social Security trust funds. That is not an honest thing to do; it is not the right thing to do.

Second, with respect to priorities. Previous speakers today said the fact is that we need to cut spending. I do not disagree with that. I sent to the Budget Committee recommendations on over $800 billion of deficit cuts, most of it spending cuts.

But this budget comes to the floor with more money for defense. This budget comes to the floor with a special accommodation made so we can continue to build star wars, SDI, or

ballistic missiles defense, BMD. I happen to think that is a priority that is out of whack. There is no disagreement about cutting spending. But at this time and place, we say in a budget we are going to make it harder for kids to go to college, but it is time now to build star wars when the Soviet Union is gone, is that a priority that makes sense, or is that going to strengthen or weaken our country? I would switch that around and take the billions for star wars and pump it back into allowing kids to go to school, allowing kids to get a higher education. That is what strengthens our country. In my judgment, that is the right priority.

The budget that is brought to the floor of the Senate today says that we need a tax cut. I understand why that is popular. If one were to take a poll and say to people, ''Would you like a tax cut?'' the answer would be, ''Heck, yes, I would like a tax cut.''

But the job before us is not first to cut our revenue. The job before us is first to get our fiscal house in order and reduce the Federal budget deficit. When that is done, then I think we ought to talk about trying to relieve the tax burden on middle-income families in this country, but only when we have solved the deficit problem. The fact is that this budget resolution brings with it to the floor of the Senate a $108 billion deficit in the year 2002 and brings with it a $250 billion or so tax cut, most of which will go to the upper income families in this country.

Now, I do not have the specifics of a Senate tax cut, but we know that this budget is closer to the House tax cut, and we do have the specifics of that, as measured by the Congressional Budget Office. It shows that the bulk of the tax cut is going to go to upper income families. So we are saying that we are going to leave a $108 billion deficit in the year 2002, and we are going to embark on the effort to provide lower taxes for upper income folks. I do not share that priority.

I understand why calling it a family middle-income tax cut is popular. I understand why promising a tax cut is popular. My children would love it if I promised them dessert before dinner. The tax cut is enormously popular. But the fact is that we have a responsibility to cut the budget deficit and balance the budget. That ought to be the honest responsibility that is brought to the floor of the Senate.

I fully understand that the easiest possible political course for anyone is merely to be critical, and that is not enough for our country. We have, in this country, it seems to me, far too much criticism and far too little examples of rolling up one's sleeves and doing what is necessary to fix what is wrong in our country.

We also have too many people who are part of the blame America first crowd who get up, as I said the other day, get up crabby and are determined to share that mood with the rest of America.

This is a remarkable, very special country, with very special strengths and attributes. We have done a lot of things, a lot of wonderful things, which I support.

We had someone speaking on the floor today about regulations. Boy, I, more than most, understand what a pain regulations can be, and some of them go way too far. We have folks who work in the permanent bureaucracy who say, ''Well, we will impose this regulation despite the fact that it may make no common sense at all.'' And it makes people angry with Government. I understand that.

Let me give another side of the same issue so we do not decide immediately to get rid of all regulations. Twenty years ago we used twice as much energy in America as we do today, yet we have less pollution in America today. We have cleaner air now than we did 20 years ago, and we use twice as much energy.

Why do we have cleaner air in America today? Because of regulations. We said to the captains of some industries, we are sorry, but you cannot keep dumping this pollution into our air. It may cost a little more to retrofit your smokestacks, and so on, but that cost is worth it because America must have an environment in which it is healthy to live.

So we have cleaner air today than 20 years ago. That is not by accident. That is because some people had the strength to stand on the floor of the Senate and the House of Representatives to say there are rules. One rule is you cannot dump chemicals into the streams, cannot send pollution up into the air.

We want a clean place for our children to live. We have cleaner streams and cleaner water and cleaner lakes in America today than we did 20 years ago. Why is that? We have less acid rain. Why? Because we decided 20 years ago that we would require the right things. We will say that if you do certain things you have to do them right.

Not only is production good, creating jobs is important. That is the golden goose, there is no question. But the private sector, in creating jobs and advancing the standards in this country, also must respect the environment. We have said that. Those in many cases are regulations that I would not want our country to back away from.

So, we must do things, it seems to me, in a whole range of areas, whether it is regulation, or the budget. We must do things that we think represent the economic interests in our country, to advance the standard of living in our country, and advance the interests of all Americans. That includes the economic interest and it includes the interests that we have to live in a country that is not polluted and not despoiled. All of those things come to bear in one document. That document is the budget.

None of us will be around 100 years from now. None of us. Not one in this room will be around 100 years from now to answer for any of this. But anyone, 100 years from now, who is interested in who we were and what we felt was dear to us and important to the future of our country, can simply search our records or the history of the Senate and take a look at a budget document. They can say, at least with respect to public resources, here is what that group of men and women thought were the priorities for their future. Here is how they decided to spend their money.

This budget document says we are going to spend our money on star wars, because star wars must be deployed. And we are going to decide that we do not have as much money to send children to college, so we make it harder for families to send their kids to colleges. That is what the budget says—a priority I do not share.

We could flip that and we could say, well, the Soviet Union is gone, we will not build star wars—it is a gold-plated weapon system we do not need—and we well invest for the future. We will make sure that our Nation's children can become the best they can be, have the best education that their talents will allow them to have.

Well, that would represent the priority, I think, that is important for this country. We can do that all in the context, still, of making decisions that have the right priorities that still lead to a balanced budget.

In the aggregate, we only have so much money to spend. The question is not whether—it is how we balance the budget. That is the fight about priorities.

I always get a kick when we come to these debates in the Senate, we have people, especially people who have been speaking currently in recent months, that say, ''Well, we want to balance the budget, the other side does not care. Therefore, we are responsible and the other side is not.''

I do not share that view of this body. I think we have terrific people all around this body on both sides of the political aisle. I think all Members should share a responsibility and a determination to try to do what we can to bring this budget in balance.

There is not any question that we have different priorities about what we think is important. The political process is the process by which we make those choices. This is a great process.

John F. Kennedy used to kid, he said, ''Every mother kind of hopes that her child might grow up to be President, as long as they do not have to get involved in politics.'' But of course, politics is a system by which we make choices in America. It is a great system.

In some cases, I am on a side that loses, in some cases I am on a side that wins; but my responsibility is always to fight for the things I think are important for the future of this country.

My kids, and everybody's kids—they are all that we have in this country, today and tomorrow and in the future.

The question is, what makes this a better future for America? When I look at what our ancestors left us, it is pretty striking and pretty remarkable. And the courage and the strength and the determination with which they approached life and with which they made decisions were really quite remarkable.

We have been a nation of builders and doers. This country has not gotten to where it has gotten in the world stage by deciding to sit back and do nothing. We have been out rolling up our sleeves and doing and creating. We have led the world in dozens of areas, even in pollution control and civil rights.

If we have a problem, we face it. A lot of countries just push it aside because it is too painful. Part of the genius of this country is to face these issues and fight about them, and to make public decisions in a consensus in our political system about the issues.

That is what this budget debate is. Nobody ought to be concerned about the fact that we are fighting about priorities. That is what this is about. That is the political system. It is the genius and the wonder of the political system.

I hope in the end stage of this process, that good will and determination expressed by people on all sides of the political aisle, and including the President of the United States, will result in compromises that really do balance the budget, No. 1, to put our fiscal house in order; and, No. 2, do it in a way that advances the interests of all the people in this country, so that this country can have a brighter and better future.

How much time remains?

The PRESIDING OFFICER. There are 3 minutes and 38 seconds remaining.

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

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

JORDANELLE STATE PARK

Mr. HATCH. Mr. President, the Jordanelle State Park, located in Wasatch County, UT, will soon become Utah's newest and most modern recreational facility. Funded through the Bureau of Reclamation as part of the Central Utah Project [CUP], this project represents the cumulative efforts of nearly 50 interfacing agencies, scores of special interest groups, and an extensive public input process. The Jordanelle State Park will not only contribute to Utah's critically needed water reserves, but it will also provide excellent recreational opportunities for residents and visitors.

The Jordanelle recreation development deserves recognition for achieving its project-specific objectives by maximizing each participant's resources. With a multimillion dollar project such as the Jordanelle, a burden rests on the shoulders of responsible agencies to make certain that appropriated funds are conscientiously expended. Those associated with the Jordanelle project have set and achieved this goal.

The effort to provide recreational use of Jordanelle Reservoir has served as a model of intergovernmental cooperation among the Federal, State, and local agencies that have institutional control over the project. This same level of cooperation and trust was generated with the public during numerous informational meetings. An uncommon dedication to common goals existed, most notably among the U.S. Bureau of Reclamation, the Utah Division of Parks and Recreation, and interested parties from throughout the State of Utah. This mutual dedication grew out of an important understanding of one another's expectations and values. All of these factors have brought about a refreshing and healthy partnership that has produced wonderful results.

A significant achievement is being reached in the mountains east of Salt Lake City today with the dedication of the Jordanelle State Park. The water resources of Utah will be significantly supplemented with the completion of Jordanelle Reservoir, and millions of recreationists across this country will have the opportunity to utilize and enjoy Jordanelle State Park for years to come.

In my view, this two-fer is an excellent tribute to the resourcefulness and stewardship of Utahns. I congratulate everyone on a remarkable achievement.

TRIBUTE TO FORMER CHIEF JUSTICE WARREN E. BURGER

Mr. HEFLIN. Mr. President, America lost one of its great constitutional thinkers and jurists with the death of former Chief Justice Warren Earl Burger on Sunday, June 25. He served as Chief Justice for 17 years, longer than any other in this century. While he pointed the Court toward a more centrist course during his tenure, he nevertheless presided at a time when the Supreme Court was still seen as being at the forefront of social change in this country.

As my colleagues know, I have an abiding interest in judicial administration, and I always looked to Justice Burger as a true leader in improving the administration of justice. My term as chief justice of the Alabama Supreme Court coincided with his as the U.S. Chief Justice. He was a tremendous help with our efforts to pass the judicial article and with the court reform movement in our State. He was keenly interested in judicial education not only for legal professionals, but for people from all walks of life, believing that knowledge of the system could help individuals improve their lives.

Chief Justice Burger advocated the unified court system for States and founded the National Center for State Courts. He helped organize State and Federal judicial councils to ease the friction that tended to result between State and Federal courts at the time.

He developed the Federal Judicial Center, an educational and research arm for the Federal court system. He persuaded Senior Judge Alfred Murrah—for whom the Federal building in Oklahoma City was named—to serve as head of the Judicial Center. Judge Murrah's leadership resulted in enormous strides for the center. Justice Burger was also a strong supporter of the National College of the Judiciary.

We might say that Justice Burger's passion was more the overall administration of the law as opposed to the hard substance of the law. He believed that the process of the law was important to preserving its substance. He strove to make the courts run better. He pushed Congress to create more judgeships and to raise judges' salaries. To help eliminate congestion and reduce case backlog, he promoted the streamlining of court procedures. He has been called the guiding force in helping State courts improve their judicial administration.

Born in St. Paul, MN, Warren Burger spent his early life on a farm. He worked his way through the University of Minnesota and the St. Paul College of Law, now the Mitchell College of Law. After obtaining a law degree in 1931, he practiced law in Minnesota for over 20 years.

In 1953, President Eisenhower appointed him as an assistant U.S. Attorney General for the Justice Department's Civil Division. Three years later, he was placed on the Court of Appeals for the District of Columbia Circuit. In 1969, President Nixon elevated him to the High Court to succeed retiring Chief Justice Earl Warren. The Senate overwhelmingly approved Chief Justice Burger on June 9, 1969, after a judiciary committee hearing that reportedly lasted but an hour and 40 minutes, something that is hard to imagine happening today.

As Chief Justice, Warren Burger was tough on criminal defendants, but he was neither a hard-line conservative nor an activist willing to reverse rulings of the Warren Court. After he retired in 1986, he spoke regularly at judicial conventions. He wrote a recent book, ''It Is So Ordered: A Constitution Unfolds,'' in which he narrated in detail 14 major Supreme Court cases.

From 1987 until 1991, the former Chief Justice headed the commission on the bicentennial of the U.S. Constitution, a job he pursued with great passion, energy, and intensity. While he believed the Constitution to be a living document, allowing for the evolution of national governmental institutions, he also believed in following the letter of

the law in reaching decisions. He once told an interviewer, ''If you follow your conscience instead of the Constitution, you've got 1,000 constitutions, not one. A judge must decide cases quite often in a way that he doesn't like to decide them at all.''

Of course, Chief Justice Burger wasn't ignoring the role of one's conscience in interpreting the Constitution, for that is an important part of deciding cases. To him, the role of a jurist's conscience was to ensure that he followed the law as written, regardless of personal or political beliefs.

Warren Burger will stand in history as one of our great Supreme Court Chief Justices. He served during a time of swift social change in our Nation, and will long be remembered for the balance, moderation, and consistent thoughtfulness he brought to the Court and to the administration of justice in general.

TRIBUTE TO GEN. CARL E. MUNDY, JR., U.S. MARINE CORPS COMMANDANT

Mr. HEFLIN. Mr. President, as most of my colleagues know, Gen. Carl E. Mundy, Jr., Commandant of the U.S. Marine Corps since 1991, will soon be retiring.

I have had the personal pleasure of knowing General Mundy as a close friend and fellow Marine for several years. He has enjoyed an outstanding career and has compiled an impeccable record with the Marine Corps.

I like to think of General Mundy as a native son of Alabama. He was born in Atlanta, but moved to the State Capital of Montgomery as a young boy. He graduated from Sidney Lanier High School and went on to attend Auburn University. Following his graduation from Auburn, he received his commission as a second lieutenant and began his illustrious military career.

As I have said on previous occasions, I know my Senate colleagues from Georgia disagree with me over the issue of General Mundy's state of allegiance. I suppose we can correctly say that he was born in Georgia but that Alabama is proud to consider him an adopted son.

General Mundy is a highly decorated officer and a graduate of the Marine Corps Command and Staff College and the Naval War College. He is a recipient of the Legion of Merit, the Bronze Star, the Purple Heart, two Navy commendation medals, and the Vietnamese Cross of Gallantry.

Carl Mundy rose through the ranks from his early service in the Second Marine Division, aboard the aircraft carrier *Tarawa* and the cruiser *Little Rock*, to become a member of the Joint Chiefs of Staff as the Marine Corp's top soldier. In between, he served numerous tours of duty in Vietnam, including stints as operations officer and executive officer of the Third Battalion, 26th Marines, and Third Marine Division. He was also an intelligence officer with the Third Marine Amphibious Force Headquarters.

Prior to being named as a brigadier general in 1982, General Mundy served as aide de camp to the Assistant Commandant of the Marine Corps; as commanding officer, Second Battalion, Fourth Marines, Third Marine Division; as chief of staff, Sixth Marine Amphibious Brigade; and as commanding officer, Second Marines, Second Marine Division and 36th and 38th Marine Amphibious Units.

He quickly climbed the Marines' career ladder, advancing to major general in April 1986 and lieutenant general in March 1988. He was the commanding general of the U.S. Atlantic Fleet Marine Force when he became commandant 4 years ago after the retirement of his also-renowned predecessor, Gen. Al Gray.

Among the most endearing qualities of General Mundy—one of which most of his colleagues and subordinates are not fully aware—is that of his family life. I know he has a loving wife Linda, a wonderful daughter, Betsy, and that he has had a great influence on his sons, who have followed in his footsteps. Like their father, both Carl III and Timothy graduated from Auburn University and now serve as Marine Corps officers. They have both adopted his unyielding dedication to the Marines. General Mundy lives and breathes the Marine Corps, both in the field and at home.

In living and breathing the Marine Corps for many years, Gen. Carl E. Mundy, Jr., has served his country with great distinction, pride, and honor. He has been an outstanding commandant who has guided the Marines through some difficult times. On behalf of the Senate, we thank him and wish him a long, happy, and healthy retirement. At the same time, we hope that we have not seen the end of his public service. ''Semper Fidelis.''

I have a copy of an article which appeared in the summer 1994 edition of Auburn Magazine entitled ''First Among The Few.'' It gives a detailed account of General Mundy's life and career and captures the essence of this consummate Marine and military leader. I ask unanimous consent that this article be printed in the RECORD.

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

[From the Auburn Magazine, Summer 1994]

FIRST AMONG THE FEW

(By Mary Ellen Hendrix)

''Semper Fidelis.'' Always faithful. He wanted to drop out of high school to go fight in Korea. Why stay in school? After all, he'd known he wanted to be a Marine ever since he was five years old and the Japanese bombed Pearl Harbor. He'd grown up absorbing the aura of a nation which hailed its Marines for bravery in a world blanketed by war. Wake Island, Guadalcanal, Iwo Jima. The names echoed in the movies the youth's father carried his only son to see. John Wayne may have glamorized the boy's dreams on the big screen, but the real stories of real Marines became the genesis of the young patriot's tunnel-visioned goal.

By the time Carl E. Mundy, Jr. reached high school, Korea was the war of the day and the would-be Marine determined he would trade his schooling for defending his country. His mother, who was from a family of 13 children, and his father, who was one of seven, determined otherwise. They had not achieved college degrees; they were adamant that their only child continue his schooling. The two generations struck a deal—one year of college, then the younger Mundy could choose his own path.

If Mundy couldn't go to Korea, he tried for the next closest thing—military school at The Citadel. Before his senior year in high school, however, his parents had moved from western North Carolina to Montgomery, Alabama.

''The Citadel was enormously expensive,'' Mundy said. ''Auburn was land-grant, in-state, 60 miles up the road; I could work for my meals and be a dorm counselor to cut down on college expenses. So, initially, coming to Auburn was an economic move. But it only takes your first 10 days at Auburn to realize there's nowhere else like it, and that's where you really wanted to be in the first place. I quickly became a very happy rat on the plains of Auburn. After one year of college, the war ended and Auburn was a pretty good place, so I stuck around.''

Mundy left Auburn in 1957 with a degree in business administration and an ROTC commission as a second lieutenant. Thirty-seven Marine years later, Mundy has completed his third year as Commandant of the Marine Corps over a total active force of nearly 174,000. A four-year appointment, the command of the service branch carries with it a seat on the Joint Chiefs of Staff.

Mundy's office in the Navy Annex less than a mile down the road from the Pentagon is elegant—stately, as one would expect. The grown-up boy with a dream of being a Marine climbed single-mindedly to the pinnacle of the Corps, and the weighty charge fits him well. Sabers and silver and family portraits mingle with the fine furnishings and flags—and an Auburn football presented to Mundy from Coach Bowden last year.

''I had a lot of fun while I was at Auburn,'' reminisced Mundy with a smile, ''and managed also to graduate. It was a formative time an education in values and an education in friendships, many of which persist today. There was a spirit at Auburn that said much to me about loyalty to an institution, which is very much a part of being a Marine.

''The Southern values I had grown up with, patriotism if you choose to call it that, loyalty to friendships, honesty, all those things were well manifested at Auburn. Those four years helped me form and reinforce my own views of the future.''

Mundy's four years on the plains were filled with activities he loved squeezed amongst his classes—the Marine Corps reserve, ROTC, commanding the Auburn Rifles, Chewacla, Phi Kappa Tau (which he called his second fraternity because ROTC was his first), drilling on the parade field. ''I have always been fascinated by and bound toward military life,'' he said. ''That was reflected in my readings, studies, associations, and role models. Vince Dooley was one of those role models and still is a good friend. He was a senior when I was a freshman and, of course, was a campus hero. He went into the Marine Corps for his two years, came back as a lieutenant, and was my reserve platoon commander at Auburn my senior year.''

Thus, Mundy crafted a Marine life of his own at Auburn—and away from Auburn during the summers when he attended training sessions. Once he graduated, he said, ''the Marine Corps was nothing but excitement and absolute joy and fulfillment.'' (He also

married in 1957 the former Linda Sloan of Waynesville, North Carolina, whom he had known since fourth grade.) Talking about his career now, more than 35 years later, Mundy still carries that same purity of admiration for his Marine Corps, even under the potentially disillusioning clouds of post-Cold War military downsizing and D.C. politics.

This consummate Marine, naturally a team player, downplays his individual accomplishments. But even a glance at his resume impresses. After early assignments with the 2nd Marine Division, he pulled duty abroad the aircraft carrier *Tarawa* and the cruiser *Little Rock*, then served as an instructor at Marine Basic School and as Officer Selection Officer.

Vietnam was ''his'' war, and he served there 1966–67 as operations officer and executive officer of the 3rd Battalion, 26th Marines, 3rd Marine Division, and as an intelligence officer in the Headquarters, III Marine Amphibious Force. in the mid-seventies he was among the troops evacuating Saigon. Most of Mundy's decorations resulted from his time in Vietnam—two of them, a Bronze Star and Purple Heart, from an engagement at Conthien. He was wounded in the leg when a mortar shell hit his base near Khe Sanh; after an aid-station patch-up and a little limping, he was on his way.

''I was a battalion operations officer in those days,'' he said. ''I remember some nights nearly being overrun up around Conthien. There were a few tight moments there, but that comes to all of us who experience combat. Wehn someone is shooting at you, or incoming artillery rounds are hitting around you * * * there are many, many brave men who performed very well who still wished their mama was right there with them from time to time.

''Combat has been characterized as days and hours of sheer boredom broken by moments of sheer terror. And that's probably right. Vietnam was an infantry war, a jungle war, at close range. You usually saw the people you were shooting at, and they saw you, and sometimes you would physically engage them.

''Close combat is an adrenaline endeavor. It's win or lose, kill or be killed.''

Mundy doesn't shy away from the grim realities. ''We train people how to kill because that is our business. As unappealing as that may be to those who say it's revolting to think of killing another human being—and, indeed, it is—that is why you have us. We train people, if you will, in the art of killing. That means we train gun crews, machine gunners, riflemen; we train you how to fight with a bayonet, in hand-to-hand combat, all those things. But there is no way of conditioning somebody to kill somebody else. At that point, it becomes an instinctive, kill-or-be-killed situation.

After Vietnam, Munday's climb through the ranks paralleled his breadth of assignments, including: Commanding Officer, 2nd Battalion, 4th Marines, 3rd Marine Division; Chief of Staff, Sixth Marine Amphibious Brigade; and Commanding Officer, 2nd Marines, 2nd Marine Division, and 36th and 38th Marine Amphibious Units.

After promotion to brigadier general in 1982, he served as personnel procurement director; Commanding General, Landing Force Training Command, U.S. Atlantic Fleet; and as Commanding General, 4th Marine Amphibious Brigade. After promotion to major general in 1986, he was Director of Operations at Marine Headquarters before being named lieutenant general in 1988.

Following were assignments as Deputy Chief of Staff for Plans, Policies and Operations at Headquarters and Operations Deputy to the Joint Chiefs of Staff; Commanding General of the Fleet Marine Force Atlantic, the II Marine Expeditionary Force, the Allied Command Atlantic Marine Striking Force, and designation to command Fleet Marine Forces which might be employed in Europe; and promotions to general and present duties in 1991.

By the time of Desert Storm, Mundy was providing forces instead of fighting with them. Among the troops sent to the desert was one of Mundy's three children, Tim, ''to the chagrin of the older brother and the father who sat back and watched the baby of the family go off to war.''

Mundy's other children are Betsy and Carl, III (Sam). Sam and Tim are both captains in the Marine Corps, with Sam selected for promotion to major in the next year. Also like their father, they're both Auburn graduates; Sam is the Class of 1983 and Tim 1987.

One of the wars Mundy fights these days is a war of numbers. ''I think the biggest challenge I have or will face is being able to maintain a viable Marine Corps in the face of the drawdowns that we have experienced in the U.S. forces,'' the Commandant said. ''The amount the American taxpayer is spending on defense right now is the lowest it has been in 45 years; percentage-wise, defense expenditures are pre-World War II.''

Mundy arrived to the Commandancy on the heels of the Pentagon's Base Force proposal, which he called ''a rather unanalytical decision to take about 25 percent off the top of all the services.'' He immediately went about proving the analysts wrong, overseeing a bottom-up review of his sacred Corps which asked the key question, ''What do we have to do?

They had to do a lot as it turned out. They had to train, they had to guard the 140 embassies and consulates around the world, etc. ''We built ourselves from the bottom up,'' said Mundy. ''Then I went to see General Powell, the Secretary of Defense, and took it to the Congress and said, 'You're cutting the Marine Corps too dramatically.' That worked.''

Mundy's review concluded that the Corps needed about 177,000 Marines to continue its duties. They now stand at approximately 174,000, a cut of about 22,000 since Mundy took over in 1991. While that number is much better than the original target of 159,000, he still feels the strain on his budget and his people. ''Out of every dollar, 77 cents is spent to pay or take care of people. When you're trying to operate on 23 cents out of every dollar, it's very difficult to maintain equipment, training, and facilities and to take care of Marines and their families to the degree that you'd want.''

The full seriousness of Mundy's statement comes through especially in light of events in recent years. Last year Mundy ordered a flight suspension for 48 hours to review safety and training procedures after a series of fatal mishaps with six Marine helicopters and a fighter jet that resulted in the deaths of 12 servicemen.

In addition to taking care of equipment and training, Mundy has attempted to deal with supporting Marine families—which was his intent with last year's media-labeled ''singles only'' order. The directive's focus, he said, was to counsel new recruits on the stress of deployment, which averages 12 months of the first four years of active duty, and to help the young Marines assess their readiness for marriage. The order, which was reversed, initially would have capped married incoming Marine recruits to about five percent.

But the Commandancy is no stranger to politics, and Mundy recognizes and deals with that part of his job. Even the political hornet's nest of gay rights in the military is met with a philosophy of historical perspective. ''The military services are a microcosm of society,'' he said. ''The nation, at the present time, is focused on a number of issues that pervade the military as well. We've faced societal changes, integration, for example, in the military that have worked out fine. In fact, the Armed Forces are way ahead of society in general in terms of cultural diversity.

Whatever the politics of the day, Mundy's motive of management has always been the good of the Corps. He cares fiercely for his people and defends their mission. ''The Marine Corps consumes in total about five percent of the Department of Defense budget. You don't save anything by taking down the number of Marines and you lose a lot. We are the force of economy in all of our arsenal.

''The Marine Corps has long been a crisis response force. It can fight in major land operations but, by and large, we send smaller organizations of Marines around the world to take care of the brush fires, if you will.''

With the many ''hot spots'' in the world—Haiti, Somalia, Bosnia, North Korea, etc.—the Marines don't seem slowed down by the lack of a Cold War. When asked whether intervention for humanitarian reasons really makes a long-term difference, Mundy said, ''In some cases I would answer 'yes,' in some 'we hope so,' and in one or two 'probably no.' After a typhoon swept through Bangladesh in 1992, we swung some Marines who were on their way back from the Gulf War through there and did some nation building. We helped them re-establish their nation. Yes, that is a very worthwhile involvement of military forces.

''That generally was a focused, specific goal. Panama has returned to a relatively stable situation, and, in five years, we'll be passing over the Panama Canal to that government. In Somalia, if you get outside Mogadishu, which is the center of the clan conflict, you'll find crops are growing and people aren't starving where before they were. So the intervention there will have to be measured in a longer period of time as we watch what occurs with the various factions in Mogadishu.

''You can only help so much and then the leadership has to be seized by the nation itself. So, there are some true success stories and some that were not as successful.''

Although Mundy's term runs out in July 1995, he said his plans are only to ''make it until July of '95. This is a consuming job, and I owe it to you and everybody else who pays my salary to focus on this job until the finish line.'' In a job in which one would expect every day to be a new crisis, he said there is a routine of sorts. ''I wear two hats. I wear the hat of a service chief, as the Marine Commandant, and my responsibilities are to recruit, train, organize, and equip the Marine Corps. I also wear a hat as the Marine member of the Joint Chiefs of Staff, which is a national security position as an advisor to the Secretary of Defense and the President.''

The Joint Chiefs meet two to four times a week and take priority over other duties. Any crises, Mundy said, result from national security situations such as the Haitis, Koreas, Bosnias, or Somalias. ''In my day-to-day job as a service chief, the crises tend to be much fewer.''

Having entered his final year as a Marine, Mundy still shuns talking about any personal glories when asked to reflect on his career. ''I have never really focused upon an image, a legacy. If I could be remembered well by the people with whom I've served and as a good Commandant, that would be good enough for me. I'd just like to be remembered as a good Marine.''

THE RETIREMENT OF MARINE GEN. CARL MUNDY

Mr. LEAHY. Mr. President, I rise today in tribute to Gen. Carl Mundy, who retires this Friday after 38 years of service to our Nation.

Carl Mundy has made his career around a title that we as Americans have held sacred for over 200 years: leader of Marines. He was commissioned in 1957, at the height of the cold war, and served a tour in Vietnam, where he was wounded and decorated for bravery.

Carl Mundy has had the difficult job of leading the corps during the difficult transition out of the cold war and into the uncertainties of today's world. But under his leadership, as the Marines have reduced their forces, they have maintained the professionalism and esprit that have been demonstrated throughout our history.

On Carl Mundy's watch, Marines participated in dangerous operations around the world that were executed with such quiet excellence that many Americans barely notice. The mission in Somalia was fraught with danger, and from the initial intervention to the recent quiet withdrawal of U.N. forces, General Mundy's Marines were there.

The Haiti invasion was equally dangerous, and our Nation's Marines were up to the task of bringing democracy back to that poor nation.

Most recently, Marines showed their flexibility and bravery by rescuing downed Air Force pilot Scott O'Grady from hostile Bosnia, an extraordinary feat that demonstrated why I call the Marines our 911 force—they are the ones you call in the middle of the night and who are ready to go.

Throughout it all, Carl Mundy's determined leadership was there, extending from the halls of the Pentagon down to the fresh privates who march with that unique Marine swagger off the famous drill fields of Parris Island, SC. I know, because my son Mark was one of those young privates.

The life of a Marine is difficult, and when Marines are gone for months at a time doing dangerous work, no one bears that burden more than the families who are left back at home. They are the unsung heroes of our military, and I want to pay special tribute to Carl's wife Linda, and his children Elizabeth, Carl III, and Timothy. I know that Carl is proud that both his sons wear the Marine uniform, and that serves as further testimony to the sense of duty that pervades the Mundy family.

Carl may come across as the prototypical square jawed Marine, but I know him as a man with a sense of humor and the confidence to laugh at himself. I also have it on good authority that he has a secret life as Carl Mundy, the country and western songwriter who can work a mean cut bucket bass and can sing every verse of "Mountain Dew."

Mr. President, I have gotten to know General Mundy in the last 4 years through my work on the Defense Appropriations Subcommittee. I have found him to be a vigorous advocate for the Marine Corps and, I am proud to say, a friend. On behalf of many of us here in the Senate, I want to extend my sincere thanks to Carl Mundy for a career of service to our Nation, and offer our best wishes to the Mundy family for a fulfilling and well-deserved retirement.

LAWYERS, GARDEN SLUGS AND CONSTITUTIONAL LIBERTY

Mr. HEFLIN. Mr. President, I recently had the opportunity to read a commencement speech given on May 21, 1995 by my long time friend, the Hon. Loren Smith, chief judge of the United States Court of Federal Claims, to the graduating class of the John Marshall Law School, in Atlanta, GA.

The title of the speech is "Lawyers, Garden Slugs, and Constitutional Liberty," and its theme deals with the relationship of the lawyer in our society to the concept of constitutional liberty. Chief Judge Smith makes some significant points that I think are worthy of consideration by my colleagues, and I ask unanimous consent that it be printed in the RECORD at this time.

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

LAWYERS, GARDEN SLUGS AND CONSTITUTIONAL LIBERTY

(By Loren A. Smith)

A couple of years ago, I spoke at another law school's commencement on the topic of our Constitution. Now this may sound like a somewhat weighty topic, perhaps even an overly academic one. After all, this day marks the end of your law school career; not some guest lecture during the second year. However, I thought it was an appropriate speech because the Constitution is both the base and pinnacle of the legal system in which you will spend the rest of your legal careers. Every law you will ever deal with must be consistent with the Constitution's commands. How's that for some heavy thoughts on what will otherwise be a happy and well-earned day of celebration?

Well, I hope this speech will strike you as just right. And what do I mean by just right? I am thinking of the Colonel who gave his orderly a bottle of scotch for Christmas. After the holiday he asked the orderly how it was. The orderly replied: "Just right." "That's kind of a funny expression," the Colonel responded, "what do you mean?" The orderly noted: "Well, if it had been any better you wouldn't have given it to me, and if it had been any worse I wouldn't have been able to drink it!"

I hope my speech is not "just right" in that sense. However, you have to drink it and for that I hope I won't have to apologize to you.

I believe that as important as the Constitution is as the foundation of our legal system, it is far more important for the central significance it has to American life. That significance lies in the fact that the Constitution makes us Americans. It is the very basis of our nationality.

We the people of this land are not defined by race; we are black and white, brown and yellow. We are not defined by religion; we are Protestant, Catholic, Jewish and also Moslem, Hindu and Orthodox. We are not defined by national origin as all of our ancestors immigrated to this continent from somewhere else. Even the first Americans crossed the Bering land bridge from Asia. We are men, women and children, English speakers, Spanish speakers and speakers of a thousand other tongues. What makes us Americans, however, is a simple concept expressed in a few words: we uphold, support and defend Our Constitution. In no other Nation, past or present, has such a nationality existed. All one has to do to be considered an American is take an oath to support and defend the Constitution.

This idea is a fitting topic for a law commencement speech because each graduate joins a profession whose duty is to give life to the rights, responsibilities, and promises found in our Constitution and the laws enacted under it.

Thus, it would be easy for me to read the same speech I delivered in 1993, as I assume only a particularly weird masochist would put his- or herself through two law schools, and there isn't likely much faculty overlap with over 165 U.S. law schools. However, I won't give the same speech. On this your last day of law school, you are entitled to something new, after three years of reading used precedent that is based upon even more used precedent.

Thus, I have crafted two profound topics—Would you believe stimulating? Would you believe the subject of possible college term papers? Okay.

Topic One: Why does the general public seem in recent years to have the view that lawyers are somewhere on the evolutionary scale between pond scum and garden slugs?

Topic Two: What do we mean by liberty?

Of course, you also want to know what is the relationship between these two topics.

With respect to the first topic, there has been a profound change over the past 25 years in the way society views lawyers. In the 1950s and 60s and for many earlier decades lawyers were social heros. They were the trustees, who could be trusted. They were the advocates of just causes who sought and more often than not achieved justice. They were the guardians who faithfully guarded our liberties.

Lawyers were at the forefront of struggles for economic liberty, for civil rights, for fair government, and for protecting the rights of the unpopular as well as the popular. They made the criminal justice system achieve justice whether by convicting the guilty or acquitting the innocent. And perhaps overlying all of this they were the wise and practical counselors of our society. Prudence or practical wisdom was their province. Calling someone a good attorney meant they were a person of character.

On TV they were the heros whether as Mr. District Attorney or Perry Mason. President John F. Kennedy's book "Profiles in Courage" is replete with lawyers. Lawyers crafted the Constitution, achieved its ratification, and played a critical role in the survival of our republic. Abraham Lincoln was a very successful practicing lawyer, as were John Adams, Thomas Jefferson, and James Madison. Alexis de Tocqueville saw lawyers as America's aristocracy. And Americans on the whole agreed with this view for most of our history.

What has happened to change this in the last 25 or so years? And when thinking about that question remember the OJ trial has not been going on that long, but only seems like it has.

Here is perhaps where the second topic is related to the first. What is the nature of liberty? It seems to me that the proper definition of liberty must be contrasted with government. Simply put, liberty is the state of

being left alone by government. Now, this means more than not having the government be able to bother you. It means having a legitimate expectation that government will not interfere with you as long as you meet some minimal conditions—such as not interfering with other people's rights to be left alone. In this sense liberty is an exclusively negative concept. It is not a claim on government. It is not a right to have government do something you want it to do. It is a ''right'' to engage in the pursuit of happiness free from government restraint except as already noted.

The Framers of our Constitution talked about life, liberty and property as fundamental, indeed natural rights. What they meant by this was not three separate interests. Rather they were referring to the fundamental integrity of the human person. James Madison, perhaps the most influential figure in our Constitution's birth and development, made this clear when in 1792 he wrote, in an essay entitled, ''Property''.

''This term in its particular application means 'that dominion which one man claims and exercises over the external things of the world, in exclusion of every other individual.'

''In its larger and juster meaning, it embraces every thing to which a man may attach a value and have a right; and which leaves to every one else the like advantage.

''In the former sense, a man's land, or merchandize, or money is called his property.

''In the latter sense, a man has property in his opinions and the free communication of them.

''He has a property of peculiar value in his religious opinions, and in the profession and practice dictated by them.

''He has property very dear to him in the safety and liberty of his person.

''He has an equal property in the free use of his faculties and free choice of the objects on which to employ them.

''In a word, as a man is said to have a right to his property, he may be equally said to have a property in his rights.''

Life, liberty and property for the Framers meant the protection of the fundamental integrity of the human person against government. It sometimes meant that protection must be maintained against the democratic majority. Liberty was opposed to arbitrary power whether legislative, executive or judicial. The system established by the Constitution was not designed for efficiency, but precisely the opposite purpose, to contain and control, to check and limit what was seen as a very real threat to human happiness: government.

This is not to suggest that the Framers were anarchists. They were wise and practical people (and lawyers) who perceived that fallen humans at times need the restraining hand of government to protect them from one another. However, they saw this as a purely negative role. While government might prevent some unhappiness, it could never create happiness.

Now let me try to tie my two themes together. When lawyers serve in the traditional mode as officers of the legal system—and this means guardians of constitutional liberty—they are heroic figures. They keep the dangerous yet necessary leviathan of government within its proper sphere. This is a role that gives dignity to the profession. It is also what I contend has been responsible for the extraordinarily good image the profession has had for most of our history.

This, of course, is a simplification. There have been notorious examples of bad lawyers and judges throughout the American past. In fact, like any group of human beings, most lawyers and judges never lived up to the ideal. Of course, very few human beings ever live up to their ideals, which is the reason why real saints and heros are in short supply even in free market economies. However, the ideal was a very real part of our culture for much of our history. It ennobled the profession and gave individuals something to strive for. Lawyers had the role of guardians of the citizens' liberty and property. Both lawyers and citizens accepted this role.

Today, however, that image has changed. Beginning in the later part of the 19th century, as has been noted by Dean Anthony T. Kronman of Yale Law School in his book ''The Lost Lawyer,'' the idea took shape and developed slowly through the 20th century that lawyers were social engineers or power brokers or the mediators between private and public ''rights.'' The names changed with the years but the concept was that the legal system's purpose was to reform and improve society.

No longer were lawyers the guardians against power, they were the apparatchiks, to use a Soviet term, or the henchmen of power. They had become the sorcerer's apprentices. Increasingly, lawyers' incomes and economic prospects became attached to the operation and growth of the administrative state. Lawyers increasingly became the functionaries of that state. To be sure, their ideal goal was to make that system relatively fair and efficient. Still, they were no longer the guardians who kept it in check or the knights-errant who fought against it when necessary.

This fundamental shift in the relationship of the lawyer to constitutional liberty is, I would submit, the principle reason for the drastic decline in the public's view of lawyers over the last quarter century. The people have never liked the king's agents, even when they have liked the king. To manipulate power is not an ideal. In many ways it is a curse. A hundred new model codes of professional conduct, backed up by a thousand disciplinary boards, will not restore the profession's sense dignity, status and self worth. Stature comes not from self-regulation but from self-definition. And the choice of self-definition is fairly simple: user of power or defender of liberty against government.

I should add, lest there be any confusion, this is not an attack upon government attorneys. In fact, they are the frontline guardians of liberty against government. Whether in recent decades or before, their commitment to liberty against government has been no worse, and sometimes better, than non-government attorneys. Those in government often know best the blessings of limited government and most clearly understand the dangers of the leviathan state.

What is to be done? That really is the challenge you face. There are no immutable laws of history or culture as the recent transformation of Russia has proved. Daily in this nation and abroad we see what several decades ago was thought impossible in science, medicine, economics or politics become the facts of the nightly news. The historical junkyard is littered with the ruins of many so-called ''laws of history,'' which decreed how inevitable were their bleak and sterile visions of the future.

Each generation has the power to restore true values, and more importantly each individual has the ability to determine his or her own destiny and path toward salvation. The values you hold and the goal of your life are within your power to create and achieve. It's up to you. On this your graduation day, as Holmes said—Sherlock that is, not Oliver Wendell—''The game's afoot.'' May God speed and bless that game for each of you. And may you each treat that precious degree, stained with sweat and tears, and possibly highlighter and beers, if not blood, as your sword and shield to guard, defend and further liberty.

THE 1995 BASE CLOSURE LIST

Mrs. FEINSTEIN. Mr. President, I rise today in strong opposition to the 1995 base closure list and to urge the President to reject the Base Closure Commission's recommended hit list.

In this base closure round, the Commission voted to close or realign 9 out of the 12 military bases in California that were reviewed, many against the recommendation and advice of the Secretary of Defense.

In addition to the adverse national security impact of the Commission's action, the economic impact on California—particularly the cumulative economic impact—will be enormous.

ECONOMIC IMPACT OF BASE CLOSURES

California is being hit disproportionately hard by base closures. In three previous rounds, 22 major bases in California have been slated for closure or realignment—more than double any other State.

California is home to only 15 percent of all Defense Department personnel. Yet, California has lost more than 82,000 of the nearly 120,000 net direct jobs—military and civilian—lost nationwide since 1988 as a result of base closures alone.

All total, these actions have resulted in the loss of more than 200,000 direct and indirect jobs and $7 billion in annual economic activity in California.

I do not believe it is appropriate to proceed with another base closure round when the full impact of previous base closures has not yet been felt. In California, bases slated for closure in 1988 are just now starting to close their gates, and few are having success in reuse and redevelopment efforts.

If the current base closure round goes forward, 58,000 additional direct and indirect California jobs will be impacted—7,900 direct military and 19,000 direct civilian personnel. Major bases in California which the Commission has targeted include:

McClellan Air Force Base in Sacramento;

Long Beach Naval Shipyard in Los Angeles County;

Onizuka Air Station in Sunnyvale;

Oakland Army Base in Alameda County;

Sierra Army Depot in Lassen County; and

Fort Hunter Liggett in Monterey County.

With the addition of defense industry layoffs in California—which have claimed 250,000 jobs in just the past few years—California stands to lose more than half-a-million jobs as a result of base closures and defense downsizing.

And, defense industry downsizing is expected to continue through the end of the decade with the loss of another 250,000 jobs. Enough is enough.

By law, economic impact must be considered by the Commission when determining what bases to recommend

for closure or realignment. The inclusion of economic impact as a criteria is for good reason: to prevent the piling on of base closures on one single community or State.

Yet, it is clear to me that the Commission disregarded the economic impact of currently proposed and previously announced base closures on California when it made its final recommendation to close or realign nine California bases.

CALIFORNIA'S FRAGILE ECONOMY

The California economy cannot take additional base closures at this time. California was once the land of golden opportunity, where good paying jobs were available and investments in real estate resulted in high-paying dividends. Today, that dream of golden opportunities has disappeared.

California's unemployment rate is nearly 3 percent higher than the national average. More than 1.28 million Californians are out of work. In fact, California has 17 percent of all the unemployed workers in America.

As cuts in jobs, both military and civilian, loom on the horizon, consumer confidence has dwindled. Consumers are unwilling to move into homes and purchase durable goods as long as the State's economic prospects remain dim.

''Disappointing, disturbing, and traumatic''—those are the words used by the president of the California Association of Realtors to describe the current challenge of being a real estate agent in California.

The facts about the current real estate market in California are startling. Home sales dropped 21 percent in California during the first quarter of 1995. In Los Angeles County alone, home prices dropped 23 percent from January 1991 to January 1995. Prices fell another 3 percent in March of this year.

The crisis of confidence in California's economy extends well beyond the real estate market and the sheer number of unemployed residents. People are simply unsettled about the State's economic future.

Orange County filed bankruptcy, and just this week, while hoping to earn $30 million in a real estate auction, had to settle for $15 million. Bill Lange, who conducted the auction, remarked, ''On a scale of one to 10, it's about a five. It'd be an eight or nine if the real estate market wasn't in the tank.'' In any case, it is still a small fraction of the county's $1.7 billion in investment loses.

Los Angeles County, the largest in the Nation, is faced with the prospect of eliminating a $1.2 billion deficit. Laying off more than 18,000 employees—one out of five county workers—seems inevitable. Closing the County-U.S.C. Medical Center is another likely budget-cutting measure that will be implemented.

Twelve months ago, California's leading indicators were running slightly above the national trend. Six months ago, California dropped to next to last among all States. In a 3-month moving average of leading indicators—as compiled by the WEFA Group of Bala Cynwyd, Pennsylvania—California comes in dead last.

If California continues to suffer blow after blow, not only will this slow our economic recovery, but could set it back. I cannot predict the total consequences of further devastating cuts.

This is the Nation's largest State, and a weakened and uncertain economy here can lash like a chain reaction through our national economy and our balance of trade. Closing California's military bases can only make matters worse. Our economy, simply put, will continue its steep downward spiral with no end in sight.

BASE CLOSURES COST MORE THAN ANTICIPATED

Base closures have turned out to be a lot more expensive than originally estimated, primarily because environmental costs are not included in closure estimates. As history indicates, costs for closing military bases in California have sky-rocketed:

BRAC 88 clean-up costs were originally estimated at $126 million in 1990. By 1994, the costs had quadrupled to $598 million;

The costs to clean up bases from BRAC 91 were originally estimated at $389 million. Now, these costs have risen to $1.3 billion.

Clean-up costs for BRAC 93 bases were originally estimated at $230 million in 1990. By 1994, these costs had risen more than five-fold, to $1.4 billion.

The costs to clean up and close California's bases for the first three rounds alone is nearly $3.5 billion, up from the $745 million that was originally estimated and budgeted. California bases alone could absorb all of the funds appropriated for clean-up in all the BRAC accounts from fiscal year 1990 through 1995.

And the total costs to clean up BRAC 95 bases that were originally recommended for closure or realignment is estimated at more than $1 billion—and these are just initial estimates. If history is any indication, then these costs will increase two-, three-, four-, or even five-fold. McClellan Air Force Base's environmental costs alone will more than double the original estimated clean-up costs for BRAC 95.

Mr. President, I would like to discuss some specific details on the two largest bases in California that were targeted by the Commission: McClellan Air Force Base and Long Beach Naval Shipyard.

MC CLELLAN AIR FORCE BASE

McClellan Air Force Base was targeted for closure by the Commission, against the recommendation of the Secretary of Defense and despite protests by the Air Force's military and civilian leadership. McClellan is northern California's largest industrial employer, with nearly 15,000 mostly civilian workers.

I believe that the Commission's action to target McClellan for closure will adversely impact U.S. national security and drain needed fiscal resources from higher priority programs and initiatives in the Pentagon budget.

The Air Force has stated that the cost to close one Air Logistics Center is estimated at $500 million, excluding environmental clean-up costs. These prohibitively high closure costs would be greater than the total cost the Air Force has budgeted over the next 6 year for all of its base closures and realignments nationwide.

According to a recent letter from Air Force Chief of Staff General Fogelman and Secretary of the Air Force Sheila Widnall, the Commission's action will:

> Cost the Air Force hundreds of millions of additional dollars (in excess of $1 billion in environmental and military construction costs) during the next five years; disrupt military readiness because of the total restructuring of the Air Force logistics and depot system; preclude the Air Force from carrying through on vital readiness and modernization programs; and have a devastating impact on as many as 25,000 DoD employees in Texas and California who would lose their jobs or have to relocate to other Air Force installations at great personal and public expense.

I ask unanimous consent that the full text of the letter, as well as a letter from General Moorman, the Air Force Vice Chief of Staff, be printed in the RECORD at the end of my remarks.

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

(See exhibits 1 and 2.)

Mrs. FEINSTEIN. I have visited McClellan several times over the last few years. McClellan is an excellent base with superb, state-of-the-art facilities and is one of the most advanced installations in the entire military.

McClellan has its own one-of-a-kind industrial nuclear reactor, a nondestructive aircraft inspection facility, logistics retrofit engineering capabilities, and a technical laboratory with specialized logistics facilities. McClellan is truly a unique asset to our Nation's defense.

Finally with regard to McClellan, if economic impact—particularly cumulative economic impact—is going to be considered, then the impact on the northern California region must be considered when looking at McClellan.

Already in the Sacramento area, Mather Air Force Base and the Sacramento Army Depot have been slated for closure, resulting in the loss of nearly 7,000 direct jobs. And, in nearby Vallejo, the closure of Mare Island Naval shipyard will result in the loss of an additional 9,000 direct jobs.

LONG BEACH NAVAL SHIPYARD

I do not believe that the Pentagon's recommendation to close Long Beach Naval Shipyard makes sense. In 1993, the Base Closure Commission addressed the issue of whether to close the Shipyard, and the Commission recognized the vital role that Long Beach plays in support of the Pacific Fleet and kept it open.

Long Beach Naval Shipyard is strategically located in southern California—

near 70 percent of the Pacific Fleet in San Diego—and has a large dry-dock capable of docking every class of ship in the U.S. Navy's inventory, including large aircraft carriers. Other Naval shipyards are long distances from the west coast mega-port: Puget Sound is located 1,135 nautical miles from San Diego and Pearl Harbor is located 2,600 nautical miles away.

Long Beach is also the most cost-effective shipyard in the Navy. It is the only one of the eight Navy shipyards that operates in the black with annual retained earnings. In just the last 6 fiscal years, Long Beach has been consistently under budget and $102.7 million has been returned to the Navy budget.

The closure of Long Beach Naval Shipyard will also have a devastating economic impact. 13,000 jobs and $539 million in annual economic activity will be lost if Long Beach closes. Los Angeles County has taken the brunt of the State's defense downsizing and Long Beach previously suffered from a large base closure: Long Beach Naval Station.

Former Chairman of the Joint Chiefs of Staff Colin Powell may have provided the best defense of Long Beach when he said in 1991 that the:

> closure of Long Beach Naval Shipyard would seriously degrade the dry dock capability for all large ships in the Southern California area. Alternatives in Hawaii and Washington simply could not provide the services found at Long Beach.

General Powell was right. Long Beach Naval Shipyard should not be closed.

ONIZUKA AIR STATION

Onizuka Air Station has existed in Sunnyvale since the mid-1950's and was created to provide a place where the Air Force satellite control mission and other classified Defense Department tenants could function in collocation.

While the Air Force has proposed realigning Onizuka and shifting many of its functions to other bases outside California, the Air Force's proposal actually amounts to a stealth closure of this state-of-the-art base. In the short-term, nearly 3,000 jobs will be lost as a result of Onizuka's realignment. In the long term, Onizuka's closure will cost several thousand additional jobs.

In addition to the economic impact on the northern California region, I believe that Onizuka's realignment could have an adverse impact on U.S. national security, particularly with regard to the Nation's satellite control and communication network. I also question the cost-effectiveness of Onizuka's proposed realignment in light of the long pay-back period—7 years—and the fact that the base will continue to operate well into the next century.

I am also concerned that the recommendation to realign Onizuka could have been tainted by a 1993 internal Air Force study on the closure of Onizuka. This study was conducted outside of the official BRAC process and estimated the true cost to close Onizuka at hundreds of millions of dollars more than originally estimated by the Air Force. Unfortunately, the existence of this study—which was originally denied by the Air Force—was uncovered late in the BRAC process, thus impeding its full utilization.

I ask unanimous consent that the copy of a 1993 Air Force letter, which initiated a study of Onizuka Air Station's closure outside of the official BRAC process, be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 3.)

OAKLAND ARMY BASE

Mrs. FEINSTEIN. Once again the Commission rejected the recommendation of the Secretary of Defense, as well as the pleas of the Army's military and civilian leadership, and targeted Oakland Army Base for closure. In addition to being vital to U.S. national security, Oakland Army Base's closure will have an adverse impact on a region still feeling the brunt of previous base closures.

The Oakland Army Base's mission is to support the rapid deployment of military equipment and other large cargo in times of peace and war. As the only exclusive use, Army-owned secure access facility on the west coast, the Oakland Army Base is crucial to the Pentagon's strategy of being able to fight and win two nearly simultaneous regional conflicts.

The senior Army leadership closely reviewed Oakland Army Base when preparing their 1995 base closure recommendations. The closure of the Oakland Army Base was flatly rejected by Secretary of the Army Togo West on operational grounds because there simply are insufficient commercial port facilities on the west coast to support the Army's military requirements.

I personally spoke with General Sullivan, the Army Chief of Staff, who said he strongly opposes the closure of the Oakland Army Base. In a recent letter to me, General Sullivan wrote that:

> its loss represents an unacceptable risk. Oakland is essential for the deployment of our CONUS-based forces to respond to any national security threats which would emerge in the Pacific. . . . The Army needs this critical facility to support the rapid deployment of equipment during peace and war.

In addition to its adverse impact on U.S. national security, the closure of Oakland Army Base will result in the loss of at least 700 jobs in the San Francisco Bay Area, an area hard hit by previous base closures. As you may recall, the 1993 base closure process claimed more than 30,000 jobs with the closure of Alameda Naval Air Station, Mare Island Naval Shipyard, Treasure Island Naval Station, and other facilities. The bay area's economy simply cannot take another major blow.

I ask unanimous consent that the full text of General Sullivan's letter be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 4.)

FORT HUNTER LIGGETT

Mrs. FEINSTEIN. In addition to the strong military and fiscal arguments for keeping the TEXCOM Experimentation Center at Fort Hunter Liggett, the realignment of the base will have an adverse economic impact on an area already suffering the consequences from one of the biggest BRAC actions in the county: the closure of Fort Ord. Monterey County's already fragile economy cannot afford the realignment of another major base.

Fort Hunter Liggett provides a total test and experimentation package to the Department of Defense. TEXCOM's isolated location provides unequaled access to extremely versatile training areas with a wide variety of weather and terrain conditions, controlled airspace to 24,000 feet, a 360-degree high energy laser testing area, isolation from ambient light and minimal radio frequency interference.

While Fort Hunter Liggett was evaluated in the BRAC process only as a training area, the base performs vital test and evaluation functions. Thus, the recommendation to realign Fort Hunter Liggett and move TEXCOM—a test and evaluation asset—is based on a flawed analysis that did not take into account TEXCOM's unique capabilities. The Director of Operational Test and Evaluation at the Defense Department has stated that moving TEXCOM would be a ''show stopper.''

Finally with regard to Fort Hunter Liggett, I do not believe that the proposed realignment is cost-effective. Information presented to the Commission staff by Monterey County officials regarding one-time costs, return on investment, and accumulated savings showed that the realignment of Fort Hunter Liggett is not cost-effective. However, I understand that this new information was not utilized by or presented to the Commission.

I ask unanimous consent that the full text of a letter from Mr. Phil Coyle, the Director of Operational Test and Evaluation, be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 5.)

CONCLUSION

Mrs. FEINSTEIN. Mr. President, California has been hit disproportionately hard by base closures once again. While California is willing to do its fair share of base closures and defense downsizing, this base closure round is simply not fair to the State.

It is my contention that if this round of base closures goes through as proposed by the Commission, the cumulative economic impact of base closures on California will have a devastating impact on California and affect the State's recovery from the recession.

Just after three base closure rounds, it is apparent in California that when base closures are combined with ongoing large-scale defense downsizing, there is a substantial impact on jobs for working people. Therefore, a worker who loses a job in the defense industry or on a base, loses retirement benefits, health insurance and a good salary. Similar replacement jobs are simply not available.

I strongly urge the President to reject the 1995 base closure list because of the devastating economic impact—including the cumulative economic impact—of base closures on California.

In addition, several of the Base Closure Commission's recommendations are opposed by the Secretary of Defense, as well as our military and civilian leadership at the Pentagon, because of their adverse impact on U.S. national security. Surely our military leaders know what is best for the Nation's defense.

EXHIBIT NO. 1

SECRETARY OF THE AIR FORCE,
Washington, DC, June 21, 1995.

Hon. ALAN J. DIXON,
Chairman, Defense Base Closure, and Realignment Commission, Arlington, VA

DEAR MR. CHAIRMAN: The Air Force approach to the depots is prudent because it saves money for the taxpayers and protects military readiness. it is also the product of exhaustive analysis by military professionals and senior leadership who have been working the proposal for over a year.

Our depot proposal is simple. Building on the personnel reduction that have already been taken from the Air Logistic Centers and depots during the last five years (over 26,000 people), the pending Air Force proposal would reduce and realign the depots by an additional 1,987 jobs (with a net present value of $975 million). While there would be some disruption, the business of the Air Force—flying combat and transport aircraft, and maintaining our command and control and space network—would continue unimpeded. This total Air Force depot reduction of 28,000 jobs is almost two and a half times the total depot reduction achieved by all other DoD components in all four BRAC rounds combined.

On the other band, the staff generated BRAC proposal described to us will cost the Air Force hundreds of million of additional dollars (in excess of $1 billion in environmental and military construction costs) during the next five years; disrupt military readiness because of the total restructuring of the Air Force logistics and depot system; preclude the Air Force from carrying through on vital readiness and modernization programs; and have a devastating impact on as many as 25,000 DoD employees in Texas and California who would lose their jobs or have to relocate to other Air Force installations at great personal and public expense.

Most importantly, the essential business of the Air Force—operations, logistics and budget dollars that are critical to future modernization—would be greatly disrupted. Since the end of the cold war, the Air Force has reduced its budget by more than $20 billion and reduced personnel by over 200,000 people. Some further reductions and savings are necessary; however, they must be taken in a way that permits the Air Force to continue to carry out its essential mission. The Department of Defense proposal does that; the Commission staff alternative does not.

Sincerely,

RONALD R. FOGLEMAN,
General USAF, Chief of Staff.

SHEILA E. WIDNALL,
Secretary of the Air Force.

EXHIBIT NO. 2

DEPARTMENT OF THE AIR FORCE,
U.S. AIR FORCE,
Washington, DC.

Hon DIANNE FEINSTEIN,
U.S. Senate,
Washington, DC 20510

DEAR SENATOR FEINSTEIN: This responds to your request for my views on McClellan Air Force Base, California, pertaining to that base's consideration by the Defense Base Closure and Realignment Commission. Given our limited fiscal resources, the Air Force views the budgetary impact of a closure of any of the depot installations as inconsistent with other budget priorities. The estimated one-time cost of a closure of McClellan AFB, not including environmental restoration costs, is more than $500 million. Incurring these costs would be harmful to our efforts in modernization, readiness, and quality of life initiatives. The Air Force strongly opposes the closure of any of our depot installations, including McClellan AFB.

I understand the Commissioners were impressed during their recent visit to McClellan AFB with the quality and scope of the work performed there. As you know, McClellan AFB possesses several Air Force maintenance centers of excellence and was recommended as a Technical Repair Center receiver location for a number of commodities in the Air Force proposal to downsize Air Force depots. These commodity workloads include such vital areas as composites and plastics, hydraulics, injection molding, and electrical/mechanical support equipment. The approval of our recommendation in the BRAC process will clearly establish the Sacramento Air Logistics Center as Air Force Materiel Command's number one provider of these commodities for the future.

The skilled workers and leadership at McClellan AFB are essential to the Air Force proposal. The Commission's recognition of their deserved reputation for quality, efficiency, and pride in their work will commend the approval of the downsizing initiative. I trust this information will prove helpful and please let me know if you would like to discuss.

THOMAS S. MOORMAN, JR.,
General, USAF, Vice Chief of Staff.

EXHIBIT NO. 3

U.S. ARMY,
THE CHIEF OF STAFF,
May 24, 1995.

Hon. DIANE FEINSTEIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR FEINSTEIN: As we discussed by phone yesterday, the Army's position regarding the recent decision by the Defense Base Closure and Realignment Commission to consider the closure of Oakland Army Base remains unchanged. The Army studied the feasibility of closing the port at Oakland and concluded its loss represents an unacceptable risk. Oakland is essential for the deployment of our CONUS-based forces to respond to any national security threats which could emerge in the Pacific.

Although our initial analysis indicated some financial benefit, the resulting operational risk is unacceptable. The Army needs this critical facility to support the rapid deployment of equipment during peace and war. Its closure would leave the Army without a port facility on the west coast.

While it has been difficult for the Army to identify the excess infrastructure necessary for divestiture, we clearly understand the impact of BRAC on our fellow Americans. Our choices for realignment and closure are the right ones and balance requisite infrastructure with the warfighting capability needed to forge the Army into the 21st century.

We will make certain the Commission clearly understands the Army's position on Oakland Army Base. I appreciate your personal interest in and support of the Army.

Sincerely,

GORDON R. SULLIVAN,
General, U.S. Army.

EXHIBIT NO. 4

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS U.S. AIR FORCE,
Washington, DC, February 10, 1993.

1. During his visit to Onizuka AFB in 1992, Gen McPeak asked about the cost and operations impacts of closing Onizuka. This alternative is being considered by the Space & C31 Resource Allocation Team [RAT] as a possible cut during upcoming budget exercises. Request a joint study be initiated to assess the impacts of such a closure, document the development and support impacts of such a closure, and determine if the mission of the AFSCN could continue while meeting operational and User requirements.

2. I recently received an AFSCN status. It described the current Network, the acquisition methodology, and provided detail on the planned Improvement and Modernization programs essential to maintaining the AFSCN infrastructure, and providing User support. These efforts must continue and may provide the architecture that will allow a closure of Onizuka that minimizes operational impacts and improves operational efficiency in the future.

3. All these considerations should be taken into account in this study. The primary output of this study should be a briefing and report fully defining the AFSCN mission in light of the current world environment, updating the operational and acquisition impacts of a closure, and fully describing what must be done to accomplish the AFSCN mission in the future. As you are aware, the AF will have to respond to budget actions resulting from the new administration as well as prepare for the FY 96 POM (the effect on the space community will exceed $1.5B in FY 96). We need to be certain all current and planned missions of the AFSCN are well understood, and the operational impacts of a closure of Onizuka include all AFSCN Users. Initial output of this study should be a plan, to include a schedule, with interim milestones, and a final briefing and report. We would like the AFSCN PEMs in SAF/AQSL and AF/XORS to participate in this study and would like to have access to the interim data to support any on-going exercises. Please provide your plan and schedule by 5 Mar 93.

SANFORD D. MANGOLD,
Colonel, USAF.

EXHIBIT NO. 5

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, DC, February 10, 1995.

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY (ECONOMIC REINVESTMENT AND BRAC)

Subject: Functional Assessment of Proposed Military Department Base Realignment and Closure Actions.

Proposed BRAC actions by the MILDEPs as available on 9 February 1995, have been reviewed, and except as identified in the attachments, determined to be acceptable from the perspective of the DoD test and evaluation mission. Of those in the attachments, two are considered to be major showstoppers (regarding Dugway Proving Grounds and Fort Hunter-Liggett), and another a minor showstopper (Tunnel 9 inclusion in the White Oak closure). The remainder are considered incomplete requiring additional alternatives to be analyzed before we can agree to them.

PHILIP E. COYLE,
Director, Operational Test and Evaluation.

JOHN A. BURT,
Director, Test, Systems Engineering, and Evaluation.

ISSUE

The Army's proposal to move its Test Battalion from Fort Hunter-Liggett (FHL) to Ft. Bliss would de facto ''close'' FHL and remove its capabilities from operational test use.

RATIONALE

1. The TEXCOM Experimentation Center (TEC), located at Fort Hunter-Liggett, California, has the unique capability to provide a total test/experimentation package. TEC's isolated location provides unequaled access to extremely versatile training areas with a wide variety of weather and terrain conditions, controlled airspace to 24,000 feet, a 360 degree high energy laser play area, isolation from ambient light, and minimal radio frequency (RF) interference.

2. The terrain at FHL resembles Korea and is unlike that in any of the desert test ranges. Its diverse terrain features—mountains, hills, rivers, creeks and lakes—were the reason FHL was selected as a field laboratory site in 1957 and FHL remains a unique asset today. For example, operational testing prior to the final IOT&E of the SGT YORK was at Ft. Bliss where only flat terrain was encountered. In the IOT&E at FHL the valley walls caused ground clutter breakthrough which rendered the radar useless. Also, FHL has a unique capability—a natural 360 degree ''bowl''—and the necessary state permits—to test high power military lasers. Recent Longbow Apache tests at FHL required this capability, revealing important limitations in modeling and simulation.

3. By moving to Ft. Bliss a further test restriction would be created. Radio frequency jamming essential to creating a realistic test environment in a location that is close to large metropolitan areas, international airports, and an international border will be difficult to recreate and will increase risks of not having an adequate test environment.

4. Operating temporarily at FHL with mobil assets will be more expensive. Just four years ago in March 1991, all of TEC's command staff and operational functions were consolidated at FHL because operating in temporary duty status was too expensive. The projected savings reflected in the Army's submission, the reduction of 17 military and 5 federal civilians, would be trivial when considering giving up this valuable and important operational test capability.

RECOMMENDATION

Army withdraw proposal to move its test Battalion from Fort Hunter-Liggett to Ft. Bliss.

JAMES D. WOLFENSOHN: BRILLIANT LEADERSHIP FOR THE KENNEDY CENTER

Mr. KENNEDY. Mr. President, it is a privilege to take this opportunity to pay tribute to James Wolfensohn who is stepping down as chairman of the board of trustees of the Kennedy Center to accept President Clinton's appointment as the new chairman of the World Bank. Jim is a well-known and widely respected investment banker. During the course of his brilliant career, he has also earned an outstanding reputation as a persuasive advocate for the arts. So it was no coincidence that the Kennedy Center turned to Jim 5 years ago to become the chairman at the center. Despite his many commitments, Jim accepted this major responsibility and did a magnificent job.

The Wolfensohn years brought the center into its own in fulfilling its intended role as a national performing arts center. Jim Wolfensohn's leadership developed a clear vision for this mission, and put the center on a sound financial basis. He improved and expanded the scope of its programming, and reached out to new audiences in the community. He has placed special emphasis on education programs. He has been instrumental in developing new dance initiatives for young people, commissioning new productions, and, most recently, establishing an international arts fellowship exchange program.

The Kennedy Center is vastly improved as a result of Jim's chairmanship, and more Americans than ever from across the country will have greater opportunities to enjoy the impressive programs and productions that have resulted from Jim's work. I'm sure that President Kennedy would be proud of the new vitality and energy that Jim has brought to my brother's memorial here in Washington, and so are all of us in the Kennedy family.

I know that Jim will bring the same excellence of vision and leadership to his new responsibilities at the World Bank, and I wish him well.

Mr. SIMPSON. Mr. President, I am so very pleased to join with my fine colleagues in paying tribute to one great fellow, my friend, James D. Wolfensohn, as he takes on the tremendous task of being president of the World Bank. That is a capacity he is well suited for—it truly merges his vast expertise in finance, his marvelous capability in public service, and his generous and caring nature. I have no doubt at all he will be a good and powerful force at that institution. But he will certainly be deeply missed at the Kennedy Center.

I have the richest and soundest respect for Jim Wolfensohn. He has worked doggedly on behalf of the Kennedy Center for the past 5 years—and he loved it and he did it for free. His staff is aggressive and competent and under his very sharp eye and supervision—they have cultivated and nurtured the Kennedy Center into its original status as a first-class arts institution of rare and abiding quality.

Jim truly stands head and shoulders above the rest—and above the fray. His splendid leadership will be sorely missed by those of us in the Senate who remain committed to ensuring the future of an appealing and vibrant Kennedy Center.

God bless Jim and his bright and gracious wife Elaine as they embark on this new and vitally important mission.

Mr. CHAFEE. Mr. President, today I join with several of my colleagues in paying tribute to the outgoing chairman of the board of trustees of the John F. Kennedy Center for the Performing Arts, Mr. James D. Wolfensohn. As many in the Senate are aware, Mr. Wolfensohn is leaving the Kennedy Center to become chairman of the World Bank.

The Kennedy Center, a national monument and living memorial, could not have been blessed with a more talented and resourceful steward than James Wolfensohn. Mr. Wolfensohn came to the center more than 5 years ago with superb credentials and many remarkable accomplishments—so it is no surprise at all that he leaves the institution in far better condition than it was when he arrived.

As the Washington Post editorialized on June 5, 1995,

> The Kennedy Center went looking for a new chairman in 1989 who could straighten out a place burdened with debts, artistic confusion and a wobbly relationship with its own trustees. Five years later, all those things have changed for the better—in large measure because of the man the trustees tapped—investment banker and former Carnegie Hall chairman James Wolfensohn.

Mr. President, I could not agree more with this assessment. In fact, I'd like to identify another area that Mr. Wolfensohn has worked hard on for the betterment of the Kennedy Center and numerous communities across the country—education and outreach. One of Mr. Wolfensohn's proudest achievements is the Kennedy Center's enhanced series of arts education programs.

Under James Wolfensohn's leadership, the Kennedy Center is now making use of cutting-edge computer and telecommunications technology by working with the National Endowment for the Arts, the Education Department, teachers, schools, and parents across the Nation to establish an interactive arts information network. This and other computer-based projects will now link schoolchildren and adults alike to the enriching study and performance of fine arts.

Locally, Kennedy Center staff and performing artists have increased their exposure to public schools in and around Washington, DC, by helping to integrate arts into the curriculum and by conducting more than 200 special performances for children and students.

These are but a few examples of the Kennedy Center's desire to play a role

in the continuing effort to improve education. I want to credit Mr. Wolfensohn for placing such a high priority on the education side of the center's existence.

Mr. President, as chairman of the Environment and Public Works Committee, I have come to be familiar with another Wolfensohn project—reversing the decay and neglect of the Kennedy Center building. I am convinced that many in the Senate and around the country would be alarmed to know of this facility's physical condition.

The Kennedy Center has welcomed more than 70 million people since it was opened in 1971. It is terrific that so many people from around the world have had the opportunity to visit the site—but much wear and tear has resulted. Many of the structure's mechanical systems have existed beyond their useful life—and have been rendered primitive by advancements in technology. In addition, numerous interior and exterior furnishments have fallen into severe disrepair. Why has this happened? In large part, because of an unclear division of responsibility.

Until last year, the Park Service split responsibility with the Kennedy Center Board for operations, repairs, maintenance, and security. Now, as a result of Mr. Wolfensohn's 4-year efforts, the Kennedy Center Act Amendments of 1994 assigns these responsibilities and federal funding directly to the board of trustees. This legislation will now give the people closest to the problems, the board of trustees, the opportunity to solve them. This sensible allocation of duties would not have been possible without the diligence of James Wolfensohn.

So, Mr. President, I would like to thank James D. Wolfensohn for his many contributions. From reconciling a debt—to expanding education programs—to attracting new world-class performing artists—Mr. Wolfensohn has been a tremendous Kennedy Center chairman. I wish him well in his new position at the World Bank and hope that he is able to continue an involvement with the John F. Kennedy Center for the Performing Arts.

Mr. HATFIELD. Mr. President, as a member of the Kennedy Center Board of Trustees, I am pleased to extend my thanks and best wishes to James D. Wolfensohn as he prepares to leave the chairmanship at the close of the year.

The vision of Jim Wolfensohn when he came to the Kennedy Center 5 years ago was to see the center become the national center for the performing arts. Since 1990, the Kennedy Center has developed into one of the strongest artistic presences in the country and continues to gain prestige throughout the world.

Jim has secured for the center the artistic expertise of Leonard Slatkin and Placido Domingo. He has heightened the profile of the center through a vast array of educational programs operated through the center. He has worked diligently to stabilize funding for the center at a time when budgets in the private and public sectors are strained. The energy, enthusiasm, the wealth of knowledge and interests Jim Wolfensohn has brought to the Kennedy Center have all contributed to its rejuvenation for the benefit of the entire Nation.

While the guidance of Jim Wolfensohn will be difficult for the Kennedy Center to replicate, the bittersweet timing of his departure was fortunate in one important regard. Jim was chairman long enough to see fully implemented during his tenure the Kennedy Center Fellowships of the Americas program.

The program, envisioned and developed by Jim Wolfensohn, will provide 20 fellowships annually to artists from central and South America to study at institutions across the United States. The first award recipients will be announced this fall. With the continued input of the program's founder, the distinguished program will no doubt gain international acclaim.

Jim Wolfensohn will prove to be a stellar head of the World Bank. Assuming his new post will involve sacrifices for Jim, with time away from his family perhaps the most trying. But he took the position because, quite simply, he wanted to help people. I have no doubt he will succeed.

Mr. President, a true leader inspires others to service through his own conduct and example. Jim is a superior leader and an extraordinary man. I am honored to call him my friend and wish him well in the years ahead.

IN HONOR OF THE 85TH BIRTHDAY OF WILLIAM O. FARBER, JULY 4, 1995

Mr. PRESSLER. Mr. President, on July 4, 1995, family, friends, colleagues and students past and present will join Dr. William O. Farber of Vermillion, SD, to celebrate his 85th birthday. Dr. Farber, professor emeritus of political science at the University of South Dakota [USD], is a mentor and respected friend of mine. I would like to take this time to pay tribute to a man who has been influential in the lives of thousands of students of public policy.

It is fitting that Dr. Farber celebrate his birthday on the same day we celebrate the birth of this great Nation. He exemplifies many of the characteristics upon which our country was founded: hard work and dedication, honesty and compassion, and the love of and commitment to a democratic society.

The June 20, 1995 issue of the Sioux City Journal contained an article entitled, ''Retired Professor Still Serving.'' The story highlighted many of Dr. Farber's philosophies and attainments. I ask unanimous consent that the article be placed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Farber began his teaching career at USD in 1935 after receiving his Ph.D. in political science from the University of Wisconsin, at Madison. As many of my colleagues know, Wisconsin was—and continues to be—one of the elite schools in political science.

While at Wisconsin, Dr. Farber had the opportunity to study and learn his craft under the best educators in the field. These professors would often host student-initiated debates in their homes. Dr. Farber brought this practice with him to South Dakota. He would invite students to participate in Sunday discussion groups at his house. Here students could deliberate and express their opinions on given topics.

Dr. Farber has a long list of notable accomplishments and I would like to mention a few of them. He taught government at the University of South Dakota from 1935 until 1976. Prior to his retirement, he served as chairman of the USD Department of Government for 38 years. During his tenure at the university, he was active in many other public service endeavors as well. In 1964, he served as president of the Midwest Political Science Association. He also was instrumental in establishing the South Dakota Legislative Research Council [SDLRC], serving as its director from 1951 until 1955. To this day, the SDLRC is the principal staff arm of the South Dakota Legislature.

Some of Dr. Farber's other achievements include creating the Government Research Bureau and the Indian Institute, both at USD. He advised former U.S. Senator Karl Mundt, and was inducted as an honorary member into the National Academy of Public Administration.

Perhaps Dr. Farber's greatest accomplishment is his uncanny ability to motivate students through the vigorous drive he exhibits. He was willing to help students in any way possible. It was through Dr. Farber's advice and encouragement that I sought and became a Rhodes scholar.

As I stated before, the classroom lecture was just one tool Dr. Farber used to educate his students. He included students in the various research and other government-focused projects he conducted. Students were invited to accompany him on trips across the country and overseas. Dr. Farber often served on a placement officer, helping students secure internships in South Dakota, Washington, DC, and wherever else a student's interests might be directed.

Although he officially retired almost 20 years ago, Dr. Farber has not lost interest in the lives and education of students at the University of South Dakota. After his 1976 retirement, an internship and travel fund was established in his name. Through private donations from former students and colleagues, Dr. Farber uses the fund to

pay for travel and other expenses incurred when students travel to internships and attend political science functions. In fact, this past May, Dr. Farber accompanied 15 students to Washington, DC, for an annual study tour, and once again I had the privilege to meet with him.

As long as I will know Bill Farber, I will forever remember the inspiration he has given me and so many others. I dare say the world is a better place because of the advice and inspiration thousands of students have received from Dr. Farber. Certainly, it would be even better if all could benefit from his wisdom.

As I conclude my remarks, I would like to convey the attitude Bill Farber has taken toward his career by his quote from a Sioux City Journal article. He stated, ''I am the luckiest person alive to have been able to do what I love to do—I love to read, I love to write, I love to talk. A professor does all this.''

I sincerely hope all Americans will have a safe and happy Fourth of July, especially Bill Farber on his 85th birthday. My wife Harriet joins me in wishing him many more.

EXHIBIT

[From the Sioux City Journal, June 20, 1995]

RETIRED PROFESSOR STILL SERVING

(By Beverly G. Merrick)

Vermillion, S.D.—William O. Farber apparently decided there could be no better life for a Yankee Doodle Dandy born on the Fourth of July than to be a political science professor in public administration.

At 84, he has served the University of South Dakota longer than anyone. He has taught about and served in local, state and national government since 1935, when the Phi Beta Kappa from Geneseo, Ill., arrived on campus with a newly minted doctorate.

The professor emeritus officially clocked off the job in 1976, just days short of his 66th birthday. However, students past and present continue to make pilgrimages to Farber House, across the street from the office of the university president, in search of knowledge and advice.

The octogenarian says he has had the most fortunate of lives as a teacher: ''I am the luckiest person alive to have been able to do what I love to do—I love to read, I love to write, I love to talk. A professor does all this.''

He has worked with Regents, college presidents, faculty and faculty organizations. He has served in many university service posts, including being the chairman of the planning committee of the I.D. Weeks Library. He also played a key role in establishing the Indian Institute on campus.

Farber says he has learned the lessons longevity brings, especially having a positive outlook and believing in possibilities.

''If you survive until your 80s, people will forgive you for just about anything,'' he says. ''But I am getting pretty close to the edge of the cliff and wonder when I am going to go over.''

HE SERVES IN VARIETY OF WAYS

From 1969 to 1976, Farber served on the state's Constitutional Revision Commission, in which 17 articles were revamped and seven were passed by the Legislature.

He calls South Dakota a place of reluctant change, primarily because of great distances to travel in a land with a low-density population.

Karl Mundt, a former United States senator from South Dakota, used Farber as a consultant on government projects until the end of his career in public service in 1972.

In the early 1940s, he was the state pricing administrator for the Office of Price Information, but he was drafted into the Air Corps shortly after that.

As for his views on government, he likes home rule. Through working on a local government study commission, he came to believe that small governmental units could operate more efficiently and effectively by simplifying structures and unifying efforts among town, township and county.

One of his disappointments was that the populace could not be convinced, he says.

''This effort would have resulted in fewer and larger units of government,'' he says, ''But how does one convince people less is more?''

Speaking again of government, Farber says an understanding of history is one of the differences between managers and true leaders.

''Can a manager lead? We could be raising a generation of managers when we need leadership to guide us through a time of uncertainty,'' the professor says.

Farber says that today there are more challenges to public administration than there ever have been because of new technology.

''The political, social and environmental problems are at once local and global, and the solutions need to be interdisciplinary,'' he says.

TRAVEL IMPORTANT

Farber says he has done as much as he can to encourage students to travel. The Farber Fund for student travel and internships was established at his retirement dinner.

''I think it important for students to travel and see the world, to broaden one's education by extending one's horizons,'' he says.

In the late 1950s, Farber went to Korea with a USD group, where he studied the 23 levels of bureaucracy of the governmental system.

''Koreans value history,'' he says. ''While in Korea, I obtained a new perspective on everything that involved values.''

He also viewed programs in public administration in Vietnam, Japan, Thailand and the Philippines. In Saigon, he was entertained at a country club and visited a cathedral.

''It just breaks your heart to know what came later,'' he says.

At the end of the study tour, he says, ''At the least, we Americans ought to be very humble. Travel gives one the sense that the world is not the same it has always been. Travel helps one understand what we are to each other on a fundamental level. Travel helps us discover how one can make a difference.''

Farber visited Cuba at a time when Fidel Castro was beginning to come into power. While there, Farber was arrested by a soldier with Castro sympathies when he took a picture at a church in Havana. The magistrate, who was appointed under the old system, took him aside and told him to protest mightily. Farber says that was not difficult for him to do given the prospect of a jail term.

''The magistrate took the film, but left me the Nikon, which satisfied the soldier,'' Farber says.

He also has a personally autographed photo of former Yugoslavian President Tito.

In 1974, Farber traveled with the Rev. Robert Schuller to the Holy Land. The trip helped him understand the Bible as a historical document.

In 1978, he went to China, where auto theft was virtually non-existent because only government officials were allowed vehicles.

''If someone stole a bicycle, the perpetrator had to meet with neighbors and talk about how bad it was,'' he says. ''Communities tried to work out problems at the local level . . .''

He once took a tour of the Nile River, and he saw the Pyramids in Egypt.

HE STAYS ACTIVE

Farber says he was brought up to be tolerant, but that the idea of tolerance is not a uniform standard: ''What is right for Bill Farber to do is not what is right for everyone else to do.''

He once asked writer Arnold Toynbee how he could explain the Holocaust in that one of the most civilized of cultures carried out one of the most barbaric acts ever.

''Toynbee says that you must always remember there is a thin veneer on civilization and when it is scratched the man becomes the brute,'' Farber says.

He is in his 40th year with the Vermillion's Lion's Club. He is one of the oldest members of the American Associaton of Political Science, having joined the organization in 1939. For five years he served as president of the Midwest Political Science Society.

On May 8, 1975, he was honored at a USD retirement dinner called ''The Wide, Wide World of Farber.'' His many students noted his accomplishments.

Nearly a score of years has passed since then, yet Farber is still going strong. Recently, he was off to Washington, D.C., with two faculty members to show 18 students government close up.

''Growing old is like a passing dream,'' he says. ''It comes upon us so quickly, the winter of our years. The change is so gradual that the better things become the best things of life. We live on. We are not old.''

WAS CONGRESS IRRESPONSIBLE? THE VOTERS HAVE SAID YES

Mr. HELMS. Mr. President, on that evening in 1972 when I learned that I had been elected to the Senate, I made a commitment to myself that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Most of them have been concerned about the magnitude of the Federal debt that Congress has run up for the coming generations to pay. The young people and I always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 22, 1992. I wanted to make a matter of daily record of the precise size of the Federal debt which as of yesterday, Wednesday, June 28, stood at $4,892,751,687,771.67 or $18,572.97 for every man, woman and child in America on a per capita basis.

SHEILA BICKLE—MYTH BUSTER OF THE YEAR

Mr. BAUCUS. Mr. President, I rise today to pay tribute to Sheila Bickle of

Ismay, MT. Mrs. Bickle was recently honored as the myth buster of the year by the Research, Education, and Endowment Foundation of the Montana Stockgrowers Association.

Mr. President you might ask, ''what is a myth buster?'' Well Mr. President, a myth buster is a person, a volunteer, who promotes the beef industry in Montana. During this time, a year in which Congress must write a new farm bill, thank goodness we have people out there who not only know and understand agriculture, but are willing to educate others about its importance. I should mention however, that this is Sheila's second job. Sheila and her husband Bill raise cattle near Ismay, MT.

Mrs. Bickle was instrumental in getting a science video produced with beef checkoff dollars into the fall catalog of CTN educational TV network, used by 106 San Francisco Bay area schools.

Mrs. Bickle also was the motivation behind a recent project by the Montana Cattle Women designed to educate third graders about beef nutrition.

Every time we educate our urban citizens about agriculture, we have helped bring the country closer together. When a person volunteers to help educate our children, like Sheila, our country and society is better for it.

Thank you Shelia, thank you for being a myth buster, for helping promote agriculture in our home State and in one of our largest urban areas. I wish we had some myth busters here in Washington to enlighten some of the press about what a great job our farmers and ranchers are doing for not only America but the world.

Mr. President, I yield the floor.

THE SITZ FAMILY RECEIVES THE MONTANA ENVIRONMENTAL STEWARDSHIP AWARD

Mr. BAUCUS. Mr. President, Donna Sitz and her adult children—son Bob and his wife Jennipher, son Jim, and daughter Sherrie and her husband Mark Stokman were recognized for enhancing the natural resources and contributing to wildlife diversity on their ranch. Their registered Angus seedstock operation in the Madison Valley of southwestern Montana is nationally recognized for excellent cattle. And now they've been recognized for their stewardship as well. The Montana Stockgrowers just awarded the Sitz family their Montana Environmental Stewardship Award.

Among the many projects they completed to enhance the Montana environment include:

They planted thousands of trees along streambanks to help stabilize riparian areas.

They obtained a grant from the Montana Department of Fish, Wildlife, and Parks to enhance spawning habitat for trout on their private land. The project has made significant improvements in three major spawning areas, increasing fish numbers and enhancing water quality.

They have improved the vegetation of their grazing lands by using a rest rotation grazing system, intensive grazing, controlled burns, and weed spraying.

It's always an honor for me to recognize Montanans who stand for everything we all should be doing, working hard and doing all you can to improve your local environment. One of the well known environmental slogans states ''we should think globally and act locally''. The Sitz family is doing exactly that, improving their local water quality and wildlife habitat, and by their actions they improve not only their ranch but the environment under Montana's big sky. What a wonderful example for all of our ranchers and farmers all across the Nation.

Donna Sitz credited her late husband Bob Sitz, who was tragically killed in a tractor accident in 1989 for the family's commitment to stewardship. Donna said, ''Bob was a strong conservationist. I want the kids to be like their father, to run an honest outfit, and to leave things better than they found them.'' But let's also credit Donna for carrying on her husband's legacy, saving the ranch, and obviously raising an outstanding family to carry on.

I congratulate Donna and her family, for being recognized for this stewardship award. And I thank them for the shinning example they set for all of us to follow.

TRIBUTE TO IRVINE CRAIG PORTER, JR.

Mr. HEFLIN. Mr. President, I want to pay tribute to my friend Irvine Craig Porter, Jr., a longtime Alabama attorney and community leader who passed away recently.

Irvine was active in numerous professional and civic organizations throughout his life. He was a member of the Birmingham, AL, and American Bar Associations and was the city attorney for Homewood and Irondale, both Birmingham suburbs, for many years. He was secretary, treasurer, and general counsel for The Club; a member and chancellor of All Saints' Episcopal Church; and the chaplain of the Homewood Lions Club.

Irvine was awarded the Selective Service Medal in 1946, the Alabama Commendation Medal in 1968, and the Army's Distinguished Rifleman Badge in 1962. He also served as president of the University of Alabama National Alumni Association and of the board of directors of the downtown YMCA.

Irvine Porter was born on May 22, 1910 in Florence, AL. He attended the public schools in Florence and Birmingham, graduating from Phillips High School in 1926, Florence State Teachers' College—now the University of North Alabama—in 1928, and the University of Alabama School of Law in 1932.

Irvine was a thoughtful and honest adviser during the many years I had the pleasure of knowing him. He had a keen legal mind, and always seemed to have his finger on the pulse of the people and what they were thinking. I extend my sincerest condolences to his wife, Sarah, and her entire family in the wake of this loss.

Mr. HARKIN. Mr. President, I understand we are still in morning business, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Mr. President, how much time is left, if I might inquire, in morning business?

The PRESIDING OFFICER. The Senator may speak for up to 5 minutes.

Mr. HARKIN. Mr. President, I ask unanimous consent to be allowed to speak for up to 10 minutes in morning business.

The PRESIDING OFFICER. I will inform the Senator that morning business will conclude at 10:30, which is 7 minutes.

EXTENSION OF MORNING BUSINESS

Mr. HARKIN. Mr. President, I ask unanimous consent that morning business be extended to 10:35.

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

BUDGET PRIORITIES

Mr. HARKIN. Mr. President, this debate is about priorities, fairness, and choices, and I am talking about the debate on the budget that we are on today. I guess we will be voting on it a little bit later this afternoon.

It is not just about numbers. This debate is about, really, the choices we will make as a society, how we deal with the fundamental issue of fairness, being fair to people in our country, and on what we will choose to spend the tax dollars that we collect from our hard-working citizens. We all agree on the bottom line. We agree on balancing the budget and bringing deficit down. I voted that way. But, unfortunately, how we get there is really what we are debating.

If you take a look at the national budget, what you see are pages and pages of numbers, numbers of statistics. But on every page and behind every number there are real people, there is a real individual someplace. So this budget debate is not just about numbers, it is about, as I said, choices and priorities, and about people and how people are going to be affected in their daily lives in this country.

All through this year I have listened to people in meetings I have held across my State. Iowans have shared their thoughts and concerns about the budget. Everywhere I have gone I have heard the same message: Yes, we want to balance the budget; yes, we want to bring the deficit down; but let us do it responsibly and let us be fair about the way we do it. So the question we have

to ask ourselves is how fair and how responsible is this budget? How fair or responsible is it to cut and gut the investments that we have made in education?

The previous speaker, Senator DORGAN from North Dakota, I think laid it out very well. What will we say? What will our children and grandchildren say 50 years from now—he said 100, I do not think it will even be that long; 25 to 50 years from now—when we find an ill-educated society; when we find we cannot compete in the world marketplace because we just did not invest in education in this country?

As a Nation, how can we deal with the growing number of children who will grow up to be burdens on our society instead of being productive taxpaying citizens? How can we deal with that when, No. 1, we are going to eliminate the in-school interest subsidy?

What this is, Mr. President, is we are levying a tax. There is a new tax in this budget on college students. And it is going to amount to $3,000 or more on about 4 million college students and their families. It is an additional tax burden they are going to pay that they do not have to pay right now. One million college students can lose their college aid or have it drastically reduced because of cuts in Pell grants. We are going to cut as much as half a million preschoolers from the Head Start Program. We are going to gut the Safe and Drug Free Schools Program.

Again, let me talk a little more about this tax we are levying on students. Some people say, ''Why should we, as taxpayers, support the sons and daughters of sometimes middle-income wage earners in this country to go to college? After all, when a young person goes to college that person stands to gain and make more money during his or her lifetime, so why should we foot the bill?''

I think to look at it that way is to look at it very narrowly, too narrowly. The more young people who get through college and become better educated, the better off we are as an entire society. So we have an interest in education. We are better off if we fund education for young people. We had the GI bill after World War II; this was not even loan money. We just gave money to young people to go to college. We did not even ask them to pay it back. But they paid it back a thousand fold over in increased earnings, increased taxes, and increased productivity for our entire Nation. So it is a national responsibility that we ensure that our young people have affordable quality education.

How responsible or fair is it to break our contract with seniors and impose the largest cuts in Medicare and Medicaid in history, socking seniors with perhaps as much as $900 more every year in out-of-pocket costs, and burdening families who are struggling to take care of their ailing parents? The original Senate budget resolution cut Medicare by $256 billion. This conference goes from bad to worse by slashing Medicare by $270 billion.

Just think about that, we are slashing Medicare $270 billion, affecting one of the most vulnerable parts of our society, seniors, the elderly. How responsible or fair is it to these seniors? To students? To families? While we lavish tax cuts on a privileged few, the upper 1 percent of our income earners? And we refuse to even consider the swamp of waste in the Pentagon. This budget actually increases military spending by $36 billion in just the first 4 years by $7 billion next year alone. We are giving money to the Pentagon for programs which even the Pentagon does not want. The Pentagon does not want the B–2 bomber, but we are going to say, ''You have to take more; you have to have more.'' So we are throwing money at the Pentagon when they do not even need it.

Mr. President, I have used this chart a few times in the past. I want to refer to it again today in the budget debate to give you a graphic illustration of what we are talking about in defense spending. Right now the United States is spending about $206 billion for the Pentagon. I have along the bottom here all of our potential enemies in the world. There is Russia, China, North Korea, Iraq, Iran, Libya, Syria, and Cuba. You add them all up. The total they spend is about $54 billion next year on their defense, their military spending. So right now we are spending about five times more in this country than all of our potential enemies put together.

But then when you add the United States and our allies together, we are spending over $500 billion, a half a trillion dollars. That is almost 10 times more than what our potential enemies are spending. Yet we are being told that we have to spend more; this is not enough; we have to increase Defense Department spending next year.

So is it fair, or is it responsible when we throw money at the Pentagon to buy items that they do not even want? Yet, we take food away from hungry people, we increase taxes on our college students and make them pay for their college education, we cut down on Medicare and health care for the elderly, we cut Medicaid and health care for the poorest of our citizens? Is this fair? Of course, it is not fair. It is not fair at all.

So in simply human terms, what does the budget say? Forget about the numbers. What does it say? It says if you are a part of the privileged few, this is your lucky day. It is going to be Christmas in June. If you are in the top 1 percent of the income earners, you are going to stuff your stocking with a brandnew credit card with thousands of dollars of new credit.

But guess what? You do not have to worry about paying, this budget resolution says. We will send that bill to the students. We will sock them with another $3,000 for their college education. We will send the bill to the seniors who depend on Medicare. They are going to pay another $900 per year. They will pay the bill. We will send the bill to the family farmers and the working families making the minimum wage. They will pay the bill.

This budget, in simple human terms, says that one child in Waterloo, IA, who needs a Head Start Program will be forced to pay more through budget cuts than the entire Pentagon. One senior living in Dubuque, IA, on a fixed income, one family farmer struggling in Albia to get by this year, one student in Storm Lake working their way through college, one family in Mason City who has lifted themselves up from welfare to work, each one of those will be forced to pay more for deficit reduction than the entire Pentagon. Talk to me about fairness and responsibility. That is what is lacking in this budget—fairness and responsibility. What happened to the notion of shared sacrifice, responsibility, and fairness?

Mr. President, this budget is about priorities and choices. This budget chooses the Pentagon over hungry kids. It chooses tax cuts for the top 1 percent of wage earners over health care for seniors. It does not close the corporate tax loopholes, but it does tighten the family budget for those trying to pay for a college education.

Some call this resolution a compromise. They are right about that. It compromises the promise of good, reliable health care for our seniors. It compromises the opportunity for middle-income families to afford a college education. It compromises our commitment to the family farmers who feed the world.

Yes, we need to balance the budget for the good of our Nation and our future. But, plain and simple, this is not the way to do it. Let us scrap this plan and do what the American people want us to do; that is, work together not as Democrats, not as Republicans, but as concerned Americans. That is what we are going to do with the rescissions bill. The Senate passed it 99–0. It went too far to one side in conference. Now it has been reworked. I think we have an excellent chance of passing it.

So now let us craft a responsible budget, a fair budget that does not tax seniors, students, and families. Let us craft a responsible budget that recognizes that the cold war is over. We can do it if we work together, not as Democrats or Republicans, but as responsible legislators adhering to the concepts of justice and fairness and equality for our people. So we can do it. We ought to surprise the American people and do it right for once.

Mr. President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I will be very, very brief. I just want to compliment my friend and colleague from my neighboring State of Iowa for his excellent remarks.

The PRESIDING OFFICER. The Chair informs the Senator that the time for morning business is concluded.

Mr. EXON. I ask unanimous consent that I be allowed to proceed as if in morning business for 2 minutes.

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

Mr. EXON. Mr. President, I want to thank my friend and colleague from Iowa for his excellent remarks, especially with regard to the fairness on the budget that we are going to vote on today. I think this is a very, very critical vote that is upcoming. I thank the Senator from Iowa for his input, and the excellent remarks by the Senator from Massachusetts yesterday, and all of the other constructive suggestions that have been made.

Let us scrap this bill and try to come up with something, almost anything, that would be better.

I yield the floor.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I see the Senator from Delaware on the floor at this moment. I would like to address the Senate for 8 minutes. I could ask consent to proceed in morning business, or we can lay the bill down, whatever is the desire of the floor manager about the way to proceed. I am glad to have the bill laid down and ask that my remarks be printed in the appropriate place in the RECORD.

Mr. ROTH. Mr. President, I suggest that the Senator just proceed on that basis.

Mr. KENNEDY. Mr. President, I ask unanimous consent to extend the morning hour for 8 minutes.

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

PRIVILEGE OF THE FLOOR

Mr. KENNEDY. Mr. President, I ask unanimous consent that Ross Eisenbrey, a fellow on the staff of the Labor Committee, be granted privileges of floor during the pendency of the regulatory reform bill.

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

REGULATORY REFORM BILL

Mr. KENNEDY. Mr. President, it is no accident that the United States today has the cleanest air and water we have had in decades, perhaps the cleanest in the world. We have the safest and most affordable food and the safest, most advanced, and most effective drugs. American workplaces are safer than they have ever been before. Our national productivity is the envy of the world. In short, our regulatory system is achieving the goals we have set. There is no justification to scrap it or trash it.

We can improve the current system, especially to streamline it, and reduce redtape, bureaucracy and delays. But I will not support a bill that carves gaping loopholes in the current system.

We all know what is going on here. The extremist Republican majority in Congress has given the keys of the store to profit-sharing business lobbyists and an unholly collection of special interest groups.

We know that many well-heeled enterprises have no use for Government regulations that cramp their profits or protect the public interest. There is no love lost for regulations that make them clean up pollution they cause, or that prohibit them from marketing dangerous or unhealthy products, or that make them spend part of their profits to protect the health and safety of their workers.

Are the costs of this kind of regulation way out of line? Have we spent too much safeguarding health and safety and protecting the environment? On the whole, we have not. We heard estimates yesterday about the cost of regulations. But we heard nothing about the benefits of those regulations.

It is no surprise or wonder that those who care about the environment and public health and public interest are deeply concerned about this bill. We can only hope that the cost-benefit analyses mandated by the bill will be more balanced than our debate about the costs and benefits of regulation. If the Congress does not protect the public interest, who will?

In fact, there is good evidence that the estimates cited yesterday are greatly exaggerated. In the first place, about half of the entire regulatory burden comes from a single agency—the Internal Revenue Service—which is not even covered by the bill.

The Environmental Protection Agency, and environmental regulations generally, are said to be the next biggest culprit. But the Bureau of Labor Statistics has been surveying businesses about the causes of their layoffs for years, and the businesses themselves attribute only one-tenth of one percent of their layoffs to the burdens of environmental laws and regulations. If environmental regulations caused the kind of impacts that the supporters of this bill claim, we would expect the businesses themselves to be aware of them.

We have all heard stories of regulatory excesses, and a small number of them are true. There have been regulators who have overreached and made unjustifiable decisions, such as the inspector who cited a company for a violation when employees violated OSHA standards to rescue the victim of a trench cave-in.

But honest, accurate examples of regulatory excess are relatively rare, considering the size and complexity of the economy. We hear the same handful of anecdotal examples over and over again. But we hear less about the benefits of our regulatory system, which are taken for granted and are undeniable. We have never had a Chernobyl or a Bhopal or a thalidomide tragedy in the United States. We should be proud of that record—and cautious about making changes that could make tragedies more likely.

The reckless practices that led to dangerous workplaces, to American rivers catching fire, and to the near-extinction of the bald eagle have given way over the past quarter century to rules which help ensure that today's children can look forward to safe and healthy places to work and a clean environment that reflects the best of our heritage. We need to keep these priorities in mind and in perspective as we consider this bill.

We also need to remember that we are not writing on a clean slate. Congress and the President have recently made important changes to improve the regulatory process, and other sensible changes are on the way. In March, President Clinton signed the Unfunded Mandates Act, which requires all rules that have an impact on the economy of $100 million or more to have a cost-benefit analysis and a risk assessment. The President's executive order on regulation, signed last year, has similar requirements.

The Senate has passed the Nickles-Reid bill, which requires every regulation to lay over for 45 days before becoming effective, in order to allow Congress to block regulations that do not make sense or which impose excessive costs. We need that kind of oversight of the regulatory process, and it is being put in place and should be given a chance to work.

Unfortunately, much of the pending bill is overkill. The Dole-Johnston draft is an improvement over the Judiciary Committee bill. But without additional, significant changes, it could severely undermine the health of large numbers of American families, leave major areas of the environment ravaged by pollution, and threaten the health and safety on the job of millions of American workers. In too many ways, the Dole-Johnston is still, like the bill reported from the Judiciary Committee, a blueprint to paralyze the regulatory process.

Rulemakings under the Occupational Safety and Health Act would have more than 20 new steps, making an already slow process much slower. OSHA's 5-year-long rulemaking on cadmium, which causes cancer and kidney disease, would have become a 10-year ordeal.

The Food and Drug Administration has proposed a rule requiring label warning statements and single-dose packaging on certain dietary iron supplements, which cause about 10,000 poisonings of children a year. Iron tablet overdoses can cause intestinal bleeding, shock, coma, seizures, and death in children. Because of the bill's retroactive effective date, FDA will have to redo its risk assessment and cost-benefit analysis to meet the rigid, one-size-fits-all requirements of the bill. This will create unnecessary costs, and delay a rule that will save children's lives and prevent $250 million a

year in medical, litigation, and other costs.

The State of Illinois had a very negative experience with this kind of one-size-fits-all regulatory reform. The Illinois law's mandated cost-benefit analyses did nothing to improve the quality of regulation. But according to a story in the Chicago Tribune, the requirement added as much as 42 months of delay to every rule. In 1992, after 14 years of experience, Illinois repealed the law.

The Wall Street Journal, which supports regulatory reform, admitted in one of its editorials that the bill is designed to ensnare the bureaucrats in redtape. But creating redtape is not the answer to any regulatory problems the American people want solved. It will not in any way expedite the approval of needed drugs and medical devices. It will not focus regulation on the worst problems, and it will not allow agencies to rely on common sense. In fact, it will do just the opposite.

By creating multiple, overlapping, and uncontrollable petition procedures to review all existing regulations, the Dole-Johnston bill will tie up so many resources that agencies will be forced to abandon their examination of new issues, new problems and new solutions. That is the clear and obvious purpose of the petition process, and it is unacceptable.

Without substantial additional budgets and personnel, agencies like the FDA will be forced to shift resources, and will not have enough people to work on approving new products. The Federal work force has been cut by 75,000 workers, and another 125,000 will be cut in the near future. Yet the Dole-Johnston bill piles on new procedural requirements that will cost the agencies hundreds of millions of dollars a year and require more staff, not less.

Compounding the problem, the Dole-Johnston bill literally gives every regulated business the right to compel every agency to examine each separate regulation and decide whether each individual business should be exempted from it. This is a radical, extremist proposal that fundamentally undermines the rule of law. A more honest approach would be to simply repeal the workplace safety, environmental, and public health laws. The Dole-Johnston bill repeals them indirectly through a kind of stealth process.

A sausage maker, for example, who decided he no longer wanted to comply with food safety laws and worker safety laws could petition the FDA and OSHA for exemptions from every applicable regulation. The agencies would be compelled to respond in writing to each factual and legal claim within 180 days, although the bill provides no standard for the decisions they would have to make.

The agencies would be totally overwhelmed if just one-tenth of one percent of the 6 million regulated businesses petitioned for exemption from a single regulation, let alone from multiple regulations. Because a denial of the petition would be immediately reviewable by the courts, the agencies would be forced into an explosion of litigation—or else grant the petitions.

In these and other ways, the bill is a veritable gold mine for lawyers and lobbyists. On issues ranging from securities law, to product liability, to medical malpractice, the effort in Congress has been to reduce litigation in our society, not encourage it. But now, when big business is the plaintiff, the authors of this bill want to widen the courthouse door.

This bill has many other problems. It would make it extremely difficult to protect crops from imported pests, since extensive, peer-reviewed risk analyses would have to be performed before quarantine orders could be issued.

Environmental regulations such as those put in place under the Clean Air Act of 1990, which are removing more than a billion pounds of toxic emissions from the air each year, would be subject to reopening by any regulated business. EPA could be forced to redo its cost-benefit analysis of these enormously successful regulations in order to examine such foolish alterations as making the standards voluntary.

Regulations on veterans benefits suffering from gulf war syndrome would be delayed until cost-benefit analyses and risk assessments could be completed. Drug-testing regulations for truck drivers and congressionally-mandated standards for mammograms would be delayed. FAA air-worthiness and air safety rules would be subjected to cost-benefit tests and the additional paperwork of risk assessments and peer reviews.

Finally, the bill contains a provision that as a practical matter repeals the Delaney clause, the provision in the Food, Drug and Cosmetic Act that protects the American people from cancer-causing pesticides and additives in food. I agree that the 37 year-old Delaney clause should be modernized in light of modern scientific knowledge about the risks of chemicals. But the sweeping and extremist approach in this bill poses a grave threat to all Americans, especially children whose diet and metabolism render them especially vulnerable to cancer-causing chemicals in their food.

Our water and air are not too clean. Our workplaces are not too healthy. Our air traffic and highway systems are not too safe. Our children are not too protected from dangerous products. This bill will delay further progress and undo much of the progress we have made. Without major changes, I cannot support it.

CONCLUSION OF MORNING BUSINESS

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Is the pending business regulatory reform?

The PRESIDING OFFICER. It will be as soon as morning business is closed.

The time for morning business is closed.

COMPREHENSIVE REGULATORY REFORM ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 343, the regulatory reform bill, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 343) to reform the regulatory process, and for other purposes.

The Senate resumed consideration of the bill.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, as I understand it, both Senator ROTH and I would like to make statements on regulatory reform, but we deferred to Senator KENNEDY. I say to the Senator from South Carolina, as I understood it, Senator D'AMATO was going to make a short statement. Then could we go to the Senator right after that?

Mr. HOLLINGS. Go right ahead on the opening statements.

Mr. HATCH. We would be happy to go to Senator D'AMATO and then to Senator HOLLINGS, if we can, and then if we could make our statements, we would appreciate it.

I ask unanimous consent that be the order.

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

Mr. D'AMATO. Mr. President, let me thank my colleague from South Carolina and my colleague from Utah. I wish to be able to proceed as if in morning business and not interrupt the flow of agenda, and I will attempt to make my remarks succinct.

MEXICO CRISIS REPORT AND CHRONOLOGY

Mr. D'AMATO. Mr. President, since February, I have repeatedly voiced my concern over the Clinton administration's bailout of Mexico. Today, I am releasing a comprehensive report and chronology of the Mexican economic crisis.

Since January, the Senate Banking Committee has held three hearings to examine this crisis. This report and chronology is based on testimony from these hearings and from information contained in numerous internal administration documents. It brings together for the first time a full description of the United States Government's internal and external communications regarding Mexico.

My office will have available the complete report and chronology. We cleared the releases and declassification of many internal documents for use in this report. It does not include or refer to any classified documents.

It does include the background of the Mexican economic crisis; the administration's monitoring of the crisis; the contradictions between the administration's rosy public statements about Mexico during 1994 and the private, far more negative, views the administration and officials had; the failure of the administration taxpayer-funded bailout; and we conclude that the administration should not—the administration should not—send another $10 billion of taxpayers' money to Mexico.

The report and chronology culminates weeks of work and a review of hundreds of documents and testimony. I appreciate the cooperation of Secretary Rubin and Chairman Greenspan in producing the documents used to prepare this report and chronology.

Mr. President, on February 7, 1995, I spoke in this Chamber about the economic crisis in Mexico. I asked the question: What did the administration know about the situation in Mexico and when did they know it? After reviewing the information, the answer is clear.

The administration's own records indicate that key officials, including Under Secretary Summers, knew about the deteriorated economic condition of Mexico as early as February 1994. Administration officials, however, repeatedly painted a rosy public picture of the Mexican economy.

Again, sadly, this will appear as a pattern of this administration. It has a history of not leveling with the American public. This report and the chronology and the administration's own internal documents sadly demonstrate that this has taken place over and over and over again.

The administration's repeat of public praise of the Mexican economy during 1994 stands in stark contrast to the looming signs of economic disaster reflected in internal administration documents. The underlying documents demonstrate that the administration was aware that Mexico was on the road to economic disaster, but the administration did not tell the truth to the American people.

That was wrong. The administration did not tell the truth to the American economists. And that was wrong. The administration has placed $20 billion of American taxpayer dollars at risk to bail out the Mexican Government. The Mexican Government is using these dollars to reward local speculators who bought high-interest-rate short-term Mexican Government notes or tesobonos. The administration has already sent $10 billion to Mexico and beginning on July 1—July 1 we will be out of session—the administration will begin to send another $10 billion to Mexico.

Now, Mr. President, the administration and the Mexican Government officials repeatedly assured Congress and the American people that the second $10 billion would not be needed this year. But again, they have a pattern of saying one thing and doing another, painting one picture and then discovering another.

The Mexican Government financial plan expressly states, ''The second $10 billion of the U.S. Government funds is not''—is not —''intended to be used in 1995, but will be available for unforeseen contingencies.''

This Senator said a long time ago that you are kidding the people. That $10 billion is gone. The next $10 billion is gone. You will have the same disastrous result. The administration should not sink the United States and the American taxpayer any deeper into this Mexican quagmire. The first $10 billion has not solved the economic crisis. The only people who benefited are speculators. Global speculators, not the Mexican people, not the Mexican economy. In July and August Mexico faces a payment bubble of more than $6 billion to pay off tesobonos that are coming due. Now, where is that money going to come from? Guess. The United States taxpayer. That is where. The U.S. taxpayers' money to Mexico to pay off, who? Private speculators, private investors who bought high-risk, high-return investments. And now we are going to pay that off. The United States does not do that for our own citizens. Why should we do this for private speculators who support Mexican tesobonos? Mexico's basic economic problems have not been solved. It is clear that the administration's bailout has not benefited the Mexican people. The Mexican people are worse off because of the austerity measures demanded by the administration.

Middle-class Mexicans and small business owners have been devastated. And in the past few months inflation in Mexico has skyrocketed to almost 80 percent. Mortgage interest rates have risen to 75 percent. Consumer credit card interest rates increased from 90 percent to 100 percent. The peso 6 months after the administration bailout stands at 6.28 to the dollar, still near record highs. Last month Mexican citizens and business leaders told the Banking Committee that the Mexican bailout is a failure and that the Mexican economy is in shambles. When the Clinton administration first tried to sell the Mexican bailout to Congress they told us they would commit $40 billion in loan guarantees to help Mexico through its short-term liquidity crisis. They reassured Congress that taxpayer funds would not be at risk. After Congress refused to support a bailout, the administration then unilaterally decided to give Mexico $20 billion through the United States exchange stabilization fund, an unprecedented and legally doubtful use of this fund.

The problems with the Mexican economy are not new. They are well-known to administration officials. Throughout 1994, as the documents and the chronology demonstrate, over and over again, the administration officials were alerted to unmistakable signs of economic distress in Mexico. Yet throughout the year the same administration officials continue to issue glowing public statements about the Mexican economic condition and strong support for the Mexican economic policies. The record is clear. Let me give you a few brief highlights.

On March 24, 1994, Under Secretary of Treasury Summers informed that the Mexican Government ''is looking for some comforting Treasury words to soothe the press.'' Secretary Bentsen then issued a statement saying: ''We have every confidence that Mexico is on the right economic path.'' Mr. President, clearly again, a pattern of the administration not leveling with the American people, not leveling with the Congress.

In a news conference that same day President Clinton said, ''Mexico's institutions are fundamentally strong * * * they have a great future and we do not expect any long-term damage.'' Mr. President, clearly the statement is at variance with the facts in the record. Again, a pattern of not leveling with the American people.

Again on April 26, 1994, Under Secretary Summers said publicly, ''Mexico is fundamentally sound and has a fundamentally sound currency.'' Earlier that same day however in an internal memo, the same day that he talks about a sound economy, a sound currency, Summers informs Secretary Bensten that the Bank of Mexico had been intervening to support the peso and that ''Mexico's dependency on the financing of its large account deficit from largely volatile investment remains a serious problem.'' Again, a pattern of deception of saying one thing when the facts are clearly different.

Now, how can you come and say that the economy is fundamentally sound, publicly, when at the same time you are informing the Secretary of the Treasury that there are severe problems? In the fall of 1994 the Mexican Government policies were the cause of concern among administration officials. In an internal memo on September 27, Under Secretary Summers questioned the Mexican Government's decision to maintain a highly overvalued peso. And November 18, 1994, another Treasury Department memorandum discusses the weakening of the peso and that Mexicans commitment of their dwindling resources to prop up the peso. Nevertheless, on the same day, the United States Ambassador to Mexico, Jim Jones, told a group of American investors that those journalists who were predicting financial problems in Mexico were alarmists. Again, a pattern of deception. Just wrong. Just wrong.

Despite the administration's obvious internal concerns and knowledge, on November 21, 1994, Under Secretary Summers said ''Mexicans would very much like for Bentsen to make a statement today.'' Summers told the Secretary that he ''has worked out'' a proposed press statement for him for the

Government of Mexico. Why were officials of the United States Government working on public relations for the Mexican Government, and I might add, putting out false information, aligning themselves to false information being circulated?

The letter to the Washington Post, my colleagues, Senators SPECTER and KERREY, advised, ''We believe—based on a reading of United States analysis since last spring, that policymakers were adequately forewarned of Mexico's declining financial position and of domestic political pressures that made it difficult for the Mexican Government to take timely action in the economic sphere.''

Mr. President, internal administration documents make clear that Under Secretary Summers and other treasury officials were not forthcoming to the Congress and the American people. I agree with A.M. Rosenthal of the New York Times who wrote on April 4, 1995, in a column entitled ''Cover-Up Chronology,'' ''Real concern for Mexico would have meant public warnings from Washington as soon as trouble was discovered. Legitimate confidentiality does not include deceiving the world.''

I think that bears repeating: ''Legitimate confidentiality does not include deceiving the world.'' That is what we have a pattern of, deception.

There are vital lessons to be learned from the handling of the Mexican crisis. The American people and their elected representatives were entitled to the truth about Mexico's precarious and deteriorating condition during 1994. Mr. President, the official reports by the Mexican Government and the positive public statements made by the United States administration were completely contradictory to the true condition of Mexico's economy. The American taxpayers should not be forced to bear further financial risk. U.S. dollars should not be used to bail out private investors who gambled on high-risk, high-return instruments. We should not be sending another $10 billion in American taxpayer dollars based upon a web of half-truths, distortions, and concealments. That is wrong. The American people have a right to be outraged that their tax dollars are going to bail out local speculators and not improve the plight of the Mexican people. Congress should be outraged as well.

Mr. President, I thank my colleagues for giving me this opportunity to make this report to the American people.

I yield the floor.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Utah, Mr. HATCH, is recognized.

COMPREHENSIVE REGULATORY REFORM ACT

The Senate continued with the consideration of the bill.

Mr. HATCH. Mr. President, we now resume consideration of S. 343, the Comprehensive Regulatory Reform Act of 1995, and in doing so, I am reminded of an ancient story. When Hercules was tested, one of his tasks was to slay the Hydra, a nine-headed serpent. Yet, for every head of the Hydra that Hercules cut off, two more grew in its place. It seems that regulations have become the 20th century Hydra, the only difference being that at least the Hydra was mythical and regulations are not.

For hard-working, middle-class Americans, trying to cope with thousands upon thousands of regulations is indeed a Herculean task. Today, a small business person needs a law firm, an accountant and a doctor in order to cope with the regulations and barriers they impose. Why a doctor? First, for the headaches he or she will have trying to decipher all of the gobbledygook, and later for the heart attack when the agency issues citations for violations he or she did not even realize were violations.

I recall testimony the Labor Committee received back in 1981 when we were considering legislation to revamp the CETA Program. I remember it because I was so impressed with the specific numbers cited to demonstrate the regulatory burden of the then Federal program. The testimony from the county job training official in Ohio pointed out that CETA regulations ''cross-referenced 75 other laws, Executive orders and circulars. The Department of Labor has issued an average of over 400 field memoranda, more than 1 per day, including Sundays and holidays.''

This is not how Government is supposed to work, and it has to stop. The problem is that the bureaucracy is replacing democracy, and it is imposing high costs on private citizens and impinging on private rights and productivity. This bill remedies that by imposing common sense, rational decisionmaking on agencies. When any rational person is trying to make a decision, he or she weighs the cost of the action and the benefits that the action will bring. Now that is just simple common sense. That is what this bill does.

There are some who will say, ''Oh, we are going to do away with clean water and clean air'' and all the other regulations they claim are so important to all of us, and they are important. No, we are not going to do that. We are just going to make sure there is common sense in these regulations, and they have to meet a cost-benefit analysis and some risk-assessment matters as well.

I just have to say the Federal bureaucracy in this country does not have common sense, and we are in danger of losing our country. Nobody ever contemplated that the bureaucracy would become the fourth branch of Government, but it is now the fourth branch of Government and it may be more powerful than the other three that are constitutionally set apart.

Under current law, when the bureaucracy considers making another rule, it often considers only the benefits and not the costs. It comes as no surprise that everything looks like a good idea if you have to only look at the benefit side and you do not have to pay for it.

I am reminded of the headline in the Wall Street Journal not too long ago that spoke volumes. It read something like: ''If you're buying, I'll have sirloin.'' All this bill seeks to do is to make sure the agencies look at the cost side as well. I cannot believe that anyone in this body would find that objectionable.

Let me briefly explain how the bill works. The Comprehensive Regulatory Reform Act of 1995 is aimed at stopping regulatory abuses and curbing excessive costs. The bill embodies the most basic notion of decisionmaking: Justify the costs. That is all the American people ask of their Government, that it justify the costs of its actions.

Indeed, it is only common sense that when an action would produce more harm than good, it should not be taken. Accordingly, the centerpiece of the bill is the requirement for cost-benefit analysis of proposed rules. Right now, agencies are notorious for only looking at the benefits of rules and ignoring the cost to society. This bill forces the agencies to put both costs and benefits on the table.

This provision is eminently reasonable and sensible. For one thing, it applies only to major rules which are defined as those having an annual effect on the economy of $50 million or more. In general, the agency must set out the costs and benefits and identify the reasonable alternatives. The agency then selects the best option in conjunction with requirements in the underlying statute.

Significantly, the cost-benefit provisions of this bill work in harmony with the particular statutes that the Federal agencies implement. The cost-benefit criteria do not override specific statutory criteria for agency decisionmaking. Instead, they supplement those criteria to fine tune the regulatory process.

Complementing the cost-benefit analysis is a risk-assessment provision. This sets out guidelines for how various risks are to be evaluated. Right now, agencies sometimes regulate for minuscule risks but at a tremendously great cost to the country. If, for example, we applied the same test to driving an automobile as we do to marketing of some food additives, drugs or medical devices, no one would be driving a car in this country. You could not afford to do it and you would not be able to.

Also, agencies sometimes evaluate the risks based on questionable scientific techniques. By requiring a risk assessment and by establishing standards for scientific quality, this bill will ensure reliable results when agencies

determine the costs and benefits of regulation. It will also improve the consistency and risk assessment across Federal agencies.

In a related vein, the bill modifies the much-criticized Delaney clause of the Federal Food, Drug and Cosmetic Act. The Delaney clause requires that no processed foods, products containing a color additive or animal drug may be sold unless they do not contain even trace amounts of materials that have been demonstrated to cause cancer to humans or animals. That may have sounded good in the abstract, in reality it has become a burdensome rule that does not further the health and safety goals that it was designed to address.

Let us take food, for example. Given modern technology, it is possible to detect the smallest amount of chemicals in food. When Delaney was enacted, it was parts per thousand. Today it is parts per quadrillion that we can actually determine. Under the Delaney clause, those materials cannot be included, the smallest amounts of chemicals in food, if they are carcinogenic, in any amounts or under any circumstances, even though there is basically no risk in eating the food.

The problem is that many materials may be carcinogenic only if given in extraordinarily large doses and may be carcinogenic in animals for reasons for which there is no comparable reaction in humans. In this way, the Delaney clause has irrationally forbidden the inclusion of even trace amounts of materials in foods, even when scientists unanimously agree that there is absolutely no harm to humans from its consumption.

The scientific evidence has shown us the Delaney clause, despite its laudable goals, does not really work in practice. That is why we must modify it in this bill. In addition to the substantive reforms, this bill also includes several review provisions to ensure openness and accountability in the regulatory process.

The congressional review process, for example, provides Congress with an ability to stop a proposed rule if it disapproves of that rule. This gives Congress the opportunity to examine those rules before they take effect and do the harm. If within 60 days of the rule's adoption both Houses vote to disapprove the rule, and the President agrees, the rule will not be effective.

The effective dates of major rules are also held off for those 60 days during the congressional review period. This provision maintains a congressional role in the regulatory process and adds another guarantee that regulators will be held accountable for their actions. In addition, a separate type of review is involved to ensure that agencies conduct their own periodic review to fix outdated and insufficient or inefficient regulations.

Agencies, it seems to me, have an obligation to keep their regulations current. Under this provision, agencies would promulgate a list of existing regulations that the agency feels are appropriate for review, along with a schedule for agency review of those regulations, over a 10-year period. The agency must apply the cost-benefit analysis to the rule and then decide whether to extend, modify, or rescind the rule. Any rules in the schedule that are not acted on in accordance with the agency schedule would automatically expire.

In addition, the bill includes a petition process, whereby any interested party may seek to get a major rule review. An agency must grant the petition. If the agency finds a reasonable likelihood that the rule would not meet the cost-benefit test to ensure correct decisionmaking, the agency's decision is then subject to judicial review. Through these processes, a petition can be filed to challenge an existing rule to ensure that it satisfies the cost-benefit and risk-assessment standards.

The agency itself also has the duty to ensure that its current rules satisfy those standards. This keeps the agency accountable to the public, gives the American people a role in the process, and ensures that all rules continue to be justified.

Finally, accountability of Federal regulators is further guaranteed through a judicial review. Perhaps the most important provision in the bill is the provision permitting judicial review of agency action. By allowing courts to enforce the requirements of the bill, the bureaucrats will be accountable in court for their actions.

Unfortunately, the way things stand today, the bureaucracy is out of control. Those who churn out regulations day after day should, just like every other American, be accountable for their actions. Without this important judicial enforcement mechanism, and without the other review provisions, this bill would be a little more than a weak statement of policy. The added review makes this bill a powerful tool to reshape the Federal agencies.

Now, Mr. President, in spite of everything, there are still those who oppose this bill and defend inefficient, irrational agency regulations. The opponents of this bill have only one weapon with which to attack, and that is fear. I expect that opponents of the bill will lay out a litany of unknown horrors that, according to them, only unbridled bureaucracies will somehow be able to handle.

These scare tactics are nothing more than that, tactics to derail these needed reforms. They have nothing to do with the reality of the bill and everything to do with preserving big Government.

The fact is that this bill will only change inefficient regulations and require that rules be updated so that they remain efficient. Let me be perfectly clear that this bill will not prevent agencies from protecting Americans from unsafe drugs, unsafe workplaces, polluted air and water, or discrimination. It will not prevent agencies from responding to disasters when and where the Government's help is needed. Rules that truly add to society are completely secure under this bill.

Mr. President, in conclusion, let me just say that too much of anything, even a good thing, is bad. Federal regulation has reached that point. The Comprehensive Regulatory Reform Act of 1995 is the response to a bureaucracy run wild.

It is the response we must make to a bureaucracy that no longer sees the American taxpayer and American business, especially small business, as clients to whom Federal agencies should be accountable. It is the response we need to restore the balance between costs and benefits, between protection and freedom.

Those rules that truly provide a benefit to the country will remain on the books. This bill does not backdoor repeal a host of other statutes, many of which I voted for, by preventing agencies from issuing regulations.

But the senseless regulations that create more problems than they solve must either be fixed or scrapped.

The neighborhood grocer in south central Los Angeles, the rural Utah county landowner, the farmer in Kansas, the auto manufacturer in Detroit, or the university in Pennsylvania, have all just had it up to here with regulation and with overregulation. All Americans are united in their frustration with an unresponsive, inflexible, inefficient and overweight Federal bureaucracy.

If the 1994 elections told us anything, it was that the American people are fed up. The number and scope of Federal regulations are just additional indications that Government has gotten too darn big.

This bill is as direct an answer as we can give to their pleas that we can, in fact, control the Federal Government, not be controlled by it.

I urge my colleagues to support this important bipartisan, commonsense initiative. I thank my colleague from South Carolina and my friend from Delaware for being patient as I delivered these few remarks.

The PRESIDING OFFICER. The Senator from Delaware [Mr. ROTH] is recognized.

COMPREHENSIVE REGULATORY REFORM ACT

The Senate continued with the consideration of the bill.

Mr. ROTH. Mr. President, the suggestion has been made on this floor earlier today that regulatory reform is primarily a matter of trying to satisfy the needs of special interests. Nothing could be further from the truth. I think it is fair to say that is recognized on both sides of the political aisle.

I was pleased to note that the distinguished ranking member of the Governmental Affairs Committee and former chairman, Senator GLENN from

Ohio, in his opening statement noted that

. . . when the press writes about what happened on the floor today, they [should] get away from the idea that this is the ultimate in confrontation, which seems to be what the questions lead to when we go out of the Chamber—talking about regulatory reform—because, today, I would hope the message would go out that we are united in the Senate of the United States, Democrat and Republican, on one thing: We need regulatory reform.

Those words are echoed by the distinguished senior Senator from Michigan, who is also a member of the Governmental Affairs Committee, in his remarks yesterday on the floor of the Senate. He said:

Let me commend all those involved in this effort. It is a very complicated effort, and most importantly perhaps, an essential and bipartisan effort.

He goes on later in his statement to say that:

We need regulatory reform. We must have cost benefit analysis. We need risk assessment. But we also need to be sure that what we are achieving protects, in a sensible way, the environment and the health and the safety of the people of the United States.

With that, I can strongly agree. And I would agree with those who have said that our air is cleaner, our water is cleaner and safer, and our environment is better because of many of the regulations. But, at the same time, there has been recognition by many that the regulatory maze does not work in the best interests of environmental protection or good government generally.

Mr. President, yesterday I stood to speak on behalf of the Dole-Johnston compromise. I outlined how this legislation, S. 343, the Comprehensive Regulatory Reform Act of 1995, is a real and workable solution to the overbearing Government regulation that threatens America's future.

I cited the costs of such regulation and the need to restore balance to the regulatory process.

And I explained that I support this legislation because it will make the Federal Government—our regulatory agencies—more efficient and effective in carrying out their responsibilities.

The simple fact is, Mr. President, that if we reduce Government waste and inefficiency, we ultimately will improve, not hinder, Government programs, including environmental protection efforts. If we reduce the costs of regulation, we have greater resources to do more good than before.

For example, it has been estimated that a reallocation of resources to more cost-effective programs could save an additional 60,000 lives per year at no additional cost, or the same number of lives we are currently saving could be saved for $31 billion less. So I think it is only fair to say that there is plenty of room to improve our regulatory system.

I personally could not support an effort to gut environmental protection. But strong reform is something I can support. To say that the benefits of regulation should not justify its costs is to argue for irrational and wasteful regulation.

Senator DOLE's compromise bill broadly defines benefits and costs. It is not a black-box approach that reduces everything to dollars and cents. This bill allows agencies to consider nonquantifiable benefits and costs. And the definition of benefits expressly includes favorable environmental and social effects. The agencies are given leeway to consider all of the benefits and costs that are relevant to making a responsible regulatory decision.

Mr. President, there is another important reason why I support this legislation. I support it because I am concerned that the rising costs of regulation are undermining the faith of the American people in Government; I believe these overbearing costs are, in a very real way, undermining support for the environmental movement. Americans treasure the beauty of this country; they value a clean environment.

But in last November's elections, the American people also clearly demanded a government that is balanced—a government that is dedicated to common sense and workable solutions in achieving environmental protection and economic security. In short, they demanded a government that is efficient and effective.

I believe our countrymen are right to demand this fundamental change, and all of us involved in the current debate must respond to their request. We must recognize that we cannot regulate a totally risk-free world or remove every last molecule of pollution.

But we can, and should, use our resources wisely to achieve the greatest benefits at the least cost. We can, and should, continue to be a world leader in environmental protection while still having a healthy economy and a high standard of living.

We have reached a point where there is broad and bipartisan support for regulatory reform and the tools to achieve it. In his thoughtful book, ''Breaking the Vicious Circle: Toward Effective Risk Regulation,'' Justice Stephen Breyer analyzes our regulatory system and concludes that it badly prioritizes the health and environmental risks we face.

In the June 1993 Carneigie Commission Report, ''Risk and the Environment: Improving Regulatory Decision Making,'' a distinguished and bipartisan panel of experts concluded that the Nation must develop a more comprehensive and integrated decision-making process to set priorities and regulate risks.

President Clinton's chief spokesperson on regulatory reform, Sally Katzen, the Administrator of OMB's Office of Information and Regulatory Affairs, submitted a statement to the Governmental Affairs Committee on February 7, 1995, saying:

Regrettably, the regulatory system that has been built up over the past five decades * * * is subject to serious criticism * * * [on the grounds] that there are too many regulations, that many are excessively burdensome, [and] that many do not ultimately provide the intended benefits.

My friend, George McGovern, a well-known liberal throughout his political career, also testified before my committee about the urgency of regulatory reform. George recounted his experience as a small businessman running an inn after he retired from the Senate.

He described how a venture as harmless as running an inn was so burdened by a multitude of complicated and irrational regulations that it failed. he concluded:

Doubtless most of these regulations that we chafe under have some benefit. They do benefit somebody; either the public or someone benefits from them in some way. But the big question is are those benefits more than equal to the costs and burdens they place on business, especially small businesses.

Justice Breyer, the Carnegie Commission, the Clinton administration, and George McGovern are only a few of the authorities that have recognized the need for regulatory reform. Others include Resources for the Future, the Harvard Center for Risk Analysis, the Brookings Institution, the American Enterprise Institute, and other think tanks, commissions, and independent scholars throughout the country.

Without significant reform, the costs of regulatory will only continue to grow. As has already been mentioned on the floor, the total annual cost of Federal regulations has been estimated by Prof. Thomas Hopkins at $560 billion in 1992; it is expected to rise another $100 billion by the year 2000. About 75 percent of that cost increase is due to new risk regulations.

These rising regulatory costs have a serious impact on America and the quality of life of our families, businesses, and communities. Let me give you an example: under the Clean Air Act, the State of Delaware was required to implement an enhanced inspection and maintenance—or I/M—program this year.

EPA mandated this program, stating that it would result in significant pollution reductions. However, Delaware environmental officials ran their own data and found that this program would do little to improve air quality in our State. The small reduction in pollution would be overshadowed by high costs and consumer inconvenience at the auto inspection lanes. Delaware has come up with an alternative test that meets the Clean Air Act requirements but is much less costly.

This regulatory reform bill would prevent the EPA from mandating burdensome requirements such as the I/M test to the States without making sure that the benefits justify the costs.

The problem is, these costs have not been adequately scrutinized in the past. No doubt one reason for this neglect is that these regulatory costs were not constrained by a budget. The decisions to create new regulatory programs typically do not include the kind of serious debate about cost that

is required to create new on-budget programs.

Another reason why we have neglected regulatory costs is that most regulations are imposed directly on businesses and governments. This creates the perception that regulatory programs provide free benefits to the public—in contrast to tax-and-spend programs.

But the costs of regulations are not simply absorbed by businesses and governments. These costs, of course, are passed on to the American consumer, wage earner, and taxpayer in the form of higher prices, diminished wages, increased taxes, or reduced government services. It is not just big corporations that are being hurt by red tape and bureaucracy; it also is the Federal Government, State, and local governments, small business, and the American public. As I have said, Federal regulations cost the average American household about $6,000 per year.

Equally important, we never see the factories not built, the products not made, ah entrepreneurial dreams not realized because, as in the case of George McGovern, they were drowned in the sea of regulatory process. Without a doubt, rising regulatory costs, limited resources, and a desire to preserve important protections and benefits all necessitate a smarter, more cost-effective approach to regulation.

Early in this session, I emphasized the need to achieve bipartisan consensus on reforming the regulatory process. I congratulate the majority leader for forging that consensus around his bill with Senators BENNETT JOHNSTON and HOWELL HEFLIN.

Back in February, when I chaired a series of hearings on regulatory reform, Senator DOLE came to the first hearing to express his strong desire to restore some common sense to the regulatory process. The leader's commitment to that goal has been critical to the consensus that this bill represents. I also want to thank my other colleagues for their efforts—including BENNETT JOHNSTON, ORRIN HATCH, HOWELL HEFLIN, FRANK MURKOWSKI, KIT BOND, DON NICKLES, and many others for their significant contributions.

The Dole-Johnston compromise bill is aimed at restoring common sense to the regulatory process. I share this goal, along with many Members of the Senate on both sides of the aisle. Indeed, there have been a number of recent initiatives in the Senate to reform the regulatory process. I introduced S. 291, the Regulatory Reform Act of 1995, early in this Congress. S. 291 was a good proposal for regulatory reform, and was unanimously endorsed by the 15 members of the Governmental Affairs Committee. Senator MURKOWSKI also introduced S. 333, a risk assessment bill, that was approved by the Energy Committee.

This floor vehicle is an amalgamation of Senator DOLE's S. 343, which Senator HATCH guided through the Judiciary Committee, with S. 333 and S. 291. Indeed, as the author of S. 291, I can tell you that the major provisions of S. 291 are reflected in the Dole compromise bill. These provisions include:

Cost-benefit analysis: The benefits of a regulation must justify its costs, unless prohibited by the underlying law authorizing the rule.

Market-based mechanisms and performance standards: Flexible, goal-oriented approach are favored over rigid command-and-control regulation.

Review of existing rules: Old rules on the books must be reviewed to reform or eliminate outdated or irrational regulations.

Risk assessment: Agencies must use sound science to measure and quantify risks to the environment, health, or safety.

Comparative risk analysis: Agencies must set priorities to achieve the greatest overall risk reduction at the least cost.

Reform of the Regulatory Flexibility Act: The Regulatory Flexibility Act is strengthened to make agencies more sensitive to the impact of regulations on small businesses and small governments.

Congressional review of rules: Rules will not become effective until they are reviewed by Congress. Congress can veto irrational or ineffective regulations.

Regulatory accounting: The Government must compile the total costs and benefits of major rules.

Like S. 291, the pending Dole-Johnston amendment has limited judicial review so agency rules will not be invalidated for minor procedural missteps. However, it also improves upon S. 291 by having a more focused cost-benefit test. Regulators must directly set regulatory standards so that the benefits of a rule justify its costs, unless prohibited by the law authorizing the rule.

This bill does not override existing law. If the underlying statute does not allow for a regulation whose benefits justify its costs, the Dole-Johnston compromise merely asks the regulator to select the least-cost option among the alternatives allowed by the underlying statute.

This should not be a radical idea. I do not believe that the American people think it is radical to ask that the benefits of regulations justify their costs.

I urge my colleagues on both sides of the aisle to support the Dole-Johnston compromise to put common sense back into our regulatory process. Our goal in crafting reform should be to strike a balance that is strong but workable. We should keep that goal in mind as the final vote approaches. The floor vehicle may not be perfect, but it is a crucial step forward. I congratulate all those who have played a bipartisan role on this important issue.

Mr. President, I yield the floor.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). Who seeks recognition? The Senator from Michigan [MR. ABRAHAM].

Mr. ABRAHAM. I thank the Chair.

I rise today, Mr. President, to urge my colleagues to seize the historic opportunity we now have to reform the regulatory process. In my judgment, we can and must reform this process so that we may reduce the regulatory burden on American businesses and consumers.

Certainly, we can all agree that some regulation is needed to protect human health and safety and preserve the environment. But all too often the cost of regulation far exceeds the benefits. Too many regulations impose huge costs on our economy and people while providing little if any benefit.

Excessive regulation constitutes a hidden tax on America. It adds to the price of everything from paint to potato chips and, by increasing costs for our State and local governments, ends up raising direct taxes as well.

Mr. President, the tide of regulation in this country is high and it is rising. If left unchecked, it threatens to drown our economy in a sea of red tape.

Consider the following:

First, excessive regulation imposes an enormous burden on our economy.

A recent GAO analysis of existing academic literature found that regulation in 1994 cost $647 billion. According to Wayne Crews, of the Competitive Enterprise Institute:

> Looked at differently, that is more than the entire economic output of Canada or more than the combined GNP's of Australia and Mexico.

Or, put another way, an amount greater than all U.S. pretax corporate profits combined, which were $456.2 billion in 1993.

In other words, the cost of regulation in 1994 was estimated to be more than all of the corporate profits of every corporation of this country. Here on the floor of the Senate, we often hear talk about corporate profit taking, corporate profiteers, and so on. I think this puts in perspective how costly regulations have become in our country.

The second point that needs to be made is the size of Government bureaucracy has increased to record levels under the current administration. According to the Center for the Study of Americans Business, the number of bureaucrats devoted to implementing regulations was 124,648 in 1995, an all-time record. The center has also calculated that the amount of Government spending on regulatory programs was $11.9 billion, the highest amount ever spent to run the regulatory apparatus.

Third, the number of pages in the Federal Register, the document in which all new regulations are published, was 64,914 in 1994, the highest since 1980.

Fourth, and perhaps most disturbing of all, the cost of Government regulation per American family is now $6,457 a year. Combined with the cost of taxes per household, the total cost of Government per family today is almost $20,000.

Now, according to the Americans for Tax Reform, in 1994 the average American had to work full time until July 10 to pay his or her share in the combined cost of Government taxes and regulations, a week longer than was the case in 1990. And that is not the only issue. Like any other tax, regulations raise the cost of consumer goods and services, lower wages, and increase unemployment. Regulations dampen investment and reduce technological innovation.

But the facts and theory do not tell the entire story. So let me share with you a few stories from my State of Michigan that illustrate the problem with Washington's excessive and overreaching regulatory system. Take, for example, the impact of the EPA's recent regulations governing the use and removal of lead-based paint on bridges. Because of this regulation, the toll on cars to cross the Mackinac Bridge in the Upper Peninsula of Michigan—and this connects the Upper and Lower Peninsula—is currently $1.50, one-third more than it would otherwise be.

There is a story behind this as told by Burton Fulsom of the Mackinac Center for Public Policy:

> For nearly 30 years after the Mackinac Bridge was completed in 1957, it was painted with a lead-based paint. Every 9 years or so, it was sandblasted and repainted. . . .To comply [with the EPA's paint regulation], the MACKinac Bridge Authority will soon be removing the bridge's paint by a process called ''enclosure,'' whereby the structure is cleaned with a tent-like covering to keep paint chips from falling into the water or blowing onto populated areas. The cost of the ''enclosure'' is staggering: Nearly $50 million, which the Authority wants to pay for by budgeting $2.2 million each year for the next 21 year. . .. Unfortunately, this ''enclosure'' scheme is a huge—

Huge and very questionable—

> spending of money.
>
> No one has ever documented any harm caused by paint chips falling off the Mackinac Bridge. The greater risk, in fact, may be to workers [who will be within the enclosures] inhaling the paint particles or having accidents during the enclosure process.

Mr. Fulsom further notes that the expenses and risks of EPA's mandated paint removal process are being undertaken despite the fact that the health risk from lead has been dramatically reduced.

For example, the Department of Health and Human Resources reports a sevenfold drop in national levels of lead in human blood in the last 25 years. Further, Lakes Michigan and Huron are up to four times cleaner than they were 25 years ago. And finally, as Mr. Fulsom has pointed out, most of the lead paint problem was from paint inside buildings, not outside, and especially not from the bridges.

Mr. President, this is a prime example of a rule promulgated by Washington bureaucrats that is too far reaching and that will produce little if any environmental gain but still will impose great costs on the citizens and businesses of Michigan's Upper Peninsula. Sometimes regulatory agencies actually demand that more dangerous procedures be used merely in order to protect the agency's power and authority.

To take another example from Michigan: The sediment on the bottom of Lake Michigan's Manistique Harbor contains quantities of PCB's. These contaminants can be cleaned either by capping them with a layer of clay or by dredging them up and out of the harbor. Capping would cost about $3.5 million. Dredging would cost nearly $15 million. Separate studies conducted by the EPA and private parties both concluded that capping would protect the environment better than dredging, which necessarily would stir up and release the PCB's into the harbor. Because capping is obviously the most cost-effective remedy, Michigan's Governor, John Engler, and the Michigan Department of Natural Resources and the Manistique local government, State representatives, and our congressional delegation all expressed support for capping rather than dredging the PCB's in the harbor.

Yet, for months on end, the EPA indicated it would require that the harbor be dredged. The EPA generally prefers dredging over capping, and an internal EPA memorandum states that allowing the harbor to be capped would set a ''risky precedent.'' Adherence to this position would bankrupt the Manistique economy, putting many people in the community out of work; all this while actually increasing PCB contamination.

Fortunately, it now appears that the EPA will allow the harbor to be capped, but this comes only after Manistique businesses incurred enormous legal fees and after I and the other members of the Michigan delegation repeatedly expressed our vehement opposition to dredging the harbor. Absent those extraordinary circumstances, there is no doubt that the EPA would have required that the harbor be dredged. Here then was one near miss in terms of regulatory overreach. But even if the regulations and their interpretations were rational, the cost of conforming with EPA paperwork requirements would still be staggering.

In yet another example, Kent County, MI, recently spent $300,000 on EPA-ordered work at a closed landfill. Of that amount, $80,000 was strictly for the cost of preparing reports for the agency. This means, Mr. President, that the taxpayers of Kent County, MI, paid $80,000, more than a quarter of the full cost of compliance, merely for paperwork filing. Nationwide, individuals and businesses spent about $200 billion to process paperwork and to pay legal and accounting fees, according to economist Thomas Hopkins from the Rochester Institute of Technology.

Mr. President, the need to lift the excessive red tape burden on America's small businesses—which are engines of job creation in our economy—is perhaps the most compelling reason for regulatory reform. Because of huge administrative and paperwork costs, regulation is disproportionately a burden to small- and medium-sized businesses. Small businesses simply do not have the resources to absorb the direct costs of regulation or hire lawyers, consultants, lobbyists, and accountants to comply with paperwork requirements. Indeed, complying with Government regulation has replaced making a profit or a better product as the primary concern of many of America's small business people.

According to a recent Arthur Andersen survey of 1,000 midsized businesses, 52 percent said Government regulation was their biggest challenge, while only 18 percent said turning a profit.

Mr. President, it seems clear, in my judgment, that regulations often unnecessarily distort business decisions. They make business people put their resources into filing paperwork instead of making profits. This increases product prices, reduces consumer choice, lowers quality, and even causes some businesses not to hire new workers. The Center for the Study of American Business provides real world examples of the negative consequences of regulation on job creation. Dr. Murray Weidenbaum of that center reports that:

> World Class Process Inc., a new and growing Pittsburgh processor of flat-rolled steel coils, has increased its work force to 49. According to the company's chief financial officer, ''We are going to keep it at 49 as long as we can,'' in order to avoid being subject to the 50 or more employees threshold for coverage under [various programs such as the Family Leave Act.]

Similarly, other studies indicate that firms are using 50 employees or other similar numerical limits as a basis to avoid various paperwork requirements of the Federal Government.

Mr. President, this does not help our economy. I submit we no longer can afford to ignore the concerns of small businesses. I understand that there will be amendments offered to our regulatory reform bill by Senators DOMENICI and BOND to ensure that the needs and certainly the problems of small business are adequately represented in the regulatory process. I will certainly support those efforts and urge my colleagues to do the same.

Mr. President, we have already begun to act with a new awareness to solve the problem of overregulation. Our legislation, in regard to unfunded mandates, which was passed and signed into law earlier this year, is a case in point. Through it, we recognized that Federal demands bring costs with them, and that these costs do not necessarily represent the best use of a city's, State's, or business' money.

But the most important step we can take to stem the tide of regulation, in my view, is the regulatory reform bill we will be debating. This bill will require rules to be cost-effective and require agencies to use sound science in assessing dangers to the public. It will

help prioritize risks, thereby targeting the use of our resources toward those activities and substances that pose the greatest risks. It will see to it that agencies take all pertinent information and all viable options into account before increasing the regulatory burden on the American people.

When combined with the unfunded mandates law, this regulatory reform bill will do much to free the American people from unnecessary regulations. In this way, it will increase consumer options, lower prices, increase productivity and, most important, increase the amount of freedom enjoyed by the American people.

Mr. President, in closing, I want to congratulate the majority leader and Senators HATCH, ROTH, NICKLES, MURKOWSKI, JOHNSTON, and others for their efforts in putting together this compromise measure. I believe there are provisions in this bill that could have been much stronger, such as the decisional criteria, judicial review, and sunset provisions, but I believe we have worked very conscientiously and in good faith on both sides to move us to the point of completing a very important piece of legislation, and I applaud those who have been central to those discussions.

It is my hope that ultimately we will have the kind of strong bill come out of our final deliberations and conference that will create the proper balance between the necessary health and safety and environmental needs of the American people, on the one hand, and the freedom and liberty that we all seek for our country on the other.

Mr. President, I yield the floor.

BUDGET RESOLUTION

Mr. ABRAHAM. Mr. President, I ask unanimous consent that the Senate now begin controlled debate on the budget conference report, and when the Senate receives the conference report, the time consumed be subtracted from the overall statutory time limitation.

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

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I ask unanimous consent to speak as in morning business, and the time I consume not be charged.

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

Mr. FEINGOLD. I thank the Chair.

(The remarks of Mr. FEINGOLD pertaining to the introduction of S. 983 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, are we on the resolution?

The PRESIDING OFFICER. Yes, we are debating the conference report. The Republicans have 2 hours 18 minutes. The Democrats have 2 hours 42 minutes.

Mr. DOMENICI. Mr. President, I want to speak for a moment to the offices of our Republican Senators. We have 2 hours 18 minutes and, hopefully, we are going to vote on this around 5 o'clock. I would even like to yield back some of our time. I will not do that until we have explored that with our Senators.

Senator COATS is going to speak now. The Senators that have asked me to speak—and I will confirm this now and if they or their administrative assistants would let us know if they will—are Senators NICKLES, STEVENS, MURKOWSKI, SNOWE, HELMS, COVERDELL, HUTCHISON, LOTT, BOND, GORTON, and DEWINE. Are there any others who would like to speak? And of these that I mentioned, could they call and tell us how much time they would like? Senator THOMAS is on the list now, too. I would like each Senator not to take more than 10 minutes. Does the Senator from Indiana need 15 minutes?

Mr. COATS. I do not think I will need more than that.

Mr. DOMENICI. I yield 15 minutes to the Senator from Indiana.

Mr. COATS. Mr. President, first, I want to take this opportunity to congratulate Senator DOMENICI and Congressman KASICH and the budget conferees for producing a historic blueprint that reprioritizes our Federal spending. It is a monumental piece of work, and they deserve a great deal of congratulations for the tireless efforts they put into producing this document.

Finally, Congress, under the leadership of Republicans, has delivered on a solemn promise made to the American people to balance the Federal budget. I am particularly pleased that the conferees recognized that they were able to balance the budget and provide family tax relief and economic growth incentives. These were once described as ''mutually exclusive goals.'' We have demonstrated by the budgets brought forth in each body, and resolved in conference, that they are not mutually exclusive goals. Meeting these objectives will ensure that our economy continues to thrive and our families find real relief, even as Federal spending is restrained.

Mr. President, there is courage in this budget—courage that I do not believe we have seen for decades, courage that makes this a historic moment. But I think if we are honest, we have to admit that it is courage without alternatives. The status quo may be comfortable for the time being, but it is not sustainable. The road that we have been marching down for these last several years has been wide and has been easy and has been politically pleasing; but that road ends with a precipitous drop into an abyss, from which this country may not recover. I think there has been a recognition of that, and that recognition has produced this document which we are debating today.

The figures are familiar, but they have not lost their power to shock. Our national debt currently stands at $4.8 trillion, which translates into $19,000 for every man, woman, and child in this Nation. And that figure as projected, if we do nothing except retain the status quo, will jump to $23,000 for every man, woman, and child by the year 2002. If we ignore this crisis, if we ignore this reality, a child born this year will pay $187,000, or more, over his or her lifetime just in interest on the national debt. That is unacceptable. We have recognized that as unacceptable, and we now bring forth a plan designed to address that very problem.

This argument for immediate change and immediate restraint is simple. It is one of the highest moral ideals and traditions in this Nation for parents to sacrifice for the sake of their children. It is the depth of selfishness to call on children to sacrifice for the sake of their parents. If we continue on the current path, we will violate a trust between generations, and we will earn the contempt of the future, and we will deserve that contempt.

What we are doing is wrong. It has been virtually immoral. It has violated a fundamental tradition and value that, I think, most Members hold to.

Now, there is no doubt that we need cuts in Government to balance the budget. But there is another reason. We need cuts in Government because Government itself is too large—too large in our economy, too large in our lives. Even if the books were balanced today, even if we faced no budget deficit, we would still need to provide a sober reassessment of the Federal Government's role and reach in our businesses, in our daily lives. This is not just a matter of money alone. We require cuts in Government because endless, useless, duplicative programs should not be reinvented, as the administration defines it. They should be eliminated.

We reject the vision of a passive Nation, where an arrogant Government sets the rules. We want to return not only to an affordable Government, but to a limited Government. Those limits will help unleash limited potential of our economy and of our people.

Now, the votes that we will make, or have to make in implementing this budget through the appropriation process and the reconciliation process, will likely be some of the toughest votes that any elected Member of Congress has ever been asked to cast.

If we are honest, again, most of those votes would not be tough calls for the people that we represent. They would not be tough calls for most Americans, though they seem momentous here as we look at it and try to weigh the political consequences.

But that is not what I find as I travel through Indiana. When I talk to the men and women of Indiana, they see what we are doing as a minimal commitment to common sense. A minimal commitment to doing what we should

have done a long time ago. A minimal commitment to doing what we are required to do or should feel we were required to do.

Changes made by this budget are bold, but they are not radical. They are ambitious, but they are not dangerous. It is a careful plan to meet a specific need. Listen to some of the facts: Under the budget resolution, Government spending will rise from its current legal of $1.5 trillion to $1.9 trillion by the year 2002. This is an increase of 30 percent. So all the doomsayers and the political rhetoric that is floating around this town and floating around the country, that we are undermining the very foundation of Government services, is simply not the case. It will be a 30-percent increase in Government spending over the next 7 years.

The difference is that increase is going to be a lot lower than what it would have been if we leave everything the same. We are going to increase spending at a slower rate. That increase at a slower rate is going to produce the savings necessary to bring our budget into balance.

A good example, if we take a family currently making $45,000 a year, if the income grew at the rate we allow Government to grow under this plan, that family would be making $63,000 into the year 2002, 7 years from now. Surely, a family could construct a budget to meet this higher level of spending. The Federal Government is being asked to do the same.

Now, there are honest disagreements about the merits and priorities of many of these reductions. I expect we will continue to have an honest, hard-fought, debate. We must not allow these deliberations to be ruled by half-truths or distortions. We will not allow, we cannot allow, political charges which are simply untrue, to remain unrebutted.

Every American, no matter what their age, has an interest in a strong, viable, Medicare System. But Medicare faces an impending crisis. The President's own commission concluded that Medicare will be bankrupt in 7 years.

The Republican budget ensures that this will not happen, that Medicare will remain a viable program. But we have no choice but to reduce the rate of growth, hopefully through reforms in the system, that can continue to provide a central medical care to our elderly and have a fund available to do that for those that will be approaching retirement age some time in the future.

It is important to note that Medicare will continue to increase at a 6.4-percent annual rate, to ensure the solvency of that program. That is down from its current double-digit growth rate of a little more than 10 percent.

But it is absolutely necessary to do this or we lose the whole system. It is the President's own commission and the President himself, now, who has acknowledged that this is the step that we must take, to ensure the solvency of Medicare and to assure that this program is available in the future.

As promised, Social Security remains untouched. Spending will increase in Social Security from the current annual total of $340 billion to $480 billion in 2002. One of our central goals here has been to protect the integrity of the Social Security System. We have done that. Social Security benefits must be preserved for the retirees who have paid into that system and count on that system. We have done that.

I firmly support this budget. It tackles not only our unsustainable budget deficit but also the needs of our families. America's deficit crisis concerns not only our budget but also a deficit in the resources of families to care for their own.

This deficit has been widened by ever-increasing taxation, and a steady erosion of the personal exemption. Many families are in current recession directly caused by Government policy.

A balanced budget and family-oriented, growth-oriented tax relief are part of the same movement in America, a movement to limit our Government on the one hand, and empower our people on the other. One idea implies and requires the other.

When we reduce public spending, we should increase proportionately the resources of families to meet their own needs. If Government no longer is going to provide and meet those needs or attempt to meet those needs, I should say, because as well-motivated and as well-intended as some of the Government programs are to reach family needs and reach social needs in this country, they have been a dismal failure, eaten up by administrative costs and simply not achieving their goals.

The results are beginning to address the problem. As we downsize the one, we increase the capability of the other. We give families, we give individuals, we empower communities, we empower nonprofit organizations, with the ability to reach out and address those needs in a much more effective way.

That is a good investment. That is a sound investment, because $1 spent by our families is far more useful than $1 spent by Government.

It is time to admit when our families fail, so does our society. Their financial crisis is as urgent and as important as any other priority in this debate. Now, Mr. President, another priority of mine has been to ensure that the Nation is represented to defend its interest and ideals in the world. The administration has pushed us to the razor's edge of readiness, through dangerous defense cuts, while extending our military commitments beyond our national interests. It is a recipe for disaster.

This budget ends that hemorrhaging. Even though it does not restore us to full strength, it stops the hemorrhages and begins to move toward a path of correcting the problems. For that reason, I am grateful as we markup, today, the defense bill for the next fiscal year, we are dealing with many of these difficult issues about what is necessary for our preparedness, what is necessary to provide an adequate, sound, defense.

Nobody can argue that is not a priority of the Federal Government. There is a role for Federal Government and this is, perhaps, its primary role.

Our decisions today in the Armed Services Committee, meeting as I speak—and I will be back there as soon as I am done—is easier today because of the decisions that the Budget Committee made in their conference. They have given the tools to address more readily some of these problems. We are thankful for that, although we did not get all we wanted.

Mr. President, we have come to the beginning of the end of deficit spending in America. Let me repeat that: We have come to the beginning of the end of deficit spending in America.

We have come to this place because there is no alternative for us. The work before us is not a task for the timid, but it is nothing more than what most Americans expect of us. We have come to a time that is unique and historic, an authentic moment of decision. It is a moment to act—worthy of our words—and keep faith with the future.

Again, I thank the Senator from New Mexico for the time and for his diligent efforts in this entire task, and again congratulate him for the magnificent work he has accomplished in this past year.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank Senator COATS for his remarks today and for his steadfast support of us getting to a balanced budget and his willingness to take some very, very hard stands with reference to getting there. In particular, I thank him for his kind remarks this morning.

We yield the floor on this side.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I would like to advise all Senators on this side, and I think I probably speak for my colleague on the other side, we are trying to compact time as best we can and yet give everybody at least a chance to make remarks they think are appropriate and very important. There are a lot of Senators who have indicated to me on this side, and I believe to Senator DOMENICI on that side, that they want to talk.

We need you here to talk. We cannot have you talking unless you are here to talk. So I certainly extend the invitation to all the Members on this side of the aisle who wish to talk; this will be a good time to come over here. Or, very likely, we will begin to be yielding back some time, if I can make an arrangement to that effect with my colleague from New Mexico.

With that, I yield 7 minutes to my colleague from Washington.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, this conference report takes a bad budget and makes it worse. No one disputes the fact the deficit must be reduced. For the past 2 years, we worked—with common sense—to slash one-third of the deficit we inherited in 1993. We made tough choices. We eliminated hundreds of programs, and cut hundreds more.

The new majority in this body has built upon our good record of cutting spending. I commend my friends on the other side of the aisle—they have responded to a call for smaller Government, and reduced spending.

But, they have gone too far. They are misunderstanding the needs of average Americans. The revolution has certainly come to Washington, DC, Mr. President, and, let us see who wins and who loses in the battle.

The richest Americans win, Mr. President. This conference report overflows with tax cuts for wealthy Americans. Households who earn $200,000 per year win—they get a nice tax break for their kids. What about families at the lowest end of the income scale? they are not even eligible for this tax break. And, what about the kids of middle-class Americans? They lose in the revolution, Mr. President. Ten billion dollars is slashed from student loans. And, children of low-income families will see their health insurance cut. Despite the fact the Senate voted unanimously for my amendment to protect impact aid from the budget ax, children who rely on this program are put in jeopardy.

And, what happens to the kids of our family farmers? They lose, too. This revolution will drive small family farmers out of business. This budget cuts $13 billion out of commodity programs over the next 7 years. There is no hope for them to inherit their family farms, and rural America will be changed forever by this budget resolution.

And, what happens to my generation—the children of elderly parents? We lose, too. Medicare—the safety net for our Nation's elderly—is pulled away from our parents, by a $270 billion cut. In this revolution, Mr. President, the children of America lose. The elderly lose. Farmers lose. And, veterans lose. Average Americans, trying to raise their kids, go to work, run a business, and care for elderly parents—they all lose.

Our Nation's precious environment is a loser in the revolution. This budget clear-cuts funding for environmental and natural resources initiatives. It proposes the leasing of the Arctic National Wildlife Refuge. It cuts environmental spending by 30 percent by the year 2000.

My friends and neighbors in Washington State know I will fight to maintain funding to clean up the Hanford Nuclear Reservation. With this budget, funding will be difficult to find. But, I refuse to turn my back on Hanford.

Of course, ultimately, our economy loses. This plan will place our economy at risk. Since the new majority has been in place, consumer confidence has been dropping and the economy has been slowing down. Americans feel embattled. Everyday people feel there is no hope. This budget does nothing to restore hope.

Mr. President, I will do all in my power to give hope to average Americans. To maintain the high standard of life we enjoy in this country. That is why I supported amendments in the Budget Committee and here on the floor last month—amendments that would have restored some Medicare and Medicaid cuts without increasing the deficit; amendments to lower the proposed taxes on America's working families. It is plain and simple—by cutting the earned income tax credit, this budget will raise taxes on 224,000 taxpayers in my home State alone.

Unfortunately, Mr. President, these attempts to restore some fairness and common sense to the budget were rejected.

But, this is just one step in the process. We have 13 appropriations bill, and a reconciliation bill, which must come before us—and go across the President's desk—before these cuts become reality. It is going to be a long, hot summer, Mr. President. As a member of the Appropriations Committee, I know the real work is yet to come. And, I will be working to make sure we retain programs that are important to average Americans.

As we see today, the budget that emerged from the House-Senate conference is too radical. It gives Goliath an advantage. I congratulate my friends on the other side of the aisle. This is their day. It is the day for the wealthiest among us to celebrate. But, it is a sorry day for average Americans.

I oppose this conference report, and urge all colleagues to vote against this budget.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend and colleague from Washington for a very excellent statement. She is a very valuable member of the Budget Committee and I hope her remarks are taken to heart.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I thank also the distinguished colleague from Delaware. I will be brief.

Mr. HOLLINGS. Mr. President, Mark Twain stated many years ago that, ''The truth is such a precious thing, it should be used very sparingly.''

Therein, of course, is the approach that we use in our budgetary and fiscal concerns here and problems and responsibilities in the U.S. Government.

I want to talk of the fraud that this particular budget, which we will vote upon, is exacting upon the American people. It is very striking and ironic that we have spent the past week talking about fraud on the investors, defrauding the taxpayers, and everything else. But the greatest fraud to be perpetrated is going to occur right here on the floor of the U.S. Senate later today. It is, once again, the so-called ''balanced budget plan.'' We have been lying about that balanced budget plan for some 15 years.

In that context, I think of my friend Vaclav Havel of Czechoslovakia. The late Senator from Washington, Senator Jackson, and myself had a unique opportunity. We were told in Prague, ''When you go out and see this dissident, you will be trailed.'' We went out in the residential area, and we sat down in a bedroom and waited to make sure that we were not followed. After about a half-hour, they said all was clear. Out of the closet door in the bedroom came Vaclav Havel. He had been in there for the last half-hour while we were waiting.

Trying to impress Mr. Havel with respect to the United States' commitments to getting these dissidents out, Senator Jackson mentioned Jackson-Vanik. Mr. Havel said, ''Jackson-Vanik?'' Jackson said, ''Yes, that is where we bring economic pressure so that we can get you out of Czechoslovakia.'' I will never forget Havel. He said, ''Mr. Senator, Czechoslovakia was raped in 1938, in 1958 and in 1968.'' He said, ''If I and my generation do not see it through here and stay in Czechoslovakia, the world will never know Czechoslovakia as we have known it.'' He said, ''We have no idea of leaving. We are not interested in Jackson-Vanik.''

On the way to the airport, I broke the silence and said, ''Scoop, that fellow is very courageous, but he is not going to see a free Czechoslovakia, and we are not going to see it in our lifetime.'' But of course, Czechoslovakia is now free. I was very interested in Havel's remarks after taking over as the President of Czechoslovakia. He said:

> For 40 years, we have been lied to. For 40 years, we have grown sicker, saying one thing and believing another. I assume you did not elect me to continue this 40 years of lying. We have to deal with our problems, and no one else can solve them but us.

In a parallel situation, Mr. President, that is exactly the way this Senator rises—as a member of the Budget Committee since its institution, as former chairman of that Budget Committee, as a Senator who voted for a balanced budget under Lyndon Johnson, and who, as chairman of that Budget Committee, reduced the deficit back in 1981 under President Carter with the first reconciliation bill, as a Senator who worked with the then majority leader, Howard Baker of Tennessee, on a freeze that we could not enact, and as a Senator who worked on a bipartisan fashion again with Senators GRAMM and Rudman on not only a freeze but cuts in Government spending, then, as the Senator who appeared 5 years ago before the Finance Committee saying,

''Of course we need the freeze, the cuts, and the taxes,'' recommending a value-added tax.

I have been in the vineyards for quite a while and hate to see this fraud perpetrated. The fraud and the lie, Mr. President, is that they have no idea of balancing the budget.

Turn to page 3 of the conference report, and you will see under the word ''Deficits,'' for the year 2002: $108.4 billion. There is no presumption that the budget is going to be balanced.

Let me point out now by turning to page 4, the true deficit. Page 3 shows the amounts that we will owe Social Security, but the figures on page 4 include borrowed monies from the other trust funds that must be repaid. We all know about building airports, building highways; all of the other trust funds are used to obscure the size of the deficit in this fraud. We all participate in it.

There on page 4 where it says ''debt increase,'' we find in fiscal year 2002, the debt will increase by $185.1 billion.

After all the eliminations of the Department of Commerce and other departments, getting rid of public broadcasting—whatever—that is where we end up 7 years from now if we use the most favorable assumptions.

But when those assumptions do not come about, like a house of cards, if one falls, the whole thing will come apart. That is what will happen. I will make the bet. Give me the odds and give me the amount. I bet we will borrow over $185.1 billion. I have made this point ad nauseam since January when we started on this task with a new Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD, the realities on truth in budgeting.

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

HOLLINGS RELEASES REALITIES ON TRUTH IN BUDGETING

Reality No. 1: $1.2 trillion in spending cuts is necessary.

Reality No. 2: There aren't enough savings in entitlements. Have welfare reform, but a jobs program will cost; savings are questionable. Health reform can and should save some, but slowing growth from 10 to 5 percent doesn't offer enough savings. Social Security won't be cut and will be off-budget again.

Reality No. 3: We should hold the line on the budget on Defense; that would be no savings.

Reality No. 4: Savings must come from freezes and cuts in domestic discretionary spending but that's not enough to stop hemorrhaging interest costs.

Reality No. 5: Taxes are necessary to stop hemorrhage in interest costs.

	1996	1997	1998	1999	2000	2001	2002
Deficit CBO Jan. 1995 (using trust funds)	207	224	225	253	284	297	322
Freeze discretionary outlays after 1998	0	0	0	−19	−38	−58	−78
Spending cuts	−37	−74	−111	−128	−146	−163	−180
Interest savings	−1	−5	−11	−20	−32	−46	−64
Total savings ($1.2 trillion)	−38	−79	−122	−167	−216	−267	−322
Remaining deficit using trust funds	169	145	103	86	68	30	0
Remaining deficit excluding trust funds	287	264	222	202	185	149	121
5 percent VAT	96	155	172	184	190	196	200
Net deficit excluding trust funds	187	97	27	(17)	(54)	(111)	(159)
Gross debt	5,142	5,257	5,300	5,305	5,272	5,200	5,091
Average interest rate on debt (percent)	7.0	7.1	6.9	6.8	6.7	6.7	6.7
Interest cost on the debt	367	370	368	368	366	360	354

Note.—Figures are in billions. Figures don't include the billions necessary for a middle-class tax cut.

Here is a list of the kinds of nondefense discretionary spending cuts that would be necessary now as a first step to get $37 billion of savings and put the country on the road to a balanced budget:

Nondefense discretionary spending cuts	1996	1997
Cut space station	2.1	2.1
Eliminate CDBG	2.0	2.0
Eliminate low-income home energy assistance	1.4	1.5
Eliminate arts funding	1.0	1.0
Eliminate funding for campus based aid	1.4	1.4
Eliminate funding for impact aid	1.0	1.0
Reduce law enforcement funding to control drugs	1.5	1.8
Eliminate Federal wastewater grants	0.8	1.6
Eliminate SBA loans	0.21	0.282
Reduce Federal aid for mass transit	0.5	0.1
Eliminate EDA	0.02	0.1
Reduce Federal rent subsidies	0.1	0.2
Reduce overhead for university research	0.2	0.3
Repeal Davis-Bacon	0.2	0.5
Reduce State Dept. funding and end misc. activities	0.1	0.2
End P.L. 480 title I and III sales	0.4	0.6
Eliminate overseas broadcasting	0.458	0.570
Eliminate the Bureau of Mines	0.1	0.2
Eliminate expansion of rural housing assistance	0.1	0.2
Eliminate USTTA	0.012	0.16
Eliminate ATP	0.1	0.2
Eliminate airport grant in aids	0.3	1.0
Eliminate Federal highway demonstration projects	0.1	0.3
Eliminate Amtrak subsidies	0.4	0.4
Eliminate RDA loan guarantees	0.0	0.1
Eliminate Appalachian Regional Commission	0.0	0.1
Eliminate untargeted funds for math and science	0.1	0.2
Cut Federal salaries by 4 percent	4.0	4.0
Charge Federal employees commercial rates for parking	0.1	0.1
Reduce agricultural research extension activities	0.2	0.2
Cancel advanced solid rocket motor	0.3	0.4
Eliminate legal services	0.4	0.4
Reduce Federal travel by 30 percent	0.4	0.4
Reduce energy funding for Energy Technology Develop.	0.2	0.5
Reduce Superfund cleanup costs	0.2	0.4
Reduce REA subsidies	0.1	0.1
Eliminate postal subsidies for nonprofits	0.1	0.1
Reduce NIH funding	0.5	1.1
Eliminate Federal Crop Insurance Program	0.3	0.3
Reduce Justice State-local assistance grants	0.1	0.2
Reduce export-import direct loans	0.1	0.2
Eliminate library programs	0.1	0.1
Modify Service Contract Act	0.2	0.2
Eliminate HUD special purpose grants	0.2	0.3
Reduce housing programs	0.4	1.0
Eliminate Community Investment Program	0.1	0.4
Reduce Strategic Petroleum Program	0.1	0.1
Eliminate Senior Community Service Program	0.1	0.4
Reduce USDA spending for export marketing	0.02	0.02
Reduce maternal and child health grants	0.2	0.4
Close veterans hospitals	0.1	0.2
Reduce number of political employees	0.1	0.1
Reduce management costs for VA health care	0.2	0.4
Reduce PMA subsidy	0.0	1.2
Reduce below cost timber sales	0.0	0.1
Reduce the legislative branch 15 percent	0.3	0.3
Eliminate Small Business Development Centers	0.056	0.074
Eliminate minority assistance score, small business interstate and other technical assistance programs, women's business assistance, international trade assistance, empowerment zones	0.033	0.046
Eliminate new State Department construction projects	0.010	0.023
Eliminate Int'l Boundaries and Water Commission	0.013	0.02
Eliminate Asia Foundation	0.013	0.015
Eliminate International Fisheries Commission	0.015	0.015
Eliminate Arms Control Disarmament Agency	0.041	0.054
Eliminate NED	0.014	0.034
Eliminate Fulbright and other international exchanges	0.119	0.207
Eliminate North-South Center	0.002	0.004
Eliminate U.S. contribution to WHO, OAS, and other international organizations including the United Nations	0.873	0.873
Eliminate participation in U.N. peacekeeping	0.533	0.533
Eliminate Byrne grant	0.112	0.306
Eliminate Community Policing Program	0.286	0.780
Moratorium on new Federal prison construction	0.208	0.140
Reduce Coast Guard 10 percent	0.208	0.260
Eliminate Manufacturing Extension Program	0.03	0.06
Eliminate coastal zone management	0.03	0.06
Eliminate national Marine sanctuaries	0.007	0.012
Eliminate climate and global change research	0.047	0.078
Eliminate national sea grant	0.032	0.054
Eliminate State weather modification grant	0.002	0.003
Cut weather service operations 10 percent	0.031	0.051
Eliminate regional climate centers	0.002	0.003
Eliminate Minority Business Development Agency	0.022	0.044
Eliminate Public Telecommunications Facilities Program grant	0.003	0.016
Eliminate children's educational television	0.0	0.002
Eliminate national information infrastructure grant	0.001	0.032
Cut Pell grants 20 percent	0.250	1.24
Eliminate education research	0.042	0.283
Cut Head Start 50 percent	0.840	1.8
Eliminate meals and services for the elderly	0.335	0.473
Eliminate title II social service block grant	2.7	2.8
Eliminate community services block grant	0.317	0.470
Eliminate rehabilitation services	1.85	2.30
Eliminate vocational education	0.176	1.2
Reduce chapter 1 20 percent	0.173	1.16
Reduce special education 20 percent	0.072	0.480
Eliminate bilingual education	0.029	0.196
Eliminate JTPA	0.250	4.5
Eliminate child welfare services	0.240	0.289
Eliminate CDC Breast Cancer Program	0.048	0.089
Eliminate CDC AIDS Control Program	0.283	0.525
Eliminate Ryan White AIDS Program	0.228	0.468
Eliminate maternal and child health	0.246	0.506
Eliminate Family Planning Program	0.069	0.143
Eliminate CDC Immunization Program	0.168	0.345
Eliminate Tuberculosis Program	0.042	0.087
Eliminate agricultural research service	0.546	0.656
Reduce WIC 50 percent	1.579	1.735
Eliminate TEFAP:		
Administrative	0.024	0.040
Commodities	0.025	0.025
Reduce cooperative State research service 20 percent	0.044	0.070
Reduce animal plant health inspection service 10 percent	0.036	0.044
Reduce food safety inspection service 10 percent	0.047	0.052
Total	36.941	58.402

Note.—Figures are in billions of dollars.

Mr. HOLLINGS. Mr. President I ask unanimous consent to have a list of the gross Federal debt, the real deficit and the gross interest costs printed in the RECORD.

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

Year	Gross Federal debt	Real deficit	Percent change	Gross interest
1945	260.1	—	(—)	
1946	271.0	+10.9	(+4.2)	
1947	257.1	−13.9	(−5.1)	
1948	252.0	−5.1	(−2.0)	
1949	252.6	+0.6	(—)	
1950	256.9	+4.3	(+1.7)	
1951	255.3	−1.6	(−0.6)	
1952	259.1	+3.8	(+1.5)	
1953	266.0	+6.9	(+2.7)	
1954	270.8	+4.8	(+1.9)	
1955	274.4	+3.6	(+1.3)	
1956	272.7	−1.7	(−0.6)	
1957	272.3	−0.4	(−0.1)	
1958	279.7	+7.4	(+2.7)	
1959	287.5	+7.8	(+2.8)	
1960	290.5	+3.0	(+1.0)	
1961	292.6	+2.1	(+0.7)	

Year	Gross Federal debt	Real deficit	Percent change	Gross interest
1962	302.9	+10.3	(+3.5)	9.1
1963	310.3	+7.4	(+2.4)	9.9
1964	316.1	+5.8	(+1.8)	10.7
1965	322.3	+6.2	(+2.0)	11.3
1966	328.5	+6.2	(+1.9)	12.0
1967	340.4	+11.9	(+3.6)	13.4
1968	368.7	+28.3	(+8.3)	14.6
1969	365.8	−2.9	(−0.8)	16.6
1970	380.9	+15.1	(+4.1)	19.3
1971	408.2	+27.3	(+7.2)	21.0
1972	435.9	+27.7	(+6.8)	21.8
1973	466.3	+30.4	(+7.0)	24.2
1974	483.9	+17.6	(+3.8)	29.3
1975	541.9	+58.0	(+12.0)	32.7
1976	629.0	+87.1	(+16.1)	37.1
1977	706.4	+77.4	(+12.3)	41.9
1978	776.6	+70.2	(+9.9)	48.7
1979	829.5	+52.9	(+6.8)	59.9
1980	909.1	+79.6	(+9.6)	74.8
1981	994.8	+85.7	(+9.4)	95.5
1982	1,137.3	+142.5	(+14.3)	117.2
1983	1,371.7	+234.4	(+20.6)	128.7
1984	1,564.7	+193.0	(+14.1)	153.9
1985	1,817.6	+252.9	(+16.2)	178.9
1986	2,120.6	+303.0	(+16.7)	190.3
1987	2,346.1	+225.5	(+10.6)	195.3
1988	2,601.3	+255.2	(+10.9)	214.1
1989	2,868.0	+266.7	(+10.3)	240.9
1990	3,206.6	+338.6	(+11.8)	264.7
1991	3,598.5	+391.9	(+12.2)	285.5
1992	4,002.1	+403.6	(+11.2)	292.3
1993	4,351.4	+349.3	(+8.7)	292.5
1994	4,643.7	+292.3	(+6.7)	296.3
1995 est	4,961.5	+317.8	(+6.8)	340.0

Mr. HOLLINGS. Mr. President, what really happens is that there is a total disconnect in the American people. Over the years, we have led the American public to really believe that all we need to do is eliminate foreign aid, cut welfare, get rid of public broadcasting and a few of the subsidies for the farmers—and that if we can get rid of those things, we will have a balanced budget.

Not at all. No chance whatever. The bigness of Government that we all complain about, and we all say Government is too big, is the interest cost on the national debt. The interest cost on the national debt jumps this year for a total amount of $340 billion. When we balanced that budget, as I referred to, under President Johnson, the interest cost on the entire debt for 200 years of history—the revolutionary world, World War I, World War II, Korea, all the wars—the interest on the national debt was only $4 billion. Today, this fiscal year, it is estimated at $340 billion.

We are like Alice in Wonderland, to stay where you are, you have got to run as fast as you can; to get ahead, you have to run faster. We need freezes, yes; the cuts, yes; the loophole closings, yes; and yes, the taxes. We do not tell the American people the truth, and that is the source of the disconnect.

What we have is this particular budget that has no idea, really, of achieving balance. The scheme adopted by our friends in the House is to appear traumatic and race around and say, ''Get rid of Energy, Education, Housing, the Department of Commerce, do it all, those friends over in the Senate will save us. They will not get rid of all these departments. While we have their attention up here, down here we will give them a tax cut. We will get the White House next year, and get credit for a balanced budget plan. Then we can say that the reason it did not work is those tax and spend liberals who held it up.''

Now, that is the fraud being perpetrated. Mr. President, I ask unanimous consent to have printed in the RECORD the Washington Post editorial lauding this budget as an enormous service, and my response.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 25, 1995]

THE REPUBLICAN LONG MARCH

At every step along the way, the prediction has been that the congressional Republicans would falter in their drive toward a balanced budget. So far it hasn't happened. The astonishing spectacle instead has been of a party doing pretty much exactly what it said it would. What a breach of the rules that is.

House and Senate conferees have now agreed on a plan to eliminate the budget deficit in seven years and, once the necessary spending cuts are made, to enact a tax cut as well. The president and other Democrats say the spending cuts would be too deep, in Medicare and Medicaid especially, and carry the risk of recession. But the president himself has proposed a plan that he says would get to balance over 10 years. They're arguing not over whether to shrink the government, but over how much and how fast. That's the Republicans' accomplishment.

The budget resolution that has emerged from the conference committee is an outline only. The hard part of filling in the blanks—making the specific cuts in specific programs that will be required to carry the good intentions out—has yet to come. That's what the president and the Republicans are going to be disputing all summer. What are some of the principles that should guide them?

(1) A balanced budget is a useful political beacon but otherwise an artificial goal. The important thing is not so much achieving balance as getting the deficit down to a manageable level. Interest costs were a tenth of the budget at the start of the Reagan administration. They've become a seventh today. The more that has to be spent to service the debt, the less that remains . . . the kudzu has to be cut back.

(2) A tax cut now remains a bad idea. If the deficit is the problem, why begin by compounding it? Nor should cuts be made in health care and other programs for the poor in order to finance a tax cut, some large part of which will be of principal benefit to the better-off.

(3) The Republicans are trying to balance the budget on too narrow a base. By taking Social Security off the cutting block (together with defense and interest on the debt), they've left themselves less than half the budget with which to work. That's why they've had to propose such deep cuts in the health care programs; the cuts they've set out for Medicaid in particular would do great social harm. The program for the poor and near-poor now covers a seventh of the population. Savings can be had, but nowhere near the savings the budget resolution suggests without adding greatly to the number of uninsured in the society. Surely there's no gain in that. The budget-balancing process ought to extend across the board. We've suggested an indexation holiday—a one-year suspension of indexation of Social Security and other retirement benefits and the indexed features of the tax code—as one method. There are others.

But in writing the resolution that they have, the Republicans have performed an enormous service. If the deficit comes down substantially this year, it will be because they forced it to. You can argue all you want that it was their party that mainly drove it up in the 1980s and that resisted the deficit-reducing steps that Mr. Clinton proposed earlier in his term. That was then; this is now.

SENATOR HOLLINGS' RESPONSE

The Washington Post's muddled praise Sunday of the Republican budget plan proves that, when it comes to budget-balancing, if you are not confused, you are not paying attention. Here are the three budgetary myths to which the Post unfortunately gave credibility:

First, Republicans complain long and loud that big government has produced big deficits. Nonsense. We have had big government with deficits and without deficits. We also have had a country with and without big government. History suggests that big government is a fact of life if we want a high standard of living—superhighways instead of winding State roads, safe landings at big airports instead of private puddle-jumpers, insured bank deposits instead of shocking runs, benefits for veterans instead of a mere thank you, and heart surgery if necessary instead of unknown on the death certificate. Name any other country that has our standard of living and less government—you can't.

The second myth is that the Republican plan is a budget balancing plan. No, it is a tax cut plan for a Republican constituency. Budget conferees had a knockdown fight to provide tax cuts big enough to satisfy certain constituents in next year's elections. Other budget items for the sick elderly and children were then cut to fit the tax cut goals.

The third myth is that this tax cut plan represents government reform. More accurately, it is a phenomenon known in sports as the buddy pass—a player trapped by an on-rushing opponent makes a quick pass to a near-by buddy, who then gets crushed instead. In this case, Congress will invite the 50 Governors and thousands of mayors to cut welfare and Medicaid $282 billion. Also fantastically large Medicare cuts will be suggested by a future Commission and then rejected by a bipartisan Congress. while this interesting charade plays itself out, the Republican Congress will hand out the abovementioned capital gains cut. If this process produces a balanced budget or a reformed government instead of devastation for hospitals and cities, I will eat my hat.

These myths hide the central truth of recent budget history: Skyrocketing costs for interest on the debt are the main cause of apparent big government. Since 1980, we have added an extra $275 billion in creditor payments for government debt service to the taxpayer's bill. In other words, taxpayers have bought an extra Defense Department or Medicare program—take your pick. Without having it delivered. Last year, interest costs rose $44 billion; Medicare rose $16 billion—which one is being attacked? The Republican plan to hand out a certain huge tax cut and unrealistic program cuts will continue to result in a continued Reagonomic interest spiral. By now, the Post should know that this is not an enormous service.

Mr. HOLLINGS. Then why is the budget not real, Mr. President? Simply speaking, it calls for $499 billion in cuts. All along Republicans have been carping that it was entitlements that were the problem. But now to finance a tax cuts, massive reductions must be required in programs like biomedical research and education that will never occur.

Mr. President, I tried for half the level of discretionary cuts back during Gramm-Rudman-Hollings. But when we got to the short rolls in 1990, we bugged out and repealed the fixed deficit targets of Gramm-Rudman-Hollings. I raised the point of order at 12:40, on October 19, 12:41 a.m, and Senator GRAMM and Senator Rudman voted to repeal it. This Senator did not. I raised a point of order. If we could not do it then, how are we going to do it now?

The next thing, of course, Mr. President, is the $270 billion in Medicare. The President tried his first year and we finally compromised without a single Republican vote, cutting $57 billion. That is what we had the compromise down to. Last year the President proposed another $120 billion as part of comprehensive health care reform, and they rebuffed him, ridiculed his wife, and said, ''No way.''

Now they come with a totally unrealistic figure of $270 billion, and because they do not want to endorse any specific cuts, they give it to a commission. What a copout. Talk about ''Where's Bill,'' and all these signs on the floor—where is the Congress' responsibility? Give it to a commission—come on.

Then they cannot find $182 billion in specific cuts for Medicaid. That is not going to happen. So they give that to the States. Also, $100 billion in welfare cuts. They do not want to do it, give that to the States.

Then they come around with the greatest gimmick of all, what they call the interest or fiscal dividend—the interest bonus of $170 billion.

Now, Mr. President, we tried that in 1990. I am going to insert in the RECORD the exact figure. Here it is: The fiscal year 1991 budget, 5 years ago. Under that plan, the deficit in 1991 was supposed to go down to $64 billion, and in 1992 down to $8.9 billion; 1993, we were to have a surplus of $44.8 billion; 1994, $108.5 billion; 1995, this fiscal year, Mr. President, imagine that—here we have a document that said this year we are going to have a surplus of $156.2 billion.

We got that using the fiscal dividend. We had all these bonuses—how the interest costs were going down and everything else, so we have been through this 5 years ago. If you read Time magazine, the cover says, ''First Balanced Budget Presented in Decades.'' False, we presented a surplus just 5 years ago.

Look at these plans. Sober up. Tell the truth to the American people. No chance of that welfare cut, that Medicare cut, that Medicaid cut, and the program cuts. Other Members know it and I know it. So the distinguished chairman of the Budget Committee comes over on the Senate side and says, ''No, no, no, wait a minute. We want the cuts before we get the tax cut.'' See, the $170 billion is used for a tax cut.

I want everyone to turn to page 89, going quickly. ''The conferees agree that the $245 billion net tax cut represents an appropriate balance between accommodating the tax cuts in the House-passed Contract With America and the need to put the deficit on a declining path to a balanced budget in the year 2002.''

What balanced budget? Turn to page 4; it says a $185 billion deficit. But here on page 89, now, the Senate has yielded to the House and they have in here—all you have to do is give your assumptions to CBO and the CBO says yes, with those assumptions that will happen. And with that assumption verified just by giving it to them—not the actual cuts, not the actual votes for it—then you give it to the Finance Committee and they authorize for a $245 billion tax cut.

And therein, again, is the conspiracy, the conniving conspiracy going into that conference, where they did not invite this Senator, I can tell you. We had opening statements when we had the communications bill. When they finally agreed, they came to my staff and said, ''Does Senator HOLLINGS want to sign the conference report?''

He said, ''He hasn't even been to a meeting. You would not even let us come to a meeting. But he could maybe sign it. Let us look at it and see it.''

He said, ''No, we cannot give you the details. You either sign it or do not sign it.''

So we did not sign it. Because they knew good and well I can read, and I have been reading them for 20-some years now. This is an absolute fraud on the American public. What you have now is a tax cut. You are going to have bigger deficits. You are going to have the interest costs going from $300 billion at least, to $500 billion by the year 2002. And we have the same act, the same scene.

In conclusion, let me just read, so we get a historical perspective here, and the historical perspective is what was stated by our friend, David Stockman, who handled all of these budgets in years past. Stockman said 5 years ago:

> The root problem goes back to the July 1981 frenzy of excessive and imprudent tax cutting that shattered the Nation's fiscal stability, a noisy faction of Republicans that willfully denied this giant mistake of fiscal governance and their own culpability in it ever since. Instead, they have incessantly poisoned the political debate with a mindless stream of antitax venom, while pretending that economic growth and spending cuts alone could cure the deficit. It ought to be obvious by now that we cannot grow our way out.

There it is, Mr. President. They do not give this to CBO. They do not give it to the Democratic colleagues. They do not have it scored. They just come in here with a quick, ''We got 5 hours more left. Let's just vote it up or down and, whoopee, we will go home for the Fourth of July; we have a balanced budget.''

We are lying to the American people and it should stop.

Mr. EXON. Mr. President, I see no one on the floor so I suggest the absence of a quorum, with the time being equally charged. Which is another way of saying to anyone who wishes to speak, the longer the quorum call is in effect, the less time you will have to talk.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. THOMAS. Mr. President, I rise again on what I think is a momentous day in which, for the first time in many years, this Congress is going to agree to balance the budget. I think clearly that message has been delivered by the voters in the country; more specifically, in the last election in November. When I say clearly, the people said the Federal Government is too large, it costs too much, that it continues to grow, and it continues to be more predominant.

So, Mr. President, I think this is the delivery on some of the promises that have been made, made by this party, made to some extent by this Congress. But I am very proud of this budget that has been brought forward by the majority party.

So it seems to me that we have delivered on the promise to balance the budget for the first time in over a generation. The Congress will pass a blueprint to bring a balanced budget in the year 2002. It means a dropping of interest rates of up to 2 percent, the creation of 6 million jobs in 10 years, increasing per capita incomes, and over 7 years the Federal Government will spend $12 trillion instead of $13 trillion. Spending will increase at a rate of 3 percent instead of 5 percent.

I think the majority party is, and those who support this budget proposal are, delivering by not using smoke and mirrors. I think it is fair to say that, over the years, there has been an awfully lot of smoke and mirrors on financial matters, saying things that feel good somewhere out in the future. Somehow those future years never come. But this budget resolution relies on the estimates of the Congressional Budget Office which President Clinton in 1993 insisted be used as a yardstick.

So I think we are delivering on the idea of no smoke and mirrors, delivering on the idea that the figures can be counted on. I believe supporters of this

resolution are delivering on their promises to cut taxes. As you will recall, this administration hardly waited to unpack its bags before raising taxes $251 billion in 1993.

One of the steps involved in this proposition, however, is to give American families a tax refund, $245 billion that will relieve the burden on families, that will allow potentially for the per child tax credit for families, capital gains reduction, marriage penalty relief, American dream savings, new IRA's, senior citizens tax relief, and progrowth economic tax incentives. But a very important aspect of it is that, in order for those tax reductions to be made available, there has to be a certification by the Congressional Budget Office that the growth reductions will yield a dividend to do this, that will yield a dividend to allow for tax reductions.

Supporters of this resolution are delivering on their promise to downsize Government. It started right here in the Congress. It started this year—reduce some of the expenditures of the legislative branch. Foreign aid is being reduced, overall discretionary spending is down by $190 billion, and the Commerce Department phased out.

Supporters will be delivering on their promise to strengthen the Nation's defense. The conference report restores more than $33 billion of President Clinton's $150 billion defense cut over the next 7 years, defense being certainly a priority issue, a priority function of the Federal Government.

Supporters of this budget are delivering on their promise to preserve and protect and strengthen Medicare. We have been over this. Clearly, if nothing is done, Medicare is bankrupt; without a reserve fund in 2 years, bankrupt in 7 years. Nobody wants to see that happen. But you have to make some change. We organize the delivery of services and reduce that level of spending from 10 percent a year to 7 percent a year. Spending will increase on a per capita basis from $4,800 a year now at the end of 7 years to $6,400 a year, which includes growth in the numbers.

Supporters of this resolution are delivering on their promise to improve Medicaid. Bureaucracy is eliminated in favor of allowing States to decide. I can tell you that there is a lot of difference in the kind of delivery program that is necessary in Ten Sleep, WY, than in Philadelphia. There needs to be that kind of flexibility to do it. The Federal Medicaid spending will grow, however, from $89 billion this year to $124 billion. We heard all of this talk about cuts. That is the kind of growth.

Supporters of this resolution will keep their promise to protect Social Security. During the debate on the balanced budget amendment, you will recall that the opposition continued to say they were going to balance the budget on the back of Social Security. That is not true. Social Security is not a part of this balanced budget.

Also, the supporters of this resolution keep their promise in reforming welfare. This conference report contemplates a savings of nearly $100 billion in welfare, again by moving these kinds of decisions to the States.

So, Mr. President, I think it is not only a remarkable day in terms of the fact that for the first time in many years we will agree to balance the budget, but I think maybe more importantly in a republic, in a democracy, it is vital that you and I as voters are given information that is valid, are given information that is true, information that we can depend on.

So I think the supporters of this budget conference report have delivered on these promises, and I am very pleased and very proud to be a supporter of this conference report.

Mr. President, I yield the floor.

Mr. EXON. Mr. President, I yield 15 minutes in combination between three Senators who wish to discuss this very important matter, the Senators from Connecticut, Washington, and Wisconsin. I will allow them to divide the 15 minutes among themselves as they see fit.

Mr. DODD. Mr. President, I thank our colleague from Nebraska. I do not yet see our colleague from Wisconsin. I know he may be on his way over here, so we will do the best we can.

First of all, Mr. President, let me commend the chairman of the Budget Committee, my friend and colleague from New Mexico, Senator DOMENICI, for doing a good job. I have strong disagreements with the conference agreement, but I say to my colleagues that the efforts made by our colleagues on the Republican side here are certainly vastly superior to what our Republican colleagues on the House side were proposing. They have managed to pare back the House proposal. But I am still deeply concerned about the direction, the agenda, and the priorities included in this budget.

So I thank them for the work they have done, but, frankly, it was not successful enough, in my view. It asks seniors, students and working Americans to get out and pull the wagon by themselves—while those best able to do the work sit back comfortably and enjoy the ride.

My concern is that with this budget, no matter how you cut this, no matter how you sort it out, at the end of the day, does the following things: It slashes Medicare substantially and, in my view, and unnecessarily. It goes after education in this country. It slashes college opportunities, a critical issue for working families in this Nation. And it goes after wages of working families as well.

I might point out that the tax cuts go far beyond what I think ought to be part of a budget resolution that has as its underlying goal to achieve a balanced budget, and distribute responsibility and sacrifice fairly in this country.

Mr. President, despite the efforts of our friends on the other side of this Chamber, the fact is this budget still is unfair, no matter how you look at it.

Mr. President, let me just point out, if I can, a couple of things. My colleague from Washington is here, and I am going to ask her to join me in this discussion. The fact is the Medicare savings in this budget—despite all of these charts, no matter how they try to engage in the old shell and pea game of moving the numbers around quickly—are going to have a very significant impact on older Americans—35 million today. They are going to have their out-of-pocket Medicare costs go up roughly $3,400 over the life of this budget proposal. Presently, Americans over the age of 65 are paying about $3,000 in out-of-pocket expenses. In my State, it is higher because it is a higher cost State, but roughly $3,000.

Now, I want my colleagues to keep in mind these numbers. Of the 35 million people who are on Medicaid, about 95 percent of them have incomes of $50,000 or less. 8.8 million—of the 35 million have incomes of $10,000 or less. The median income of a Medicare recipient is roughly $17,000 a year.

Today, you have $3,000 in out-of-pocket expenses, and if this budget is adopted, over the life of this budget, those out-of-pocket expenses will increase by $3,400. Now, if you are making $17,000 a year and on Medicaid, and you have those kinds of out-of-pocket expenses, I do not care how you try to sell this, that is a heavy, heavy burden to bear.

So I ask my colleagues—and I see them both here—from Wisconsin and the State of Washington, I do not know exactly what the numbers are in their States, but I ask them whether or not this is going to also hit their elderly population as strongly as it is going to hit those in Connecticut. I ask my colleague from Washington if she would care to comment on this.

Mrs. MURRAY. I thank my colleague from Connecticut. He has hit exactly why I am so saddened and concerned by this budget proposal that obviously has the numbers and will pass this Congress this week.

He has pointed out to us who is going to be hurt in this budget, and it certainly is middle class, average Americans. And they are going to see it everywhere. It is for people like me before I came to this body, who are responsible for raising their kids and taking care of their parents and earning middle-income salaries, who are going to feel the effects. Their kids will not be able to go to college; they will not be able to afford it. Programs in their schools will be gone. Goals 2000, the one hope we have given to kids that we were going to try to improve their education, parents will see that removed for their children.

The young families who are worried about their aging parents on Medicare not only have to worry about the costs to their parents going up by $3,200, as my colleague has pointed out, but those families that are trying to rush

to work and care for their kids and worry about their education are going to receive increased calls from their parents saying: Can you help me out? I cannot get to the doctor today. I just cannot afford it. That burden and that stress is going to come out in every walk of our families' lives.

And who will bear the real brunt of that stress as we go through this will be the children. So much we hear about children on this floor and why they need a balanced budget. Well, the stress that is put on our kids, the loss to them is really going to be felt, and I think it is a sad day.

I think my colleague from Connecticut would agree with me.

Mr. DODD. I ask my colleague from Wisconsin if he would care to comment on this as well.

Mr. FEINGOLD. I thank my colleague. I have had a very nice week here, meeting some of my constituents from Wisconsin, my home State, a lot of kids with farm backgrounds, rural backgrounds, kids from Future Farmers of America and 4–H. These are all groups that have helped produce the backbone of our State throughout our history and it continues today, with the very hard times of farm families.

The interesting thing I noted was that the concern was consistent with regard to the rural kids and the urban kids. Their question was, what is this budget going to do to my opportunity to go to college? What is this going to mean in terms of student loans, in terms of Pell grants?

It is bad enough as it is. Families even before we started looking at the Republican budget were worried sick about paying for college education, even at a State institution such as the University of Wisconsin. When I went to the University of Wisconsin, a 4-year education with all the trimmings, the apartment, everything, the food, the whole thing was only $10,000.

We thought that was quite a bit of money in those days. Now you cannot even get a year at most institutions—maybe just tuition—for that.

So they asked me: What is going to happen in the budget? And I had to tell them that there were three areas that were being completely protected by the Republican budget, a small portion of which would have taken care of all those issues having to do with student loans and a lot of other things that the Senator from Washington has mentioned.

Let me just mention what I like to call three sacred cows, because I come from a State where cows are very important, but these are sacred cows. And the first sacred cow is a $245 billion tax cut that has been sealed in this budget resolution. As the Senator from Connecticut has pointed out, $245 million just dwarfs the amount of money that is needed to restore some of the family issues we are talking about. These cuts are proven to be not necessary in most cases by the very reality that the Republicans feel compelled to deliver a huge tax cut at the same time when this horrible sacrifice is being asked of our young people who are just asking for a decent future and the opportunity to come out of college without being hopefully in debt or maybe not being able to go to college.

Mr. DODD. I put up this chart for the benefit of my colleagues. The Senator talked about the equity of approving this $245 billion tax cut while we are asking seniors and students to sacrifice greatly. Today, if you are 45 years of age and you have a parent who is maybe 65 and you have a child around 10, you are looking at a train wreck in your family as that child reaches the age of 18 and your parent reaches the age of 70 or 75, when their health care problems are going to become more pronounced and your child wants to go get an education. You are looking at an incredible increase in out-of-pocket expenses for tuition and health care.

Then look at who gets the $245 billion tax cut. Now, if you make between zero and $30,000, you can expect a $124 tax cut. That is a great tax cut you get. If you go to the other end here, and you make in excess of $350,000, you get a $20,000 tax cut. Now, I ask my colleagues from Washington and Wisconsin, would they explain the fairness of this to me? Why would we give a tax cut, 51 percent of which goes to the top 10 percent of income earners in this country? Why are you going after Medicare and education? Can anyone explain to me what the logic of that is? Where is the balance in that?

Mr. FEINGOLD. Mr. President, I say to my friend from Connecticut, there is no fairness in it. And the only way they are getting away with it is if the American people do not find out what is being done here. We found out what we have to do on the floor of the Senate. We have to say it over and over again on the floor of the Senate. That is what we are going to do. I have done that since last December, when I found out what the plans were for the crown jewel of the Republican contract: To deliver this tax cut even though the American people are not falling for it and even though it is totally unfair.

Mr. DODD. Are those the Senator's words, ''the crown jewel''?

Mr. FEINGOLD. No, Mr. President, I believe they are the words of the Speaker of the other House. That is the most important provision—not balancing the budget, not regulatory reform, not term limits, not school prayer. The most important thing, the crown jewel, is delivering a tax cut for upper-income people. All the American people should be aware of that.

Mrs. MURRAY. Mr. President, if the Senator will yield, can the Senator from Connecticut tell us how much money you will get back if you earn, say, $30,000, $40,000, $50,000, under this tax cut?

Mr. DODD. I said from zero to $30,000, you get $124. If you make between $30,000 and $75,000, you get $760. You divide that by 10 or 12, you get some idea. You are talking about $70, $80 a month as opposed to those—look at the $200,000 category; $11,000 back. I mean, I am dying for someone to explain what is the justification of that kind of imbalance—why you go after Medicare, go after education, and go after the earned-income tax credit—the tax credit we offered to lower-income working people in this country.

Mrs. MURRAY. Mr. President, I say to my colleague, what really is unfair is those people who are only going to get $760 back are the ones who are going to see all of the impacts to their family. Their kids will not be able to go to college. Their out-of-pocket expenses for health care are going to go up dramatically. They are going to see real-life costs to them. They are not going to see $760. They will have to pay more for doctors visits and more for their kid's education. They are going to see more costs to them. And then they are going to turn around to their neighbors, wealthier neighbors, and see them benefit dramatically from this budget proposal.

Mr. DODD. When the Senator mentions that, I presume $30,000 to $75,000 is thought of as middle-income in this country.

Mrs. MURRAY. Absolutely.

Mr. DODD. They do not qualify for Pell grants. If you are very poor, you get some assistance in that education. If you are very affluent and get that kind of a tax break, you do not need it. God help you if you fall into the middle, where you foot the bill on your own. Here you get about a $75-a-month tax break, while you are watching $3,000 increases for one child over the life of this budget, and God help you if you have a parent you are helping to take care of. That is an additional $3,400 over the life of the budget coming out of your pocket, I presume, given the category of these people. There is $760 for you in a tax break, while those at the upper-income levels—God bless them, I do not fault them. The people of my State who fall into this upper-income category are scratching their heads. They have said to me over and over again: Why are we getting a tax cut? You know, with all due respect, we are doing well. If deficit reduction is the name of the game, why did you not scrap this tax cut idea and get about the business of deficit reduction and minimize the hardship to working families?

I never had one wealthy person yet say they are dying for that tax cut.

Mr. FEINGOLD. This is the same experience I have had in Wisconsin. I like to think the people in Wisconsin have the best common sense of any State in the 50 States. It sounds as if this common sense is everywhere. It does not matter if I go to the Rotary Club or a United Farm Workers hall or to a farm or the city, everybody is saying the same thing: We do not need this tax cut. Business people, the leading CEO's of my State, are against the tax cut. These are the people who have been the

leading advocates many times for tax cuts. But they have the realization, because they have to meet the bottom line in their business, that it is not the right time from any point of view, economic or from the point of view of fairness, to do this.

The analogy I like to use is this is kind of like a family that realized it cannot make the house payment. Things are tight. They sit down together and they figure out what they have to do to balance their home budget. They get it done, and they are happy. This is like going out an hour later and buying $10,000 worth of new furniture. That is, in effect, what this is. That is why these CEO's agree with our blue-collar people. This does not make any sense.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. DODD. I would ask that we have 1 additional minute to give the Senator from Wisconsin and the Senator from Washington a chance to respond.

Mr. EXON. I compliment my three colleagues for the excellent presentation. I yield them an additional 5 minutes, and ask them to divide that up. I am only doing this because we are running out of time.

Mr. DODD. I appreciate that. My colleague from Washington—I said about $75 or $80 a month. I notice she has done the math. The Senator from Washington is probably a lot better as a student of math. What does this actually work out to be for the people in that middle-income category?

Mrs. MURRAY. Someone earning between $30,000 and $75,000 will get back $14.62 a week. I have to tell my colleagues that I have had a number of families say to me: I know I have to pay my taxes, but I want something in return. And what I want in return is to know that my kids are going to get a good education, to know that my parents are going to be taken care of when they are sick and elderly and dependent on me. I want a quality of life. For $14.62 back, I will give that back to the Government.

But we are not giving it back to them. We are taking everything away—their education, their care for their parents, and their security.

Mr. DODD. Mr. President, I ask my colleagues as well, because this is not a debate about whether or not we ought to reduce the deficit or whether or not we ought to balance the budget, but what path we should follow and what priorities we should set to represent best the diverse population of our country. We are all committed to achieving a balanced budget. But the question is, how can we achieve this goal over a similar period of time without imposing this kind of burden on the very people who fight the wars and pay the taxes, and raise their families?

Mr. FEINGOLD. Mr. President, if the Senator will yield, I believe that the budget could be balanced earlier than the Republicans say they want to balance it if we do not do this tax cut. I mentioned two other sacred cows. If we do something about the exponential growth in loopholes, tax loopholes, a 24-percent growth. There are hundreds of billions of dollars available there if we simply slow the growth—the same language the Republicans use when they talk about slowing the growth in Medicare and Medicaid. What about slowing the growth in corporate loopholes?

Third, the Republican budget not only does not touch defense, it increases the Defense Department. So that is the question of priorities that the Senator from Connecticut is pointing out, and the Senator from Washington. We have here protecting defense, protecting loopholes, and protecting tax cuts as the three sacred crows that come ahead of kids and seniors and families. And that is what this budget is all about.

Mr. DODD. My colleague from Washington.

Mrs. MURRAY. Mr. President, as I stated many times, we are all in this body working to get to a balanced budget. I spent 2 years on the Budget Committee doing that. It was difficult, but we were moving toward it.

I say to my colleagues, $245 billion in tax cuts, if we took that back, would go a long ways in helping kids get education and caring for our senior citizens.

Mr. DODD. I appreciate my colleagues' comments on all of those points. Again, to sort of reiterate where we are in all of this, Mr. President, we are not making up these numbers. These are the assumptions we are told will be the case.

Seniors' Medicare costs up $3,400 over the life of this budget. That is in addition to what they are presently paying. And they are not in the upper-income categories. The median income is $17,000.

We are going to watch elementary and secondary education cuts hit 65 million children. We are looking at veterans who are going to get serious cuts. My colleague, the ranking member of the Budget Committee, has talked eloquently about what happens to veterans here.

We are going to watch student loans go up $3,000 a year over the life of this budget and, again, that may not seem like much to the people with sharp pencils in this town, but it is a great deal to the millions of middle-income families that struggle every year to make ends meet. Like fingernails on a blackboard, they hear about a $245 billion tax cut, the bulk of which goes to people who, frankly, do not have these kinds of problems, and will be the first to tell you so. These families do not have a Medicare problem. They do not have a student loan problem. They do not have a problem trying to hold down a job. And they are the ones, if they were in this Chamber, who would tell you, ''Senators, scrap your tax cut; get about deficit reduction and make this a shared burden.''

Mr. President, we urge this budget be rethought. The President has put a proposal on the table. He has asked the distinguished majority leader, and others, to consider his offer. Frankly, there has been nothing but silence in response to it, after all the clamoring about how the President suggested we get to balance. He gives a response, and now there is silence on the other side.

We need to come together on these issues and find a commonsense approach that would minimize the burden—not eliminate it. We all know that burdens have to be borne—but they can be minimized if we share the pain equally among those across the spectrum of this country who make this a great and vibrant Nation. Average, working families must wonder sincerely why it is, once again, they are being asked to bear the heaviest part of this burden; why we reward, we absolutely reward, those who are in the least need of relief.

So we urge the rejection of this budget, and we hope that there will be some rethinking of spending priorities as the appropriations and reconciliation process proceeds.

I thank both of my colleagues for their comments.

Mr. FEINGOLD. Mr. President, I want to offer some comments on the conference report of the concurrent budget resolution.

After several months, the blueprint for the 1996 fiscal year budget is before us.

Though the specifics of that budget will take a good portion of the rest of the summer to be revealed, the budget outline before the body does give us a good idea of what the priorities of the Republican leadership are for our country.

Mr. President, I share the goal of a balanced Federal budget.

That has been my highest priority since first coming to the Senate.

But other priorities as provided in this budget are deeply flawed, and even the broadly shared goal of a balanced Federal budget is very much at risk because of the fundamental defects of the resolution.

Others have made eloquent statements about who will be shouldering the burdens imposed by this budget resolution, and the evidence is compelling that working families will bear the brunt of the cuts proposed by this budget.

But perhaps as revealing of this budget's priorities as identifying where the cuts fall is to examine where they do not.

While this budget cuts almost every area of the Federal budget, as it should if we are to achieve a balanced budget, three items—three sacred cows—are off the cutting table, exempted from the shared pain that is necessary to balance the budget.

The first is defense spending. Far from cutting an already bloated defense budget, this resolution actually provides a $58 billion increase.

This lavish level of spending comes despite the end of the cold war, and despite the massive reductions that are being made to the programs that provide health care to the elderly, poor, and disabled—Medicare and Medicaid.

Second, this budget fails to adequately address what may be the fastest growing entitlement program in this resolution—the tax loopholes that often benefit the wealthiest individuals and corporations in this country.

While this budget squeezes savings out of programs for veterans, farmers, students, and the disabled, it seems that the explosive growth in spending done through the Tax Code for the rich and powerful—already $400 billion annually—is to remain virtually unchecked.

Mr. President, the third area—the third sacred cow—is the $245 billion tax cut included in the budget.

With annual budget deficits of $200 billion staring us in the face, the tax cut can only be described as reckless and fiscally irresponsible.

The political calculus that produced this monstrosity could only have taken place in the murkier regions inside the Washington beltway.

Certainly my constituents in Wisconsin do not buy it, and this skepticism is shared across the Nation.

Poll after poll show that the American people strongly feel that reducing the deficit is more important than a tax cut.

The authors of the tax cut seem to have a poor opinion of the American people.

They reason that the Nation needs a bribe in order to accept the severe cuts to Medicare and other provisions of the Republican agenda.

The American people want a budget that cuts fairly, that shares the pain fairly.

They rightfully resent being treated like children who are promised ice cream if they eat their spinach.

Mr. President, more than any other feature of this budget, the $245 billion tax cut jeopardizes our ability to reach a balanced Federal budget.

This Nation has been asked to make great sacrifices in order that we might finally get our fiscal house in order.

And the American people are ready to make those sacrifices.

Mr. President, the American people are willing to accept cuts in even the most popular programs because they recognize the need for shared sacrifice in order to balance the Federal budget.

But when they see a budget resolution that includes a $245 billion tax cut, they will rightly ask if they are being asked to sacrifice to prevent our enormous budget deficits from burdening their children and grandchildren, or to provide politically motivated tax cuts—tax cuts that will almost certainly be distributed disproportionately to the richest in our society.

The great tragedy of this resolution is that it may very well squander the greatest asset we have in the fight to eliminate the deficit, namely, the willingness of the American people to share in the sacrifices needed to balance the budget.

Sometimes I am amazed at the strength of character of our Nation.

After the social upheaval of the 1960's, after the assault made on our Constitution during the Watergate era, after the fiscal self-indulgence of the 1980's, after the gridlock of the early 1990's, and after the failed promise to finally achieve comprehensive health care for everyone that could never be taken away, the American people are still willing to endure significant burdens to achieve a balanced budget.

After all that has happened during the last 30 years to undermine their trust, they are still willing to follow leaders who ask the entire community for sacrifice.

The tax cut and this budget betray that trust.

It is a return to the politics of division, selfishness, and greed—the politics of the past.

I very much hope to support the individual appropriations and reconciliation bills that will come to the floor.

It is through those bills that the real work of deficit reduction is done, and I want to support efforts that move us toward the goal of a balanced budget.

I also recognize that the budget resolution before us is only a broad outline of how we will proceed, that nothing binds the committees to any specific action.

To that end, I especially look forward to working with many of my friends on the other side of the aisle to stop this irresponsible tax cut.

But I must also say that we have missed a great opportunity in this budget resolution to provide the American people with a package of spending cuts that is fair, and that achieves a balanced Federal budget, even before the year 2002 at which the authors of this budget are aiming.

The flaws in this resolution are real, and they may well be insurmountable.

The budget sacrifices are not distributed fairly, and the budget windfalls are given to a privileged few.

The inequities are obvious and will be keenly felt.

Mr. President, it need not have been that way.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, I yield myself 15 minutes.

Mr. EXON. Mr. President, will the Senator yield for 30 seconds on my time?

Mr. LOTT. I will be glad to yield for 30 seconds on his time.

Mr. EXON. Mr. President, I would like to compliment my colleagues, Senator DODD from Connecticut, Senator FEINGOLD from Wisconsin, and Senator MURRAY from Washington, for an excellent presentation. I hope that Senators heard their presentation so that they will cast their votes the way I would like to see them cast their votes sometime this afternoon. I thank my friend.

Mr. LOTT. Mr. President, the profligate spending party of the past 40 years is over. What we are talking about today is fiscal responsibility to assure our children's future. This will be a debate today on a critical piece of legislation, the blueprint which will lead this Nation to a balanced budget by the year 2002.

I never really thought I would see the day that I would have the opportunity to vote for such a balanced budget, but here it is today. And that is what really is at stake here. I urge my colleagues in the Senate to take advantage of this unprecedented agreement between the House and the Senate and fulfill this promise to the American people. Democrats and Republicans should vote for this, and I ask you to think about it: Do you want to be on record against the first opportunity in more than a generation to put the Federal Government on a path toward fiscal responsibility and a balanced budget? I hope the answer is that you would want to be for that effort.

Before I get into responding to some of the things that have just been said and making some other comments, I must, once again, commend the distinguished chairman of the Senate Budget Committee, Senator DOMENICI. He showed, once again, his wise New Mexico wisdom. He was patient. He was diligent. He had to make some changes, some concessions he did not always support, but he always did it in a very responsible and honest way. We would not be here today with this resolution, this historic resolution, without the leadership of Senator DOMENICI, and I commend him for it.

Congressman KASICH, the chairman of the Budget Committee in the House, has been a dynamic force, an energetic force. The two of them together have moved this process forward. They have shown real leadership. I think their names will go down in history as the great leaders that turned this country around and headed it toward fiscal responsibility.

It was just stated a moment ago that there had been criticism of the President's original budget. Yes, there had been, because it allowed for $200 billion deficits or more as far as the eye could see, and there were a number of other problems with it.

But then when his second plan came in, it was suggested that there has been silence. As a matter of fact, there has not been silence. Many Republicans pointed out, rightfully so, that this was his second plan of the year; that his numbers were not based on CBO analyses, as he had said in the State of the Union Address a year ago that he would always do, although I understand now he has come around to saying, yes, we will go with CBO; and also the fact of the matter is his 10-year plan, which goes out 3 years farther than this resolution, still would not

get us to a balanced budget. We would still have deficits after 10 years of an estimated $200 billion or more.

But, the noise you heard on this budget, as a matter of fact, did not really come from this side of the aisle; it came from the other side. There was screaming about the fact that the President validated the fact that we should be working together for a balanced budget, No. 1. He validated the fact that we can get a balanced budget while giving the people some tax relief, some needed and justified tax relief, and he also validated the fact that we have to do something to preserve and protect Medicare.

That is what the President did, and we commended him for validating those three very important points. But the screaming has been coming from the same people who are now saying, ''Oh, we don't want this particular budget resolution.''

It is very simple: Do you want to get to a balanced budget or not? Do you want fiscal responsibility or not? If you do, you have to make some tough choices. Surely, we could all go down the list and say, ''Don't cut anything that affects my State. Don't cut anything that would affect me or my mother or maybe even my children.'' You could say, ''Oh, we can't make any changes in education.''

And what about veterans? As a matter of fact, the number that is in this budget resolution is the same number requested by the President of the United States. Same number.

They do not want to make improvements and corrections in the solvency problem for Medicare. They do not want to touch Medicaid. I have a couple of differences with this resolution—one is I would like to maybe soften the blow to agriculture. But I am voting for it. This difference is not stopping me. Opponents of this resolution, though, are trying to find little disagreements to excuse not supporting the resolution.

The bottom line is, they do not want to do anything about controlling spending. They want to continue the same old stuff that we have been dealing with for years in Washington, and that is spending more and more and more of the taxpayers' dollars.

What I heard in the discussion a moment ago is, ''Oh, what we need to be doing is close the tax loopholes.'' In Washington, when the people are allowed to keep their own money, it is called a tax expenditure, and when you want to raise taxes you say, ''Let's close tax loopholes.'' Do not forget that that is what closing a tax loophole is, that is raising somebody's taxes. I would like to ask you, which tax would you propose to increase? Medical deductions? No, you would not want that. Would you want to eliminate the home mortgage interest deduction? ''No, no, we didn't mean that.'' Are you talking about research and development?

There is a long list of good and worthy opportunities for the people to keep their own hard-earned tax dollars that some people call tax loopholes.

My tax cut would maybe be somebody else's tax loophole, and vice versa. We already tried the tax increase side. That was done 2 years ago, over my objections and a lot of others. We have already had a whopping tax increase. Now it is time we face the music and deal responsibly with controlling the rate of growth in spending, and that is what this resolution does.

It has been said on the other side this morning that this balanced budget plan slashes Medicare. The President's own Medicare board of trustees came up here and said if we do not do something, there is going to be a solvency problem, including his own Secretary of HHS. I think three of the trustees were from the President's own Cabinet.

What we are talking about here is preserving and improving and protecting Medicare. We are talking about controlling the rate of growth. We are concerned about the shaky state of Medicare. So what we would do over the period of years is have some reforms, give our senior citizens some greater opportunities for choices on their own, while allowing Medicare to grow up to a gross figure of $345 billion over the next 7 years.

Where I come from, when it grows over 7 years by $345 billion, that is not a cut. But still, the numbers are so big. Let us put it in personal terms. What does it mean for an individual? Our resolution would allow each Medicare beneficiary to have their benefits for Medicare grow from $4,816 in 1995 to $6,334 in the year 2002. That is a 40 percent increase over 7 years.

So we are going to make some changes in Medicare and Medicaid. We are going to try to control the rate of growth in Medicaid. We are going to try to improve those programs. But it is blatantly unfair to say that we are going to slash Medicare. It is not true.

Now, about the statement that was made here a few moments ago that our kids will not be able to go to college because of this balanced-budget plan. The changes in the loan program do not even apply to undergraduate students. It would only be applicable, under the assumptions in this resolution, to graduate, law, and medical students.

Kids will be able to go to college. I worked for 2 years for a university in placement and financial aid. I worked with low-income and poor people, because that is all we have in my State of Mississippi. We are going to have grants available to these students, two or three different kinds of loan programs, such as the direct loan, NDSL, as well as the GSL loan program. There will still be funds for work study and for scholarships. We want to encourage this.

I ask unanimous consent to have printed in the RECORD some information on college costs, how they would be impacted by this resolution along with some charts.

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

COLLEGE COSTS REDUCED UNDER BALANCED BUDGET RESOLUTION

Here are the facts! Under the Conference agreement, students will receive $26.6 billion in loans in 1996. The level of available loans will continue to rise to $33 billion in 2000. Over the next five years $151.4 billion in student loans will be available.

The Conference agreement will not limit access to student loans. According to CBO, availability of loans for students, at much lower costs than what they could receive in the consumer market, will not be limited in any way under this agreement.

In 1995, the federal government will pay in-school interest costs for loans totaling close to $15 billion. Approximately 87 percent of these loans go to undergraduates. Under this budget plan, the federal government will continue to pay these interest costs—no changes.

Under this agreement, there will be no changes from current law regarding caps on student loan interest rates, loan limits, federal guarantee of loans, repayment options, or conditions for deferral of repayment.

For the typical graduate, professional—medical and law students who may have increased costs under this plan, none will see increases greater than $1 dollar a month on average, in their repayment.

Less than 10 percent of the reforms will affect undergraduates while they are in school. For undergraduates, their repayment costs may increase $1 per month, on average, as well.

UNDERGRADUATE STUDENT BORROWS A TOTAL OF $10,000 OVER 4 YEARS IN SUBSIDIZED STUDENT LOANS AND REPAYS ACCORDING TO A STANDARD 10-YEAR PLAN

	Current law	Senate balanced budget resolution	Difference
Original principal amount borrowed	$10,000	$10,000	0
Amount used to pay fees	400	450	+$100
Amount, available to pay education costs over 10 yrs	9,600	9,500	−100
Original principal amount at repayment	10,000	10,000	0
Accrued interest during 6-month grace period	0	330	+330
Total principal amount at repayment	10,000	10,330	+330
Repayment at standard 10-year monthly payment	123	124	+1
Cummulative repayment	14,702	14,844	+142

MEDICAL STUDENT BORROWS A TOTAL OF $30,000 OVER 4 YEARS IN SUBSIDIZED STUDENT LOANS AND REPAYS ACCORDING TO A STANDARD 10-YEAR PLAN OR A 20-YEAR GRADUATED PLAN

	Current law	Senate balanced budget resolution	Difference
Original principal amount borrowed	$30,000	$30,000	0
Total principal amount at repayment	30,000	35,033	+$85,033
Repayment at standard 10-year monthly payment	368	399	+31
Cumulative repayment	44,160	47,824	+3,444
Repayment at 20 year, graduated plan monthly payment	[1] 267	[1] 268	+1
Cumulative repayment	63,829	64,395	+566

[1] Average payment.

Mr. LOTT. There are a couple of points I should make here. Again, one, it would not apply to undergraduate college students. Second, for the typical graduate student, who may have increased costs under this plan, none will increase greater than $1 a month, on average, in their repayment, which does not even begin until they graduate. Now, most law students and

every medical student, when they graduate, could afford to pay back their loans, which they should do, with a little more responsibility with the in-school interest.

Now, if I had my choice, would I have included that? No. But everybody has to be able to ante up and kick in a little bit here. You have to do your part. You cannot say, do it in Nebraska, or do it in New York, or do it somewhere else, do not affect me. You have to make the tough choices. But you get something in return. When you talk about college students and being able to help your children go to school, what is the best thing you can do? Pass this resolution, show fiscal responsibility, give some tax relief, and do you know what will happen? The Fed will lower interest rates. The quickest way to help senior citizens living on a fixed income, or parents that want kids to go to college, is to be able to get the money they need at a lower, affordable interest rate. We are talking about real help in the future by controlling spending and by taking actions that will lead to responsibility in the way our programs are run, and will also lead to lower interest rates.

I think this is a real vision for the future. We are not talking about draconian cuts. We will still have $12 trillion spent over the next 7 years. We are cutting $1 trillion. When I try to explain to the people in Pascagoula, MS, or Hazelhurst, MS, $1 trillion, what is it? How much is it? That is what happens to us around here. We start talking billions and trillions, and it is not even real it is so big. We are talking about controlling that rate of growth. We will spend $894 billion less by controlling wasteful Government spending.

Let us talk about this tax cut item a little bit. First of all, sometimes I wonder who among us speaks for the working, tax paying people in this country—in my State, the shipyard worker, International Paper worker, the farmer, the small businessman and women. Everybody says, ''We do not need to give tax relief.'' When I was growing up, we did not even have any rich people in my home county. One guy had a Cadillac. I am the son of a blue-collar shipyard working, pipe fitting union member. I am worried about that guy, and my mother, by the way. I will not go down the list here. Everybody says, ''We do not want tax cuts.''

Which one of these tax cuts do you not want that is assumed in this bill? How about a spousal IRA? How about letting the working mother in the home be able to have a little opportunity for an individual retirement account when she gets old, or maybe when her husband is deceased? Is anybody against that? No. You will not rise against that. And then how about getting rid of the marriage penalty. Can anybody explain to me why, when you get married, a couple pays more taxes, even though they make the same income? I have been hearing for 10 years in Congress that we are going to get rid of the marriage penalty. It is still in there. Does anybody want to stand up and speak against that fairness change in the Tax Code?

How about a little help for families with children? The $500 per child tax credit. Let the parents choose how they should spend money on clothes, food, or education. How come our maternalistic government in Washington can decide what should be best for you in education, or all these other decisions involving your children. How about letting the parents make that choice? That is one way we can help with education. Let the parents keep their own money for a change, for Heaven's sake.

And there is one other way that we can reduce this deficit. It is called growth, incentives that create jobs, and opportunities. Again, in my State, you cut the capital gains tax rate on timber and watch what happens. Yes, some of the big landowners get some benefit, but you know who will get the first benefit? That guy driving a raggedy old pulpwood truck that has slick tires on it and probably not even a tag because he gets to get the timber out of the woods. It will turn things over in the county. People will buy and sell. Again, it will have a positive impact on interest rates, and it will create the jobs we need.

How about senior citizen relief? All the worrying about trying to improve Medicare—how about if we let people that are 66 years of age that want to keep working be able to do it without a tax penalty, or without a penalty by taking away Social Security benefits?

So go down the list and come over here and tell me you do not like these tax cuts that are fair and will provide growth and development and activity in our economy.

So I think the number we have in terms of tax relief is not as much as I would like to have, but it is enough that we can go up to that $245 billion and provide this relief I have just talked about.

I would like to have more in this budget resolution for defense. I am on the Armed Services Committee. I serve with the distinguished Senator from Nebraska. I do not really like the defense number. I want more. But let me emphasize this. In this budget resolution, over the next 7 years, defense spending continues to go down, and over 7 years will go down $19 billion. But defense also made its contribution. I will conclude, since my time is expiring.

We are talking about balancing the books. This resolution will do it. Let us pass it today.

I yield the floor.

Mr. EXON. Mr. President, I yield 8 minutes of our time to my fine colleague from the State of Illinois.

Ms. MOSELEY-BRAUN. I rise in opposition to this budget resolution.

Mr. President, the conference report on House Concurrent Resolution 67, the budget resolution, proposes close to $1 trillion in deficit reduction over the next 7 years. Substantial deficit reduction is the right objective, in part, because of another large number, $4.8 trillion in national debt.

The Federal Government cannot continue on its current path. Unless we face our budget problems, by 2030 the Federal Government will consume over 37 percent of our total gross domestic product. Unless we change, by that year, budget deficits would amount to 18 percent of our overall economy. And unless we change, by that year, more than $1 out of every $4 the Federal Government spends will go to paying interest on the national debt.

We must face our budget problems, and we must act now. That is the only way to meet our obligation to our children and to the future. We have no right to leave future generations of Americans a legacy of debt. We have no right to send them the bill for what we have already consumed. Most of all, we have no right to leave as our legacy a future of impaired economic growth and diminished opportunities for individual Americans and for our Nation as a whole. I supported the balanced budget amendment for this reason.

There is now bipartisan agreement in the Congress on the need for substantial deficit reduction. There is no dispute between the Congress and the President on the importance of that objective. Despite the consensus on making deficit reduction our top priority objective, however, there is not universal, bipartisan, support for this budget resolution.

The principal reason for that, of course, is the priorities this budget sets are the wrong ones. This resolution trumpets deficit reduction, but, in the details, goes on to hamstring that goal by providing for $245 billion in tax cuts over the next 7 years. A tax cut now, however, is just fiscal foolishness. Tax cuts can not reduce deficits. Tax cuts can not stop the explosion of our national debt that has already driven it from the $1 trillion level to $4.8 trillion in just the last 15 years. And tax cuts do nothing to reverse the fiscal trends that are driving us towards fiscal bankruptcy and eventual economic collapse.

Anybody who is paying attention to our budget situation knows that a tax cut now works against achieving lasting, meaningful deficit reduction. As the Chicago Tribune put it in a recent editorial, ''this is filling the hole by digging it deeper.''

The tax cut, however, is not the only reason to question this resolution's commitment to real deficit reduction. It sets priorities that do real harm to our national interest.

How we bring back fiscal discipline makes a real difference. If we care about our children, if we care about our future, if we care about our Nation and ensuring an opportunity for every American to achieve the American Dream, we cannot abandon our commitment to education, to access to

health care, and to creating economic opportunity.

Deficit reduction that does not reflect these priorities is not real deficit reduction at all. It amounts to accounting gamesmanship. It is hiding the deficit by, in effect, moving it off budget. But the deficit is still there. It may come off the books of the Federal Government, but it has simply been placed on the backs of the American people.

The budget resolution's education proposals illustrate how misplaced its priorities are. Under this resolution:

Four million college students from working American families will have their college costs increased by over $3,000 because they will now have to pay interest on their loans even while they are in school; another one million college students could lose their college aid or have it drastically reduced because of cuts in the Pell Grant Program; 550,000 preschoolers could be dropped from the Head Start Program; and 3,000 American schools will lose funding they need to prepare our students to meet and beat the ever-increasing international competition we are facing.

Think about the impact these cuts will have on American families. Do you think they would prefer a tax cut, or that they would prefer that their children have the opportunity to get the education they need? Do you think they would prefer spending scarce public resources on more B–2 bombers that have no real mission and that the Defense Department has said are not needed, or do you think they might prefer to avoid imposing $3,000 in additional college loan expense on each of their children who attend college? Do you think they will agree that real deficit reduction has been achieved and that we have met our obligation to the future if their children are denied educational opportunity, and are less able to achieve the American Dream?

The answer to all of these questions is obvious. Education, like the rationale for deficit reduction, is all about the future. American families know that education is the key to a better life. They know a college graduate earns almost twice as much annually as a high school graduate, and that students who earn a professional degree have an average income that is six times higher than students who do not finish high school. And those higher incomes do not just benefit the students; they benefit the entire country. Because the fact is that we are all linked together. A better educated work force works smarter and produces more. The economy is therefore more productive, and generates higher economic growth. And the result of that is that the United States competes more effectively in world markets.

Education is clearly an essential investment in our country's future, as well as the future of our children. Laura Tyson, in her hearing before the Banking Committee when she was nominated to be chairman of the Council of Economic Advisors, said that a country's only real, enduring assets are its people. Failing to invest in our people by cutting our investment in education is neither in our national interest nor in the interest of Americans individually. It is simply wrong, and it has no place in this budget proposal.

Medicare and Medicaid are another illustration of the misplaced priorities reflected in this resolution. The proponents of this budget make much of the fact that, even with the cuts of $270 billion in Medicare, and $182 billion in Medicaid, Medicare spending will grow from $178 billion this year to $274 billion in 2002, and Medicaid spending will grow from $90 billion this year to over $124 billion in the year 2002. They argue that they are therefore not cutting Medicare or Medicaid at all; rather, they are simply reducing the growth rate of these two programs.

However, that argument is more than a little disingenuous. There is no question that senior citizens and many other Americans will have to spend substantially more out of their own pockets for health care—or go without care—because of this budget resolution. If the cuts are evenly distributed between health care providers and beneficiaries, American seniors would face an additional $860 in out-of-pocket health care costs in the year 2002, and the typical senior citizen would have to pay $3,345 more over the next 7 years. That certainly sounds like a cut to me.

Medicaid would be turned into a block grant, and turned over to the States. The growth rate in Medicaid spending would be cut from its current 10.5-percent level to around 4 percent. And what that means is that States would likely have to reduce the number of people helped by Medicaid by an average of 7.6 percent. That, too is a real cut.

The truth is that the reductions in Medicare and Medicaid are clearly cuts when you look at them from the viewpoint of individual Americans, instead of a Government balance sheet. Again, deficits are not really eliminated; they are simply moved from the Federal balance sheet to the balance sheet of American families.

Medicare and Medicaid must be reformed, but this budget does not provide that reform. This budget does nothing to cut health care inflation, which would help Americans and save the Federal Government money. It does nothing to preserve access to health care, or to preserve the quality of care. And it does nothing to ensure that people are able to continue choosing their own doctor. What it does do is to give the American people just what the proponents of this resolution said that they opposed last year when they filibustered comprehensive health care reform on the floor—less health care at higher cost, lower quality care and less choice.

Americans know that reducing budget deficits has to affect them. They don't expect it to be cost-free. They do, however, expect it to be fair; they do expect every American to do their part.

Achieving real deficit reduction must be based on shared sacrifice, but that's not what this budget proposes. Instead, Americans earning over $350,000 annually—less than 1 percent of our population—would receive a $20,000 tax break, while Americans earning less than $28,000 would see a tax increase. Instead of a budget that brings us together, Americans see a budget that divides them from one another, a budget that designates some Americans as ''winners'' deserving of tax breaks, and others as ''losers'' who will see their access to health care and nursing home care reduced, their children's access to education reduced, and their out-of-pocket costs increased. Instead of a budget designed to help every American achieve the American Dream—a budget that would help create opportunities for every American to live better than their parents did—this budget's design represents a return to the short-sighted approach of trickle-down economics. That approach failed in the 1980's, and it will fail now.

Instead of helping to create a better life for every American, it will exacerbate the increases in income disparities that have arisen since the 1980's, and that makes the economic future for almost all of us more precarious. We can do better—and we must.

I am strongly for deficit reduction, Mr. President. I cosponsored and voted for the balanced budget constitutional amendment because I know we must reduce budget deficits. I served on the Bipartisan Commission on Entitlement and Tax Reform because I know that the entitlement area—Social Security, Medicare, Medicaid, and other retirement programs—is where the money is, and that there is no way to achieve significant deficit reduction if this area is off limits. Deficit reduction, however, is not just about numbers. If it is to be more than just a shell game, we have to be mindful of our obligation to the future, and to reduce deficits in a way that does not undermine our ability to make the essential investments the future demands.

Moreover, budgets are about people. If we are to meet our obligation to the American people, including Americans who need our help the most, we have to reduce Federal deficits in a way that addresses their needs, and that meets their priorities.

Unfortunately, this budget does not meet those tests. It is not a budget for our future, nor for our present. It does not put the interests of the American people first. It does not invest in the future. It fails the first test of any budget because it does not recognize that we are all in this together, and that we are all better off if every American has the opportunity to participate in our economy and in our society to the fullest extent of their abilities.

We cannot succeed as a country by failing our people. Our future economic well-being is inextricably linked to the kind of society we create. We are all diminished, and our future as a country is diminished, if we fail to make essential investments in all of our people. On the other hand, our future will be brighter if we recognize our obligation to one another, and recognize that our future success ultimately depends on people—on human capital. As we work to reduce budget deficits, therefore, we have to do so in a way that keeps the American people's concerns paramount, and in a way that does not stint on the essential investments in human capital on which our future as a people ultimately depends.

Making these essential investments does not mean sacrificing deficit reduction as an objective. Both objectives must be national priorities, and both can be achieved. We can reduce Federal deficits, while making the necessary investments in our future if we set the right priorities. What is important is to recognize that the fundamental purpose of both is the same—achieving a brighter future for our country, and ensuring that every American has the opportunity to live the American Dream. That fundamental purpose cannot be achieved unless we reduce budget deficits, but it also cannot be achieved unless our society—our people—have the tools they need to meet the challenges the future holds.

But this budget does not help achieve the kind of future prosperity we all want. It does not help enhance the ability of our children to have a better life than their parents did. Our parents ensured we had the chance to do better than they did. We owe our children—and their children—no less.

This budget is supposed to be designed to save money, but it costs us. It costs us opportunity, and competitiveness, and economic growth, and security. It diminishes our future, and endangers our community. I cannot support it. I urge the Senate to reject this conference report.

Mr. EXON. Mr. President, I thank my friend and colleague from Illinois for the excellent statement.

Mrs. HUTCHISON. Mr. President, I yield myself 8 minutes from the majority's time.

Mr. President, this is a watershed day for America. Finally we are at the crossroads. The question is simple: Do we put America on course for a healthy, prosperous future? Or do we once again, as we have done year after year after year in this Congress, mortgage our future, our children's future, and our country's future with more and more debt?

America has prospered because our parents and grandparents saved their money and invested it in businesses and farms to create jobs and to give their children a better life. We can pass the American dream on to our children by saving for tomorrow—not by spending and borrowing for today.

America is finally going to have the promises kept. We promised in 1994 that we would be different, and we are keeping our promise.

The old Congress never proposed a balanced budget. It was always tax, borrow, spend. If that did not work, they taxed some more.

The taxers and spenders think that if they can just squeeze one more dollar out of the taxpayers of this country, that Americans will somehow be better off. It is time for Congress to look to the future for our children and grandchildren.

The deficit will be over $200 billion a year again, unless we change. Under President Clinton's first budget, the debt would grow to $23,000 for every man, woman, and child in America by the year 2002. The Congressional Budget Office said the President's second budget was a little better, but not much, and it continued deficit spending.

We have a chance for change now, with a budget that does some very important things. It saves Medicare from bankruptcy. It keeps a safety net with more money for Medicaid, school lunches, and food stamps.

This budget shrinks big Government. We start that very tough process by cutting overhead and bureaucracy, by cutting Congress' budget, and by freezing Congress' pay. The budget terminates outdated programs. It protects the taxpayers from the excesses of past Congresses and the President.

This plan does not cut overall spending. It does not cut overall spending. Spending rises at the rate of inflation. That is what we try to do in our homes. That is what we try to do in our businesses. If we are lucky enough to get pay raises or more sales, we often spend the increase on inflation just to stay even. And that is what we must do in the Federal Government.

Then, after we have done the first work of cutting the budget, we are going to give the profits to the American people, the taxpayers. We are going to give the tax cuts to the American family, for homemakers to have IRA's, because their work is every bit as important as anyone else's work in this country. It is about time that they were recognized for their efforts with their own opportunity to save for retirement security.

There will be other savings for people, too. Because if we balance this budget, interest rates will go down so your home mortgage interest rate will be lower. Your car loan will be lower. It will help small businesses borrow so they can continue to prosper and create new jobs to keep this economy going.

The people, not the Government, built this country. We must stop spending the people's money and their children's money and their grandchildren's money if we are going to keep the prosperity that our grandparents gave us and our parents gave us.

Thomas Jefferson said it is immoral for one generation to rob the next by spending more than it has today. It was wrong in his time and is wrong today.

We have the chance to be responsible leaders in this country, and that is exactly what the majority party is doing. Look at this budget resolution. Do you agree with everything in it? No. Do I agree with everything in it? No. I would like to have had more spending for defense. There are some important programs that I would like to expand further.

But, just like we do in our families, we have to make priority choices. That is what this budget resolution does. We have taken the first responsible step of leading. We have done something very different from Congresses of the past by keeping our promises. If you do not agree with everything we have done, we understand that, but look at the big picture. Look at the long term.

Think of our parents, who said we are going to do what is right, even sometimes when it is harder for our families to make ends meet. That is what my father always did. That is what he taught me. Even if it was not in the best interest of his small business, he would act for the good of the community because he knew in the end a healthy community would be better for all of us.

I hope my colleagues will put aside their partisan differences, put aside the small differences that we might have on the specifics of this budget resolution. Let us do what is right for America. Let us do what is right to give to our children and grandchildren the same kind of America that we have been able to grow up in and have the benefit of—and that we love. That is our responsibility. That is the crux of the vote we are about to take.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, of the minority time, I yield myself 8 minutes.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Mr. President, it is interesting to sit here and listen to ''we are here for change.'' Change? You know, the more things change, the more they stay the same. This budget is not for people. It is against the elderly, the students, the young people, and for the wealthy. So the Republicans have not changed one iota from the time I started growing up until today. It is the same. Change, only a small difference—small difference. The small difference is, if you are rich, you get a tax break. If you are poor, you get a tax increase. If you are a student trying to go to school, they reduce the amount of your ability to get an education. So the more things change, the more they stay the same.

Years ago, when I grew up I heard someone say that ''Christmas is a time when kids tell Santa what they want and adults pay for it. While deficits are when adults tell the Government what they want—and their kids pay for it.'' Thanks to this Republican budget resolution, we can now add that tax cuts

are when well-off adults tell the Government what they want, and the elderly will have to pay for it.

I have an editorial today from the Kentucky Post. I will read just a little bit from it.

True, the Congressional Budget Office must certify in September that the lawmakers are meeting their spending targets—but those targets are only for fiscal 1996, when the cuts are comparatively mild. (Like most budget plans, this one saves the hardest hits for later years.)

The tax cut up front, the increase in the latter part of the budget cycle. We went through that under President Reagan. We gave the big tax cuts. We never cut spending for Government. And what happened? We kept right on increasing the deficit and increasing the debt.

We have been down this road too often: [this editorial says] Tax cuts now, with the promise of spending cuts later; somehow the spending cuts never come and the nation goes deeper into hock. Moreover, tax cuts in an election year tend to pick up irresistible momentum.

Tax cuts are fun and popular. Enacting the rest of the resolution will be neither.

The congressional Republicans say they're prepared to fight to get spending under control. It would be a shame to see that resolve thrown away on an ill-considered tax cut.

I ask unanimous consent that the editorial be printed in the RECORD.

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

DO THE HARD WORK FIRST

The House and Senate have reached a compromise on a budget resolution which, if Congress sticks by it, could reasonably be called historic.

The resolution also requires that Congress show restraint on an election-year tax cut—and that would be historic, too.

The plan calls for a balanced budget—and even an embryonic surplus—in 2002. This goal would be achieved by holding the federal budget's annual increase to 3 percent, about the rate of inflation, meaning there would be little ''real'' growth. Still, federal spending, now $1.5 trillion, would be close to $1.9 trillion in 2002.

The GOP-drafted resolution will shortly be passed, over near-unanimous Democratic opposition, and will then become Congress' blueprint for funding the government.

The resolution is realistic, if draconian, but it has one big pitfall; a $245 billion tax cut to begin taking effect next year when Republicans hope to take the White House and tighten their grip on Congress.

True, the Congressional Budget Office must certify in September that the lawmakers are meeting their spending targets—but those targets are only for fiscal 1996, when the cuts are comparatively mild. (Like most budget plans, this one saves the hardest hits for later years.)

We have been down this road too often: Tax cuts now with the promise of spending cuts later; somehow the spending cuts never come and the nation goes deeper into hock. Moreover, tax cuts in an election year tend to pick up irresistible momentum.

Tax cuts are fun and popular; enacting the rest of the resolution will be neither.

The congressional Republicans say they're prepared to fight to get spending under control. It would be a shame to see that resolve thrown away on an ill-considered tax cut.

Mr. FORD. Last fall, Republicans campaigned on the notion that all we had to do was cut wasteful spending and we could both eliminate the deficit and have tax cuts. What they did not tell voters is that by wasteful spending the Republicans meant programs affecting seniors, like Medicare and Medicaid; and that by tax cuts they meant cuts for well-off Americans.

The more things change, the more things stay the same for the Republican Party.

Look at the numbers. Whenever that tax cut for the well-off goes up, so do the cuts to Medicare and Medicaid. Is that just a coincidence? I do not think so. The bigger the tax break, the more they gouge out of Medicare and Medicaid.

A $245 billion tax break, where the majority of the benefits—the majority of the benefits—go to those making over $100,000 a year, and a $452 billion cut from Medicare and Medicaid—that is the Republican's notion of a middle-income tax break and that is the Republican's notion of cutting waste.

Make no mistake, this has nothing to do with the health of the Medicare trust fund. Just like someone has to pay for gifts from Santa, and just like someone has to pay for the deficit, someone has to pay for this tax cut for the well off. That someone turns out to be America's elderly, and America's middle-income families are right behind them.

Because those cuts hit middle-income Americans not once, but twice. The obvious hit comes when families have to pick up the costs that Government no longer provides. That is no small task when you consider that before Medicare was created, at least half of all seniors went without health insurance and nearly 30 percent lived in poverty. Today, less than 1 percent go without health insurance, and 88 percent of our seniors have incomes above the poverty level.

But the second hit comes from the failure to address the causes for high Medicare expenditures. Without critical changes, from cracking down on fraud to lowering costs to market reforms, providers will simply shift costs, raising premiums and making it that much harder for middle-income families to obtain insurance and employers to provide insurance.

Everyone in this Chamber agrees that we cannot keep telling Government what we want, and then simply let our children pay for it. But, by instituting these irresponsible tax cuts for America's most well-off, we are sending our children the bill just as surely as we did with deficit spending.

Of the top 140 institutions of higher learning in the world, 127 of them are located in the United States. Yet, instead of making these institutions more accessible and our children better prepared to compete in the global economy, this budget makes $10 billion in unnecessary cuts to education. For many of the students in my State, that cut could mean the difference between continuing their college education or settling for a minimum wage service job.

There is no question that if they cannot get the education and training they need, they will be paying for that tax cut in lost wages.

So, do not kid yourself about who is paying for that tax cut—America's elderly and America's children.

When we go from converting the numbers in this budget plan to the actual changes in specific programs necessary to achieve these numbers, everybody knows this budget is going nowhere because we all know about vetoes and we can all count votes.

I believe the American people deserve better than this. This budget was put together behind closed doors by one party. The American people clearly want to see a bipartisan effort to craft a budget that calls on all of us to contribute equally to the solution.

Mr. President, I will ask a couple of questions. How does the Republican budget conference report cut more in Medicare and Medicaid than the original Senate-passed budget, yet still produces less deficit reduction?

Think about that for a minute.

The answer: Because it increases tax breaks for wealthy Americans by an even greater amount, from $170 billion to $245 billion.

Ask this question: If the Republican plan produces a true balanced budget, then why on page 3 of the conference report that we have heard about all day today, and no one has given an answer, does it show a deficit in the year 2002 of $108.4 billion?

Answer: Because the Republican plan does not really balance the budget. It produces a fiscal year 2002 deficit of $108 billion.

It is only when you count the projected $114.8 billion off-budget surplus in the Social Security Trust Funds that you can claim a ''balanced budget'' by 2002.

FINANCING FOR THE FAA

Mr. President, the budget proposal before us today does not provide in detail how we will finance one of Government's most important safety agencies—the Federal Aviation Administration.

This budget plan does, however, propose to cut transportation funding for highways, Amtrak, the Coast Guard, and aviation by an additional $10 billion beyond the President's proposal.

That tells me one thing—someone is going to feel the squeeze—and aviation is a prime target. What we are looking at is a budget that could undermine the safest air transportation system in the world. That is wrong.

My colleagues will not be surprised to learn that the demands on the FAA are greater today than ever before and they are expected to grow.

FAA operates the world's largest air traffic control system, handling an average of two flights per second, every minute, every hour, 365 days a year.

Their safety, security, and airport safety professionals conduct nearly 1,000 inspections on an average day.

Their maintenance technicians every day keep 30,000 pieces of complex safety equipment across the Nation operating with an almost perfect reliability record of 99.4 percent.

No other transportation system is as safe as American aviation.

The question is—can it be even better? Absolutely.

Under the current leadership of Administrator Hinson and Deputy Administrator Daschle, the agency has established a new safety goal of ''zero accidents''. The agency is taking aggressive steps to reach this new goal and I wholeheartedly support their efforts.

But the real challenge for the FAA is that they are pursuing their ''zero accident'' objectives at a time they are being asked to absorb ever increasing budget cuts.

For that reason, Mr. President, I am worried that this budget resolution marks a retreat from that important safety objective.

FAA should not be and has not been totally immune from budget cuts. Over the past 2 years, the agency has seen its budget decline by 6 percent-some $600 million—while at the same time experiencing a 6-percent increase in air traffic.

The FAA has been able to do more with less by eliminating programs no longer needed, overhauling others, and by reducing their nonsafety work force by nearly 5,000 employees. That's progress. But we can not, and should not let this budget resolution undermine the FAA's mission.

Those savings were achieved through strong management and thoughtful and tough decisions. I worry that our budget decisions are exactly the opposite. We do not want to make aviation cuts with no rhyme nor reason.

It is my hope that after the bickering and posturing end on this budget, we will return to what I have always valued, a bipartisan consensus on the importance of a safe and efficient aviation system. The administration also must understand that its proposal for a corporation has no support. They can sit and watch as the reform movement goes on, if they so choose, but that is their choice. I will work with my colleagues here on meaningful reform that moves the aviation system forward. We must begin with looking at how to reform the FAA. Senators INHOFE and BURNS have put forward a proposal, and I know the Commerce Committee is seeking a bipartisan approach to FAA reform.

We must also make a real commitment to providing the necessary funds. If we do not, I am afraid they will redo that old country saying—''that dog don't hunt''—to ''that plane don't fly.''

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Maine.

Mr. COHEN. Mr. President, I yield myself 8 minutes.

Mr. President, it is interesting listening to the latest statements made by the other side that the American people deserve a better plan than this. If so, where has it been? Where is the plan that has been proposed by the minority? They talk about these Republican cuts in Medicare and Medicaid. Let me say that the President of the United States recently had the fortitude and the courage to measure up to the problem confronting Medicare and Medicaid. These programs are going broke. The trustees of the Medicare trust fund have reported that it will be insolvent in 6½ to 7 years. I suppose we could just put that off until after the next election and not deal with it. But six or seven years from now there will be no payments made to any hospital or to any doctor on behalf of anyone. President Clinton at least has had the courage to face up to the challenge facing us and say that he has a plan—a 10-year plan versus the 7-year plan, but at least he has a plan. I did not hear anybody over there endorse it. If they had an endorsement I suppose it would be forthcoming now.

So I take some challenge or question about the notion that somehow this is a Republican design simply to inflict pain and suffering upon the elderly. I think there is a legitimate issue to be raised about cuts in Medicare and Medicaid. But at least the President of the United States has faced up to it. He deserves a good deal of credit for having done so.

Insurance market reforms, portability, malpractice reforms—all of that has been proposed on a bipartisan basis. Action has yet to be taken. I do not have the time to go into who has held up those kind of reforms in the past. But nonetheless, they are there. And I think they are there for the taking if there is a bipartisan spirit to do so.

This is a blueprint, as has been described by the chairman of the Budget Committee. It is not faultless. It is not flawless. But I believe Senator DOMENICI deserves a great deal of credit at least for trying to come up with something that is not made of smoke and mirrors, that has not been a ''triumph of politics,'' as David Stockman wrote in his book, but something that has some real numbers behind it. It is not a ''free toss,'' as the critics of the balanced budget amendment suggested when we debated that issue before and lost by one vote. The critics said that individuals could vote for a balanced budget amendment but would never measure up when the budget comes through.

I think this conference report is adequate rebuttal. Those who supported a balanced budget amendment also are committed to producing a balanced budget for the consideration of this Congress.

I am one who has questions about the level of taxation included here. I think the tax cut is too high. I have told that to the chairman of the Budget Committee personally and I reiterate it again today. I think it applies or could apply to those who are not in need. I intend to raise such issues when we come to authorization, appropriations, and reconciliation.

So I am not fully committed to each and every detail contained in this particular blueprint. I hope to change it. I know there are a number of colleagues on this side who share my views, that we are not going to support some of the provisions in this particular blueprint. But let me say that this at least comes to grips with the entitlement issue.

Several years ago Senator DOMENICI and Senator NUNN offered an amendment on the floor dealing with entitlements. There were only 28 votes; 28 people who were willing to face up to the fact that we must curb the growth in entitlement programs. Today's blueprint represents a majority, not 28.

So I want to give Senator DOMENICI credit for his persistence in coming to grips with the difficult problem that we all have known about but have been unwilling to face.

There have been, in my opinion, cuts too deep in the field of biomedical research, education, and nutrition. Again, I have made that very clear to my friend from New Mexico, that I intend to support efforts to reverse some of those proposals.

But, Mr. President, I listen again and again to the attacks against this proposal coming from those who say: We have a better idea.

I have not heard it. Not one has come forward with a balanced budget plan. I have listened to speeches this afternoon saying, ''I am for a balanced budget. But not this one.'' It is much like St. Augustine saying, ''Dear Lord, give me chastity, but not yet'' when I hear them saying, ''Give us a balanced budget, not this one, not now, sometime in the future, but not yet.''

So, in spite of my reservations that I have expressed privately to Senator DOMENICI and to others, I believe that it is important for the first time since my service in Congress to go on record in favor of a balanced budget before this Congress, to approve it in spite of the fact that I have reservations about the tax cuts; approve it in spite of questions about the level of funding for research.

My Aging Committee had hearings just this week, which pointed out that we are being penny-wise and pound-foolish; that, if we invest a small amount of money in medical research, we can save as much as $70 billion by delaying for 5 years the onset of Alzheimer's, or a stroke, or Parkinson's. Those are the kind of investments we ought to make, and those are the kind of investments I am going to support when the time comes to vote on the authorization and the appropriations bills.

Mr. President, I want to go on record as saying I do in fact favor a balanced budget. This is a proposal. It is the only one before us. Until I hear a better one, I intend to support the Senator from New Mexico.

Mr. DOMENICI. Mr. President, how much time remains on the conference report?

The PRESIDING OFFICER. The Senator from New Mexico has 1 hour and 20 minutes. The Senator from Nebraska has 1 hour and 53 minutes.

Mr. DOMENICI. Let me once again on my time say to the Republican Senators, I do not want to cut anybody short. We have 1 hour and 20 minutes. I hope those who want to talk essentially agree to a minimum amount of time. I do not think I can give anybody more than 10 minutes and most 7½. Having said that, we are trying to make a list and get people in order.

Mr. President, let me say to my good friend, Senator COHEN, from the State of Maine, first of all, from the very beginning of my efforts in this regard, one of the stalwarts—there is a lot of talk of who is conservative, who is moderate, and who is liberal. From the very outset, Senator BILL COHEN of Maine has been for reining in the Federal Government and he has not been kind of a rainy day guy. He has been there when you try to get at the entitlement programs that are making it so there will not be any money for research in the National Institutes of Health on the dreaded diseases he is so concerned about. He has been there starting 4 years ago when Senator NUNN and I began the first idea of capping entitlements. We did not have anybody around. He surprised many people, BILL COHEN of Maine. The Senator from Maine was there with a tiny few of us.

Now, today, he expresses his enthusiasm again for getting to a balanced budget for the future of our country, if I understand him correctly.

Now, he is entitled to come to the floor of the Senate and say there is no other plan and I am going to vote for this one, and he is right. The President's plan did not come close even after he goes to all the effort of trying again. There is none from the other side. And so he is saying he is going to vote for it because of that.

On the other hand, he is entitled to say he is not going to be 100 percent for each and every assumption here, as it works its way through appropriations. He may argue that he wants less money for transportation, and more for cancer research. He may want to argue that he wants more money in education and less money in the Economic Development Administration or Appalachian Regional Commission. I read him that way.

Am I reading the Senator right?

Mr. COHEN. Right.

Mr. DOMENICI. And he is saying on some of the entitlements, look, there may be a better way than to take the subsidy away from postgraduate students in college. This resolution assumes they will pay a little more of the subsidy Americans are generously giving to them. He does not like it that much, and he may want to change it as a Senator from Maine, this process works.

Mr. COHEN. And I may wish to cut back on the level of tax reduction as such to alleviate cuts in some of the programs we just talked about.

Mr. DOMENICI. In which event everybody understands; budget resolutions and the product thereof are a little different from average legislation. The good Senator knows how onerous and difficult it is to change a reconciliation bill, but he stands before us committed to the good of this country, and for our children and our future he is voting even for some things he is not quite sure that he will support in their final form. And he is at liberty to do that. I thank him and acknowledge that that is, in my opinion, a very forthright and acceptable level of support, and I appreciate it.

Mr. COHEN. I thank the Senator. I simply wanted to indicate to him that there will be times as we go through this process that I will put my colleagues on notice that I do not share the assumptions contained in the resolution and will work to modify them.

Mr. DOMENICI. Mr. President, might I just complete these remarks?

I think everybody should understand that is the case. There may be Senators on that side of the aisle who, as this reconciliation process goes forward, support some of the propositions. I would not think they would be against each and every one. Some on this side are not going to support each. But let me suggest that in the final analysis we will have tax cuts for the American people only when we get a balanced budget. That is the premise of this budget resolution. We will have bills before us ready to be enacted that will get a balance before the tax cuts will be viable. I think the Senator from Maine knows that.

So to the extent we cannot balance the budget, we are putting at risk the tax cuts. And I think for some that will be a very important issue and a very important event. For others, it will not be that important. But it seems that everybody is saying it is important to get a balanced budget. That is how I see it and how I read it.

Mr. COHEN. If the Senator will yield.

Mr. DOMENICI. I will be pleased to yield.

Mr. COHEN. I think it is really important that we try to move away from this debate on class warfare, that once again it is Republicans simply bailing out the rich and it is the Democrats standing up for the elderly and the young and the poor. Senator LOTT is the son of a shipyard worker, a blue-collar worker, a union worker from Mississippi. I am the son of a small-town baker in Bangor, ME. My father does not have very much in the way of material goods. He works really hard—my mother and father both. He is 86 and still works 18 hours a day. And all he has is what he makes, period, each day.

I take offense that supporting this budget is somehow akin to bailing out the rich. I will tell you what I am concerned about. I have two sons, both married, both starting out, and they have a future that is pretty bleak. They have a future that is bleak because of what we have been doing. We have been eating their seed corn, their food and then asking them to pay the bill.

When I look at their futures in terms of what they will have to pay in interest payments on the debt, unless we change our ways, then I have real apprehension for their future. They are not rich. They are not wealthy. One has gone back to graduate school after being out of college for 10 years, and another has decided to go into college after being away. So I have two now, one in graduate school and one in undergraduate school. It is not easy. They are going to have a tough time. But they are going to have a much tougher time unless we change the way we have been dealing with their futures.

So that is the reason I support a balanced budget, not because of any interest in bailing out the rich or passing out benefits for the wealthy. What I want to do is make sure we start curbing our appetites so that we do not simply eat away their future. As Thomas Jefferson stated, ''whenever one generation spends money and then taxes another to pay for it, that first generation is squandering futurity on a massive scale.'' That is what we are doing; we are squandering our children's future on a massive scale. In my judgment, that amounts to fiscal child abuse and we have to stop the beating and stop the bleeding.

Mr. DOMENICI. Mr. President, let me once again thank the Senator for his very articulate, sound statements regarding this effort in the Chamber of the Senate. I am very pleased to lead this effort because of that very set of concerns.

Mr. President, I do not think I want to once again state how I came into this world, but I will share it with you. I am the son of immigrant parents and my father never went to school and never learned how to write English. He was a success, however.

In fact, I say to my friend, if I have a liking for small business, it is because my dad had a little grocery store and when they bought a new truck, it was not just an event in business; it was an event of the family. He brought the truck home to show that his hard work was getting something and there was a new truck to deliver goods, and he could perhaps support us better.

I am not supporting this balanced budget because I feel I wish to vote for a tax cut for the very wealthy in this country. To be truthful, to be truthful, that issue will be decided by the Senate. Anybody who wants to talk about where it is going to be, the Senate is going to vote on that issue. So if the other side wants to continue with the rich and the poor and wants that fight to go on forever while we try to help

everybody with a balanced budget, have at it.

The truth of the matter is there is nothing in this budget resolution that says the Senate is on record, off record, assumptions, nothing that says we know how this tax cut is going to be put through by our Finance Committee and this Senate.

Now, let me make one other point, I say to the Senator. He made it, and let me make it and then yield to him for a moment. He made an excellent point.

Whenever you try to balance the budget, it is very easy for those who do not want to join your team to say, ''We are for it but.'' And then let me suggest if we kept a litany of the ''but,'' or ''however,'' or ''I wouldn't do this,'' if we would have kept that list, we would be back out of balance and we would not be in balance until the year 2020 because everything that is difficult somebody on the other side of the aisle says, ''We would not do that.'' Now, not everyone on that side, but a host of Senators with a litany of, ''I wouldn't do that; it will hurt the seniors; it will hurt the poor.''

Mr. President and fellow Senators, when are we going to balance the budget? You know what we ought to put up here when they put that picture up and Senator LAUTENBERG says, ''Whose side are you on?'' We should have a picture of every main street and every shopping center in America. That is what we should have, I say to Senator COHEN, with thousands of Americans, some of them wearing a cowboy hat, some of them boots, some of them swank clothes, and we ought to say, when he asks that question, ''We are for all of them. All of them.'' The poor, the rich, the old, the less than old, the kids and even the unborn kids. I do not know how we would put them up there, but maybe a space over on the side and say, let your imagination carry you on a little bit. Because a balanced budget is even for the unborn Americans who, if we do not fix this fiscal policy, will be paying our bills and have nothing left over for themselves. That is the issue as I see it.

How much more do we want to ignore our adult responsibility? How many more years? How many more years do we want the excuses? It is easy to make excuses. You can have excuses by the thousands. You can even find an economist, perhaps one that works for the President, who will tell you it is not the right time.

Well, I say one more time, when will it ever be the right time? If it is not the right time when you can do it, then it will never be the right time. If it is early in a business cycle when everything is going good, Oh, do not harm that growth. Right? Do not do it now. Let it grow. You get it in the middle of the business cycle, Oh, you might be a little early. Now like maybe the waning tip of the business cycle, Not right now. That is what is wrong with us—on both sides of this aisle. We wait around for our time. And much of that turns out to be political time. Our time, meaning what is best politically.

Well, I submit we took some real risks here. And we are going to defend it across this land. And we believe that when it all turns out, we are not asking for credit. We are just asking that the people of this country reserve their antagonism toward this or their sense of urgency, or concern, about what we are doing, reserve it for a while, and let us see how much better America will be when we decide to pay our own bills instead of letting our children do it.

Mr. COHEN. If the Senator would yield. You mentioned one of the President's economic advisers. Let me repeat what I said earlier. I think President Clinton deserves a good deal of credit for coming forward with his second budget proposal saying, let us do it in 10 years, not 7.

By the way, he recognized what his trustees in Medicare told him—the system is going bankrupt. Starting next year the payments going out under Medicare will exceed the revenues coming in. Then it goes into a steep decline in the year 2002 and it is broke. President Clinton had the courage to change and recognize his mistake in the first budget and to say now that we have got to fix it.

Now, we may disagree in terms of what level of funding is necessary, but at least he faced up to the responsibility; he did not try to exploit the issue, saying it is Republicans trying to do in the old folks. We have got to save the fund. We have got to save the Medicare fund. He seems willing to do it. We are willing to do it. There ought to be a way to work it out. But I have not heard any suggestion on the other side. I have heard no resolution being offered, or even being contemplated, endorsing President Clinton's second budget. I heard none forthcoming.

If I could have one more comment.

Mr. DOMENICI. Please.

Mr. COHEN. On this class warfare issue, we have been through this year after year after year. When the tax debate took place several years ago, many on the other side said it is time to tax the rich. We have to go after the fat cats. Let us put a luxury tax on furs, on jewelry, on yachts, on cars. And what happened? They aimed at the rich, and whom did they hit? The working men and women. We lost jobs in my State. You know why? Because the rich bought their boats elsewhere. Hinkley Boat Yard, one of the finest shipbuilders in the country——

Mr. DOMENICI. Went broke?

Mr. COHEN. Did not go broke, but it had real serious problems for several years thereafter. Those on the other side said, ''We made a mistake. We tried to get the rich. We got the working men and women.''

We have got to stop the notion that somehow only Democrats preserve the interests of those who are working and we are just protecting the rich. What we are trying to do is generate an economy in which everybody benefits.

So I must say this notion, this dangling conversation that never seems to end, that the Democrats are the only ones concerned about working men and women, it does not correlate to the background that I come from. It is not the background that the Senator from New Mexico comes from.

My folks do not have anything. They do not have any retirement plans, nothing but Social Security and what they are able to produce day in and day out from their hard labor. So the notion that somehow I am out here advocating programs for the rich really strikes me as offensive. And so I want to commend the Senator from New Mexico once again. The conference report to House Concurrent Resolution 67 is not a perfect plan; it is one that I will disagree with in some instances in the future with regard to the details, but I think he has done an outstanding job. And I wanted to rise and advocate my support for it.

Mr. DOMENICI. Mr. President, let me close these remarks by saying, obviously when the Senator from New Mexico alludes to this side of the aisle being Republican and that side of the aisle being Democrat, I want to make it very clear that I do not paint every Republican in one picture. I do not think they all agree on the same things. And what I said about opposition to this budget does not fit every Democrat in the same way. There are many Democrats that, I believe, with two or three changes, would probably support what we are doing in this budget resolution. It may very well be one would put off tax cuts for a while. That is their prerogative. But I submit that there are a number of Democrats who are just as willing to take on the entitlement packages, the entitlement problems of this country, as we are. Anything I said in my remarks about it is never the right time and never the right program, certainly I did not intend that to apply with a brush to everyone on the other side, because it is not so. I yield the floor. I thank Senator COHEN.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I listened with great interest, and I was wondering if we could agree now when I finish my very brief remarks that I could have two Senators from this side speak, given the fact that the majority side has taken considerable time. I intend to yield 4 minutes to the Senator from Wisconsin, and then, following that, 2 minutes to the Senator from Vermont. Would that be acceptable?

Mr. DOMENICI. Yes.

Mr. EXON. Let me make very brief remarks. There have been a lot of questions asked and charges made talking about class warfare. The question has been asked, when are we going to balance the budget?

Well, in the first place, Mr. President, I do not stand here—I stand here proud of the fact that the people on

this side of the aisle are going to say very loud and they are going to say very clear that we tell the truth about the tax policy that came out of the conference, that is, there are $245 billion of tax cuts in this horrible piece of legislation before us, and if we point out that that the benefits are going to the rich, it is because that is the truth. I do not like class warfare, but the truth never hurt anybody.

When are we going to balance the budget? I think we can get together and balance the budget as soon as the majority gets off the kick that they are on, a $245 billion tax cut that basically helps the rich. That is the time when those of us on this side of the aisle are prepared to march shoulder to shoulder. In the meantime, we will not. We think it is unfair. We think it is wrong. We think it is ill-advised and ill-timed and it could not be worse.

Just let me point out, Mr. President, that under the bill that came out of the conference, as nearly as we can understand it, while I would agree that the final details have to be worked out in the Finance Committee and then with the comparable committees on the other side of the Hill, that basically, under this bill families with incomes of over $200,000—that is about 2.5 percent of all the families in the United States of America—those families would get an average tax break of $11,266 a year, while on the other hand, other Americans not so fortunately situated, those taxpayers with incomes below $30,000 a year, which represents about 40 percent of the taxpayers in the United States of America, they would get an average tax break of $124 a year; $11,266 a year for the 2.5 percent of our citizens that make over $200,000, and $124 for those who make under $30,000.

We are not going to be part and parcel to that type of an arrangement, however much it is clouded, however much we are accused of playing class warfare. We are not going to saddle up to that kind of a plan.

I yield 4 minutes to my colleague from the State of Wisconsin. When he finishes, 2 minutes to my friend from Vermont.

Mr. KOHL. Mr. President, I thank the Senator. I am pleased to be here to say a couple of words about this budget proposal we are voting on today.

I am voting against it. Like Senators COHEN and DOMENICI, I am also the son of immigrant parents and worked most of my life in the private sector. I have been very fortunate. I am among the most wealthy and well off in our society. Mr. President, I would be embarrassed to go back and tell the people I represent in Wisconsin that the balanced budget amendment that I voted for asked nothing from me, zero, and I voted for it. It asks a lot from middle-income people, lower-income people, students, from everybody in our society except the well off.

This balanced budget proposal I voted for asks nothing from the well off, and it is not inadvertent and it is not an accident and it is not something that we should hold out to the American people as something of which we are proud and endorse. We should not say now, ''Well, we'll change it later.''

Why do we not have a consideration for what I just suggested in this balanced budget proposal that we are discussing? We have a situation in this country today in a way which is more skewed than any society in the world. The wealthiest 1 percent controls 40 percent of our assets in this country, and the most well off 20 percent control 80 percent of the assets in this country, and it is going in the wrong direction.

Here we come up with an economic proposal which does not take that into consideration at all. In fact, for those most well off, they will come out of this with an economic benefit—a tax cut. They will be asked not to do one thing to help to balance our budget. If this represents fairness, then everything that I have been taught about what is fair in the years that I have lived on this Earth does not make any sense at all.

There was an opportunity that Senator COHEN and Senator DOMENICI had to vote for a balanced budget proposal that did contain fewer tax cuts, and those tax cuts were aimed at people in the middle-income brackets that needed them the most; that did contain fewer cuts in Medicare and Medicaid and nutrition programs and student loan programs. Senator COHEN and Senator DOMENICI did not vote for those proposals. So they are talking now about a balanced budget proposal, in Senator COHEN's words, that is more fair in the ways he just described which are exactly like some of the proposals we made early on in the process: Senator BRADLEY's proposal, Senator CONRAD's proposal. Senator COHEN did not vote for it.

So now we have just one proposal to consider, and that is this proposal which is, in my judgment, most unfair and it is not a way in which we should go to the American people and ask them to support our concept of a balanced budget proposal. So I have to vote against this balanced budget proposal. I am very regretful, Mr. President, because I am a supporter of the balanced budget amendment.

I recognize having been in business all my life how important it is not to spend money you do not have. I am a supporter of a line-item veto. I am convinced we have to come up with a balanced budget proposal, and I hope before this process is over this year I will be able to vote for a balanced budget proposal.

But, Mr. President, it has to be fair. It has to be something that the American people can look at and say, this represents equity in the quest to balance our budget.

So I must say I cannot support this proposal. I am looking forward to continuing the dialog. I very much hope before October rolls around that we will come up with something that I can support out of fairness. In my judgment, this proposal is not fair. Thank you, Mr. President.

Mr. EXON. Mr. President, I yield myself 1 minute. I want to pose a question to my friend from Wisconsin. I do not wish to embarrass him, but I think it is a good time for me to make the point, once again, that I have been making.

Since I know the Senator from Wisconsin very well, he is a very talented Member of this body, a very humble soul. I think it would be safe to assume, and I would like to ask, if I would not embarrass my friend from Wisconsin, I just guess that the Senator from Wisconsin very likely might be in the category that I referenced earlier, the 2.5 percent of the families in America that would receive an average $11,266 a year in tax cuts. Is that the understanding of the Senator from Wisconsin?

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. EXON. I yield whatever additional time I need.

Mr. KOHL. Yes, that is true, I say to the Senator. As I said in my earlier remarks, I would be flatout embarrassed to go on back to Wisconsin and tell people that I voted for a balanced budget proposal that is going to cost them money out of their pockets, money that they really need, and for myself I voted a tax cut. I mean, this is not fair, and if we do not represent fairness, then what do we represent?

Mr. EXON. Does the Senator from Wisconsin feel that I am practicing class warfare against him by putting out the fact which he agreed to?

Mr. KOHL. I want to point out to the Senator from Nebraska that it is just the opposite. It is the inequitable distribution of wealth that has been occurring the other way year after year for a decade or two. Whenever people get up and talk about trying to distribute more equitably the wealth we have in our society, the other side is saying you are practicing class warfare. It is just the opposite. They are the ones who are doing it with their policies that are more and more concentrating wealth in the hands of fewer and fewer people, and when somebody brings it up, they point a finger and say, ''class warfare.'' It just is not fair.

Mr. EXON. I thank my friend.

Senator LEAHY is next to be recognized.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I compliment my friends on the other side of the aisle for their strong support of a balanced budget. I just wish they had that same strong support during the eighties. Instead, they strongly supported President Reagan as he tripled our national debt. If they did not give strong support then, we would not have the difficulty getting a balanced budget today.

Mr. President, I fear the Republican congressional leadership and the President are heading for a train wreck on

the budget, a wreck that is going to force the entire Government to abruptly stop this fall.

I think a bipartisan summit of the budget is needed, something building on the spirit of cooperation we saw in New Hampshire with President Clinton and Speaker NEWT GINGRICH on taxes, welfare reform, entitlement reform, spending reductions and the time it is going to take to get a balanced budget. It will be a tough and difficult summit, but it would be worthwhile.

I think both Republicans and Democrats agree we have to consolidate unnecessary Government programs, reform welfare, control Medicare and Medicaid spending. We may disagree on the details, but we know it has to be done.

In 1990, a President and the Congress of a different party failed to reach an agreement, and we had to shut down the Federal Government for almost a week. Social Security recipients, students, farmers, millions of others were hurt by it. Nothing was accomplished. The same thing is going to happen this fall if we do not get together.

I think it is time to put our political differences aside and come together on a budget summit before the crisis. I think once we get the budget on solid footing, then let everybody run for President.

Just a few weeks ago, we saw a brief glimpse of bipartisan cooperation. In New Hampshire, President Clinton and House Speaker GINGRICH actually sat down together to discuss their differences on a wide range of important issues—without 15-second sound bites aimed at scoring cheap political points.

And 2 weeks ago, President Clinton laid out a 10-year blueprint to balance the budget and called for bipartisan cooperation to reach some compromise with Republican congressional leaders.

Unfortunately, the Republican congressional leadership rejected the President's offer to a bipartisan solution to balancing the Federal budget. This budget conference agreement completely ignored all of the President's recommendations.

This deal makes a bad budget even worse. It is not a compromise, but a much more extreme budget than the Senate-approved resolution.

Nearly 60 percent of the total projected savings of this so-called compromise plan come from cuts in Medicare and Medicaid. These Medicare and Medicaid cuts will pay for a tax cut package of $245 billion—$75 billion more than the Senate-approved budget—over the next 7 years.

This tax cut package includes a $500-per-child tax credit for families making up to $200,000 a year. But this credit is not available for poor families that do not make enough money to pay taxes.

This agreement cuts Medicare by $14 billion more than the Senate-approved budget over the next 7 years.

This means Vermont will lose over $350 million in Medicare funding over this time.

Split equally between beneficiaries and providers, the average Vermont senior will pay about $2,000 more out-of-pocket over the next 7 years.

This budget deal also makes deeper cuts in Medicaid, which provides medical care for our most needy citizens. The so-called compromise would cut Vermont Medicaid funding by over $300 million over the next 7 years.

These cuts come at a time when Vermont is working on a plan to cover more uninsured Vermonters through expanded Medicaid coverage. As a Vermonter, I am afraid these cuts could jeopardize Vermont's plan. Vermont is moving in the right direction while this budget deal takes the country in reverse.

I fear that the Republican congressional leadership and the President are heading for a train wreck on the budget—a wreck that will force the entire government to an abrupt halt this fall.

An immediate bipartisan summit on the budget is needed, building on the spirit of cooperation established by President Clinton and Speaker GINGRICH in New Hampshire.

For a summit to succeed, everything must be on the table: Taxes, health care reform, entitlement reform, further spending reductions, and the time it will take to get to a balanced budget.

Such a summit will be a grueling, sometimes acrimonious encounter. But anyone who has studied the various blueprints can see the outlines of an agreement—providing there is the political will.

Both Republicans and Democrats agree that we must consolidate unnecessary Government programs, reform welfare, and control Medicare and Medicaid spending. We may now disagree on some of the details for accomplishing these goals, but that is why we need a bipartisan summit—to hammer out the details of a compromise.

Until now, both sides share the blame for the fix we find ourselves in. This year's budget debate has been just partisan bickering.

Congressional Republicans did not seek cooperation from the Democrats, and Democrats in turn, almost unanimously opposed the budget resolution. Party-line votes, unfortunately, are nothing new in Washington budget debates.

When Democrats controlled the majority, the same thing happened. Democrats did not reach out to Republicans, and not a single Republican in the House or Senate voted for the 1993 budget bill.

In 1990, a President and Congress of different parties failed to reach a bipartisan agreement on the budget.

The result was a shutdown of the Federal Government for almost a week: This hurt Social Security recipients, students who relied on Federal loans, farmers who relied on Federal support programs, and millions of others.

Luckily, the Government shutdown did not last long enough to imperil our air traffic control system or meat inspections.

I foresee the same thing happening this fall—but with the potential for a far longer and more acrimonious stalemate.

Before adopting a more conciliatory tone in New Hampshire, NEWT GINGRICH was issuing partisan ultimatums.

He recently told Business Week, his strategy of forcing President Clinton's hand: ''The appropriations bills—if you don't sign them, there is no government. Which of the two of us do you think would be more worried by that?''

Just yesterday, House Budget Committee Chairman KASICH said that a Government shutdown this fall ''would give the best explainers on Capital Hill'' a chance to make the case for the Republican budget plan.

Shutting down the Government is an attempt to score political points will only bring more scorn of our political system.

It is time to put our political differences aside and come together in a bipartisan budget summit—before the crisis.

I still hope that Democrats and Republicans can work out a more reasonable plan than the budget before us. A budget that would cut out agricultural subsidies for wealthy absentee farmers, cut out wasteful projects like the space station and B–2 bomber, but out tax loopholes, and look at entitlement reform.

Once we get the budget on a solid footing, there will be plenty of time for a Presidential campaign next year.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from Vermont, with whom I have had the pleasure of serving for 17 years, for his help, his support and thoughtfulness. I also would like to take a moment to thank my talented colleague from the State of Wisconsin for his remarks.

Mr. President, I have two more speakers, but it is the turn of the other side.

Mr. DOMENICI. Mr. President, I say to my colleague, Senator Snowe, we have the time to allow her 10 minutes to speak. I yield 10 minutes to the Senator from Maine.

Ms. SNOWE. Mr. President, I want to thank the chairman for yielding me 10 minutes. I want to commend him for the effort that he has undertaken to put this budget proposal together.

Mr. President, to paraphrase Winston Churchill's famous remark, I feel we finally have reached the ''end of the beginning'' of what I hope will eventually be known as the first 7-year budget to reach a balance in over a generation. I say the ''end of the beginning'' because we still have a tremendous amount of work lying ahead of us over the next few months.

While this resolution moves Congress forward light years, rather than leap years, in our quest to achieve a balanced budget by 2002, we still have a

challenging reconciliation process to overcome.

As a member of the Budget Committee, I know that has been a tough target to reach, but it has been a goal well worth fighting for.

I have had concerns about this conference proposal, not necessarily because it has some tax cuts, not necessarily because of some spending cuts, but I believe a careful balance has been tilted in a manner that could put at risk the very goal of this entire process.

This afternoon, I would like to offer some constructive words and views to this very important process—a process for whose goal I have been fighting throughout all of my years in the Congress, including when I served for 16 years in the House of Representatives.

Getting us closer to balancing the budget has not exactly been a ''walk in the park'' for those of us who worked hard and diligently to unlock the fiscal handcuffs that have bound our country.

I speak especially of the distinguished chairman of the Budget Committee, Senator DOMENICI, our distinguished majority leader, Senator DOLE, and all of the Senate members of the conference committee who represented the views of this body and the American people with a firmness of resolve and commitment to our goals.

Those are goals that even the President has finally agreed to—after a considerably long leave of absence—that we should reach by a date certain, the most important of which is the total elimination of the budget deficit.

Let it be known that while we on this side of the aisle had the guts from day one to forge a 7-year fiscal vision about where we wanted to take America, there are those in this institution, on the other side of the aisle, who never had it in their hearts to fight for a balanced budget, and never had the stomach to make it a bipartisan fight.

A balanced budget is not only making the Federal Government accountable to sound fiscal policy, but it is also a commitment to compassion and common sense that must be made in the process.

It is said that ''every rose has its thorn,'' and this historic budget proposal is no different. That ''thorn,'' as it turns out, stemmed from wide-ranging differences between the House and Senate budget numbers, and specifically on the issues of tax cuts. When this budget was reported out of this Chamber on its way to the conference committee, an agreement was reached among Senators regarding the size and scope of proposed tax relief. The House gave a $345 billion tax cut package. From here, it was agreed that a total of $170 billion would be held in reserve to be used if—and only if—two things happened. First, that we had an economic dividend over 7 years, and, second, that the Congressional Budget Office would actually certify that a balanced budget would occur by the year 2002.

Let us be clear right up front about one thing: The entire purpose of this balanced budget process was not to craft and produce tax relief in sum totals that were unrealistic or inconsistent with achieving balance in a fair and rational manner.

The singular goal of our efforts from the outset has been this, and only this: To sensibly and carefully craft a 7-year plan to reach balance by the year 2002, without being sidetracked by other goals and proposals.

In our plan, we identified a potential for a $170 billion dividend that would be held in reserve to be used for tax relief. But in the conference committee, a final figure of $245 billion was reached.

I happen to consider the original Senate plan a fair and reasonable approach: Taxpayers who have been asked to make sacrifices to reach a balanced budget could receive the dividend of reaching balance in the form of a tax cut.

I credit Senator DOMENICI as chairman of the committee for having reached, I think, a very fair and reasonable proposal in addressing some of these issues with respect to a tax cut plan.

The compromise agreement from the budget conference, however, allows for the possibility of an additional $75 billion in tax cuts.

From this point, there are three ways to proceed: Offsets may be chosen from the jurisdiction of the Finance Committee; higher deficits may be called for in the first years of the plan to absorb the high cost of this tax cut proposal; or we can simply reduce the size of the tax cut reported by the Finance Committee. The budget only stipulates that the tax cut not exceed $245 billion; it does not say that it must be $245 billion.

My point is that I do not think we want to hinder the progress of the balanced budget caravan by attaching a larger-than-necessary bulky trailer to its hitch.

To this Senator, it is one issue to return the economic dividend derived from balancing the budget to taxpayers in the form of a tax cut, but it is quite another to ask them to absorb additional cuts in programs to support further tax cuts of larger-than-life proportions.

As we move forward, other issues concerning the budget resolution will also be addressed in reconciliation—issues of tremendous importance to me and to other Senators, such as maintaining adequate levels of funding for education and student loans. When we talk about the goal of the balanced budget for our children, nothing could be as important as investing in the education of our children's future, and we must see to it that this investment is maintained.

We must also fight to ensure that the Medicare system is not only solvent, but a healthy provider of quality service as well. We must fight to protect biomedical research, funding for the National Institutes of Health, and nutrition programs—again, in the sole interests of protecting and providing for America's children.

I believe we can maintain these priorities and maintain the moral imperative of a balanced budget which must come first and foremost.

I know that this is the price and the cost for righting 26 years of wrong in America—26 years of budget deficits, 26 years of allowing Congress to treat the budget like a charge card, 26 years of adding unceremoniously to our national debt.

We are not going to treat the Federal Government like an ATM machine anymore. We are basically going to revoke its credit-card privileges, and it is about time we do so.

In the final analysis, my hope is that we can look upon this document for what it is—a ''binding blueprint.'' Its parameters have been drawn and set, but its contents have yet to be fully shaped. The opportunity for further imprints is, for many of us, one of its shining qualities, and reconciliation will be its end result.

This document gives committees the opportunity to meet these balanced budget targets. And we must accomplish this without harming the most vulnerable in our society.

Mr. President, with these caveats in mind, and with the knowledge that we are merely at the ''end of the beginning,'' I am concluding at this stage of this historic process that the momentum forward toward a balanced budget should not be stopped.

We are, in the end, finally tilting the fiscal scale to balance.

In this proposal for a balanced budget, we reach our goals by cutting Federal spending, by eliminating waste and unnecessary bureaucracy in Government, by saving Medicare from bankruptcy, by not taking a dollar from the Social Security system, by cutting over $900 billion from the deficit over 7 years, and without raising taxes.

In a final note, I want to assure my colleagues that I intend to do everything I can to work diligently and constructively throughout this process, with as much resolve and vigor as I entered into it with, to ensure that we have a balanced budget. I want to work to ensure that we have fairness and reasonableness in this process.

I want to make sure that the working Americans and working families are treated fairly, and that we have middle-class America facing relief in the future from the enormous debt that has been certainly hampering their economic security. And we have to look at single parents who often work two jobs to make both ends meet, as well as those trying to educate their children in this uncertain time. We also have to look at the young Americans whose future and financial security is already at risk.

In this budget we have asked Americans to contribute in some form or another to our bold effort to balance the

budget. Already, we have asked them to make difficult choices. Already, we have joined with them to make our mark on history. So, once again, we ask for their trust and confidence as we take the next step forward.

I hope that although we have not had a strong, bipartisan effort to balance the budget—we have not had a plan from the other side—I think it is important from this point forward that we have set the goals for a balanced budget, that we work in unison and harmony to fashion the most fair and reasonable approach possible, to ensure that we provide the economic security that Americans deserve.

I yield the floor.

Mr. EXON. Mr. President, we will continue as best we can. I would like just a moment to recognize the Senator from Florida, who has been waiting patiently. Following Senator GRAHAM, depending on the flow of what speakers are available—I would like to at this particular time yield to the Senator from Florida 10 minutes; followed by the Senator from Minnesota, 12 minutes; followed by Senator BOXER, the Senator from California, for 10 minutes, in that order.

Mr. DOMENICI. Mr. President, if the Senator will yield so I may respond to Senator SNOWE, then we will proceed with your side.

Mr. EXON. I yield.

Mr. DOMENICI. I just wanted to say to Senator SNOWE, we would not be here with a balanced budget but for her participation in the Budget Committee. When she was selected, I do not think any of us knew we were going to have this kind of job ahead of us, nor that we were going to accomplish this much. Whether we like every single piece or morsel of it is another issue, but the Senator was a very active participant in our budget markups and our floor debate.

I thank her for that. I want to say, I did not know her very well, but she has a lot of what some of us call ''guts.'' ''You are tough.'' From me, that is a great compliment and I hope my colleague takes it that way.

Ms. SNOWE. I certainly do.

Mr. DOMENICI. It has been very exciting to have her on the committee. We had a great committee. They did their job, and the Senator from Maine was one of them.

Ms. SNOWE. I thank the chairman for the work he did on the committee to bring us together to make this day possible. And it is a historic moment, to think this is the first time in 26 years we have established a balanced budget resolution. But it is due to the chairman's credit, his demeanor, and to his approach to the committee to bring this forward, that we cut a trillion dollars from the next 7 years. Without the chairman's efforts and input and his experience as chairman of the Budget Committee, this day would not be possible.

So, I thank my colleague and look forward to working with him in the future.

Mr. DOMENICI. I thank Senator EXON for yielding.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I, too, wish to join those who have complimented our colleague, Senator DOMENICI, and also the ranking member, Senator EXON, for their outstanding work on behalf of the U.S. Senate and our goal of bringing the U.S. Federal budget into balance. They have taken on a very difficult, challenging task. They have performed their task with great skill.

I want to say that I stand shoulder to shoulder with others in this Chamber who are committed to the goal of balancing the Federal budget and doing so as rapidly and surely as possible. I am proud to wear the label of being a deficit hawk.

I have supported the constitutional amendment to require us to balance the budget. I hope when that amendment returns, we will have the votes to carry it one step further and that is to be prepared to balance the Federal budget without relying on the Social Security surplus as a means of doing so. By adding that additional component, that is denying ourselves the luxury of balancing by using the expanding Social Security surplus, we will have, in fact, achieved our goal of a sustained, permanent balancing of the U.S. Federal budget and a cessation of the constant increases to the national debt.

I also support the line-item veto as a necessary discipline of the executive in the process of national fiscal affairs. I supported the 1993 economic plan of President Clinton which I think history will demonstrate is one of the most important actions that this Congress has taken, in terms of moving beyond rhetoric to actually making the difficult political decisions to balance the Federal budget.

I cosponsored, during the debate on this budget resolution, the Fair Share plan, which went beyond this budget in terms of what it would have done toward balancing the Federal budget by the year 2002 and beyond. While I admire and appreciate the effort that has gone into the budget plan which is before us this afternoon, I do not believe even its most ardent advocates would attempt to say that it is Biblical; that is, that this is the only way, this is the divinely disclosed manner that is necessary in order to achieve the objective of a balanced budget.

Balancing the budget is both a matter of commitment and then a matter of values, of priorities, of choices. This plan represents values, priorities and choices. Frankly, they are not my values, priorities, or choices, because I believe this is not a plan which meets the ultimate test of being fair to all the American people.

When one of our colleagues has the courage to stand up on the floor and describe himself as being one of the most advantaged Americans, and then to say he is embarrassed about the fact that he is being asked to vote for a budget plan that will substantially reduce his taxes while denying services to many other Americans who are substantially less well off—I think that is indicative of the fundamental unfairness which is a fundamental flaw of this budget plan.

I think there are three other flaws in this plan. First, the plan ignores, in too many critical areas, the consequences on real Americans, on real people. If I could use as an example a meeting that I participated in yesterday with the presidents of four, predominantly African-American, colleges and universities in my State. One of those Presidents was Dr. Oswald Bronson who is the president of Bethune-Cookman College in Daytona Beach. Bethune-Cookman College has, as its first name, the name of a great American, Mary McLeod Bethune, whose statue graces Lincoln Park, just a few blocks from where we are this afternoon.

Those presidents told me that if the cuts in student financial aid which are contemplated as a result of this budget plan become reality, it is not a matter of a few students being economically pressed in terms of continuing their education. It is not a matter of a sustainable dropoff in admissions to their institutions. It is a matter of survival of their institutions. So many of their students are dependent upon programs like the PELL grants, that if we make the kinds of cuts that we are contemplating, we place those institutions in jeopardy. That is the impact on real people that this plan will inflict.

Second, I think this plan is flawed in that it is top down. Big numbers were arrived at without any apparent attempt to determine what those big numbers would mean to the programs that were affected and the people who depended upon those programs. I want to particularly talk about that flaw as it relates to the two big Federal health care programs: Medicare, health care for the elderly; and Medicaid, health care for the poor.

Third, I think this plan is unsustainable. We may get some degree of glow of accomplishment, should this plan pass today—and I assume it will. But I predict with a high degree of confidence that when the Members of this body and our colleagues in the House begin to look at the actual consequences of this budget, particularly in areas such as education and health care, that we will see them to be what I think they clearly are, and that is inappropriate, adverse to the interests of average Americans, and therefore unsustainable.

There are some who would suggest, in this health care debate, that we have just opened the scene to an absolutely new stage; that we never saw any of the issues in health care until we came to this budget resolution. The fact is, we have known about the status of American health care for a long

time. It has been a status which has been declining in some very important indicators. It has been declining in terms of the number of persons covered by effective financing for their health care costs. It has been declining in terms of some important indicators of the health of our people, such as the immunization of our youngest children. And it has been declining in terms of its economic status.

It was no secret that the Medicare program has been in financial distress. That was why the President, in his 1993 plan, made what I think was a courageous proposal, to provide a substantial amount of additional funds for Medicare, which has allowed its impending bankruptcy to be deferred for some considerable period of time.

We need, now, to have a reform of our health care plans which is reasonable, which is in the context of comprehensive health care reform, and which will be sustainable.

One of the major debates of 1994 was whether health care could be reformed program by program or whether these programs are so interrelated that it had to be done on a comprehensive basis. Those who argued for the former position won the day; that we did not have to have comprehensive health care reform, that we could do it a different path. It is now going to be their challenge to figure out if that in fact is true.

I personally do not believe it is true. I believe we are going to find that there will be substantial cost shifting as a result of these draconian cuts in Medicare and Medicaid. We will find private insurance rates going up. We will find the cost to local governments increasing. Circumstances such as just occurred in the largest public hospital in Los Angeles—the Los Angeles County Hospital now is on the verge of closure because, in large part, of the impact Federal Government health care policies that have been narrowly focused on that one hospital and have caused or contributed substantially to its collapse.

We also are seeing declining coverage. One of the things that is occurring is that the percentage of Americans covered by private health insurance is declining. The estimate is that by early in the 21st century less than half of working Americans and their dependents will have coverage at the point of their employment. And the result of that is that the rolls of Medicaid, the safety net for many of those people who have lost their coverage in the private sector, has been growing almost in direct proportion. We are going to continue to see that. Yet, with these cuts, $181 billion below what health care economists both in the previous Republican administration and the current Democratic administration had considered as necessary to maintain the same level of coverage and quality, we are going to have $181 billion of cuts below those levels.

Mr. President, while I admire the fact that we are now moving toward the goal of a balanced budget, there has to be a different way to achieve that goal. So I must vote no on this plan with full expectation that before this year is over I will have the opportunity to vote yes for a plan which is fair, which is sustainable and in the interest of all Americans.

Thank you, Mr. President.

Mr. KYL. Mr. President, promises made, promises kept. That's what the fiscal year 1996 budget resolution is all about. We promised the American people that we would find a way to balance the Federal budget, and we did. This resolution puts the budget on a path to balance by the year 2002.

We promised that we would protect Social Security, and we did. This resolution doesn't touch Social Security retirement benefits or cost-of-living adjustments.

We promised to protect Medicare, and we did. This resolution allows Medicare spending to grow at a sustainable pace.

We promised to provide tax relief for American families and businesses, and we did. This resolution will accommodate 245 billion dollars' worth of tax relief over the next 7 years.

We promised that we would begin to shrink the size and scope of Government, and we did. This resolution provides for the elimination of the Commerce Department and numerous other programs, commissions, agencies and functions of Government.

Promises made, promises kept. That's what this resolution is about—keeping the promises we made to the American people, and keeping faith with future generations of Americans.

Now, make no mistake. We'll hear throughout this debate about all of the pain this budget inflicts. Let's put this budget into perspective.

Over the next 7 years, the Federal budget will grow from $1.5 trillion to $1.875 trillion. That represents and annual growth rate of about 3 percent. So, total Federal spending isn't being cut at all. We're just not increasing it as much as some in this Chamber and at the other end of Pennsylvania Avenue would like.

Take a look at Medicare in particular. Spending will grow from $178 billion this year to $274 billion in 2002. That's an annual growth rate of about 6.4 percent. Medicare spending per beneficiary will grow from about $4,350 this year to $6,070 by 2002. Total Medicare spending over the next 7 years will top $1.6 trillion. So, we're not slashing Medicare at all.

We do heed the warning of the Medicare Board of Trustees and limit growth to more sustainable levels to prevent Medicare from going bankrupt in 2002. That is what is necessary to ensure that seniors do not lose their benefits altogether as a result of bankruptcy in 7 years.

Medicaid spending will grow from $89 billion this year to $124 billion by the year 2002. That is an average annual growth rate of just under 5 percent.

So, spending on many important programs is continuing to increase, even as the budget moves toward balance.

What about taxes? We hear a lot of rhetoric about tax cuts for the rich. The fact is, a tax bill has yet to be written, so we don't even know what taxes will be cut or who will benefit. If you look at the bill the House passed back in April, about 75 percent of the benefit of the $500 per child tax credit would go to families earning less than $75,000 per year. Ninety percent of the benefit would go to families with annual incomes of less than $95,000. There is language in the resolution before us that says the tax cuts should go to working families. In other words, most of the benefits will go to families of more modest means.

But even if some of the benefits goes to wealthy individuals, I would ask, what's wrong with that? People don't hide their money away in a mattress. They invest it, and that creates new job opportunities across the country. You don't help job seekers by penalizing job creators.

Capital gains reform is a case in point. When capital gains tax rates are high, people need only to hold on to their assets to avoid the tax indefinitely. No sale, no tax. But that also means less investment, fewer new businesses and new jobs, and far less revenue to the Treasury than if capital gains taxes were reduced.

According to a study by the Institute for Policy Innovation, the 50 percent capital gains exclusions and indexing contemplated in the House bill would help lower the cost of capital by about 5 percent, inducing investors to increase the capital stock by $2.2 trillion by the year 2002.

That larger capital stock, in turn, would create 721,000 new jobs and increase total gross domestic product by almost $1 trillion by the year 2000. And, of course, that will help increase revenues to the Treasury.

Mr. President, this resolution is about promises made, promises kept; about a healthier economy. More important, however, it is about the future. It's about Casey Crandall, a young scout in Herber, AZ, who wrote to me recently to say we shouldn't spend money we don't have; that there is no reason to send this country farther into debt.

It is about young Brandon Loos in Scottsdale who wants his representatives in Congress working hard to balance the budget and get us out of debt.

It is the future of these young people that is on the line. The national debt now amounts to about $4.8 trillion—about $18,500 for every man, woman and child in the country—$18,500 apiece for young Casey and Brandon in Arizona.

If the Federal Government continues to run $200 billion annual deficits, as President Clinton has proposed, Brandon and Casey can expect to pay an additional $5,000 in taxes over their lifetimes. The $1 trillion in new debt that

President Clinton proposed in his 5-year budget plan represents an additional $25,000 in taxes—an additional $25,000—for every young man and woman.

And the burden of the national debt doesn't just show up in people's tax bills. It also adds a surtax to interest rates that people pay on car loans and student loans, credit cards and mortgages. The estimate is that the debt surtax adds about 2 percent to those interest rates. On a $74,000 30-year mortgage, that surtax amounts to over $37,000. By balancing the budget, we can help to eliminate that surtax and make a home purchase more affordable—make it easier for families to send their children to college.

Mr. President, every generation before us has worked hard to ensure that their children and grandchildren has had the chance to lead a better life. Let's not have ours be the first generation to rob the future of its chance for a better life just so we can continue to spend to excess on ourselves. Let's give Casey Crandell, Brandon Loos and all of the other children across the country the chance to work for a better America for themselves and their children, not just the obligation to pay our debts.

Mr. President, this is an historic occasion; the first time in nearly three decades that we have a chance to vote on a balanced Federal budget. Let's pass the balanced budget resolution.

Ms. MIKULSKI. Mr. President, I rise in strong opposition to the conference report to the budget resolution. It will have negative consequences for seniors, children, veterans and the people who serve people—our Federal employees. It will also hamper our ability to make investments in our future for job creation and economic growth.

This conference report violates the most basic contract we have with the American people—to provide for a safe and secure future for our children.

Let me make this perfectly clear—I support the goal of a balanced budget.

However, I believe that in balancing the budget, we must be guided by certain principles that uphold our commitment to our seniors, our children, our veterans and our federal employees.

This budget resolution upholds none of these principles.

This budget resolution could have devastating consequences for Maryland. The Baltimore Sun reports that this seven year budget plan could cost the State of Maryland 100,000 jobs over the next ten years. This means that Maryland could be thrown into an economic depression as a result of this budget resolution.

For all of these reason, I am vehemently opposed to this resolution and I urge my colleagues to vote against it.

Mr. President, this conference report makes unprecedented cuts in Medicare—this is outrageous.

The proposed cuts to Medicare send a clear message to the G.I. Joe generation—the generation that saved western civilization. Thank you for saving humanity, but we are going to cut your health care when you may need it most.

On the 50th anniversary of the end of World War II, we are turning our backs on our veterans. It is shameful.

Is this what they fought for?

To have their Government turn its back on its senior citizens?

Under this budget resolution, our seniors will have to pay more and get less—less choice, less coverage and less security.

Our seniors deserve better than this.

And so do our Federal employees.

This budget resolution is a declaration of war against Federal employees.

To the people who answered John Kennedy's call to service—NASA employees who put us on the moon, NIH employees who are trying to find a cure for cancer and FBI and Secret Service agents who risk their lives trying to make our streets safer—this Congress decides to cut their benefits and reduce their retirement.

This violates our contract with these employees. It is unfair, it is unjust and this Congress should be ashamed for the action it is taking today.

This budget resolution also makes dramatic and potentially crippling cuts to student loans.

How can we turn our backs on middle class families who are hoping to send their children to college?

We are taking away the ladder of opportunity for millions of students and the families who have sacrificed for their children.

This resolution fails in another fundamental way. It fails to make the investments in science and technology. It fails to create high wage jobs. It fails to promote economic growth.

In my own State of Maryland, agencies such as NASA, NIST and NIH are in the forefront of developing new technology. I support this effort. But this budget resolution means less money, less research and less benefits to the economy and the people of this country.

Mr. President, with this budget resolution, I believe we are breaking our promise to our seniors, our Federal employees, our children and our veterans. I find this unconscionable.

This Congress must recognize that balancing the budget must be based on principles that protect our most vulnerable citizens and preserve the ladders of opportunity for the next generation. We must never forget the contributions of our Federal employees and the vital role they play in preserving our prosperity.

Unfortunately, this Congress has rejected these principles. For this reason, I oppose the conference report to the budget resolution and I urge my colleagues to do the same.

Mr. DOMENICI. Mr. President, we have been going back and forth. Sometimes that does not work timewise because somebody speaks 10 minutes on one side and 5 on the other. What we will try to do now is—I ask unanimous consent that Senator KASSEBAUM and Senator MURKOWSKI proceed in that order, with Senator KASSEBAUM having 5 minutes and Senator MURKOWSKI 3½. Then we will proceed back to the Democrat side. What would their pleasure be there?

Mrs. BOXER. We ask that Senator WELLSTONE have 10 minutes, and I understand that Senator NICKLES would like 10 minutes, and then Senator KERREY would like to have 5 minutes at that time.

Mr. DOMENICI. Can we get Senator DEWINE at 5 minutes?

Mr. KERREY. Mr. President, what we would like is 15 minutes to the side under the control of myself, Senator ROBB, and Senator NUNN.

Mrs. BOXER. We would have Senator KERREY for 15 minutes.

Mr. DOMENICI. DEWINE 5, BURNS 5, and COVERDELL for 5.

Mr. WELLSTONE. Mr. President, might I have 10 minutes?

Mrs. BOXER. Yes. The Senator will be going immediately after Senator MURKOWSKI and Senator KASSEBAUM.

I say to my chairman, I am looking to speak for 10 minutes for myself at some point before I have a meeting in the minority leader's office. I am wondering whether it would be all right with the chairman if I went before he had used up 15 minutes.

Mr. DOMENICI. I want to accommodate the occupant of the chair, who has a time schedule also. Let me say it this way: We have Senator KASSEBAUM and Senator MURKOWSKI, then Senator WELLSTONE for 10, and Senator NICKLES for 10.

Mrs. BOXER. Senator KERREY for 15.

Mr. DOMENICI. Senator DEWINE for 5.

Mrs. BOXER. And if Senator BOXER could go in there for 7 or 8.

Mr. DOMENICI. Fine. Then we will come back and see where we are. It looks like Senator BURNS and Senator COVERDELL will follow thereafter for about 5. We will see how those work out.

Mrs. BOXER. Has the Senator formulated the unanimous-consent request?

Mr. DOMENICI. Let me say that is understandable. Let us make that a unanimous consent.

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

Mr. DOMENICI. I thank the Chair.

Mrs. BOXER. I thank my colleague.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, first, I would like to recognize the superb leadership on the master plan of this budget, the chairman of the Budget Committee, Senator DOMENICI. I used to serve on the Budget Committee a long time ago. It is not easy putting together a truly substantive budget, but, indeed, this budget is that. It is putting us on a path that is going to be

a sound and a sensible direction for the future. It may not be what we all would like. I am sure there are parts of it that we might not be truly comfortable with in the short term. But it envisions what we can do with the short term, but more importantly, what we will be able to do for the future.

Mr. President, I am struck by some of the debate that we heard back and forth yesterday and today about the sense of finality that some are imposing on this debate. Depending on your perspective, it is as if this resolution, on its own, will either save our economy or wreck it. The fact of the matter is that the vote on this budget will not end the debate on how to restore fiscal responsibility and set priorities. In many ways, the debate—and the work—is just beginning.

This budget resolution, like all budget resolutions, provides a framework for the tasks that will fill the rest of the year, and years ahead, as a matter of fact. It does not and cannot prescribe specific actions. It paints, in broad strokes, the outlines of Federal spending and revenues over the next 7 years. That picture is a good one, because it shows a Federal Government that has slowed the rate of its growth and trimmed away the excess spending that adds to our national debt.

The details of the picture, however, will be painted by the authorizing and appropriating committees with jurisdiction over individual programs and policies. The budget requires only that we stay within the lines of the resolution that is before us. As difficult as it has been to produce this outline, producing the finished picture will be much more challenging.

For example, I will mention one that was mentioned by the Senator from Maine, Senator SNOWE. I am very concerned about the magnitude of cuts this budget would have us make in Federal student loan programs. During the recent debate on the Senate resolution, we rejected the idea of stripping away loan subsidies for college students. Senator SNOWE's amendment gave 67 of us the opportunity to make ourselves very clear on that point. Yet, the budget resolution assumes we will cut $10 billion from the program in 7 years. This was worked out through the compromise with the House and the Senate, and it is now before us.

I think it will be very difficult for the Committee on Labor and Human Resources—and the full Senate, for that matter—to agree to the cuts the budget resolution assumes we will make to meet its instruction.

As chairman of that committee, I can only say that I will do the best I can. And, obviously, it is very important that indeed we achieve that goal.

I also am not convinced that the mechanism this resolution sets up for certifying spending cuts and triggering a $245 billion tax cut will be effective. Nor am I convinced that a tax cut of that size is wise while we are still running deficits. That has been a concern of a number of us. Even if CBO certifies that our planned spending reductions are sufficient to cover the lost revenues, we still could balk when the time comes to follow through with the spending cuts. Seven years is a long time. Before I vote for any tax cut this fall, I will have to be convinced that we have locked in real spending cuts.

And that is, indeed, the responsibility of the authorizing and appropriating committees.

I also have to mention that I do not agree with some of the discretionary spending assumptions this budget makes. A good example, I think, is spending on public health and basic research. I remain concerned about the funding reductions for the National Institutes of Health and other programs in the U.S. Public Health Service. The budget resolution assumes a 1-percent reduction in NIH funding in 1996 and then a 3-percent reduction for each year thereafter. That does not seem like a lot. But I think it takes away from that budget some very important funding that is necessary for us in the future.

And I am worried about the detrimental impact of any NIH budget reduction. I believe that biomedical research advancement and breakthroughs could slow dramatically, and I think this is a concern we all share. We want to make sure we can do it the right way. However, I am pleased that the conference agreement would allow for a 1-year transition period before the full impact of any reduction would occur. This is necessary because the National Institutes of Health will need time to plan for the discontinuation of some ongoing research projects to fund new initiatives. As chairman of the Committee on Labor and Human Resources, I am committed to working with NIH to find ways to achieve these budget reductions without harming basic biomedical research. In fact, we will explore these options when the committee takes up the NIH reauthorization next year.

The PRESIDING OFFICER (Mr. INHOFE). The Senator's time has expired.

Mrs. KASSEBAUM. If I may just have 2 more seconds to finish.

Mr. DOMENICI. Two additional minutes.

Mrs. KASSEBAUM. Just 1 minute will do it.

Mr. DOMENICI. One additional minute to the Senator.

Mrs. KASSEBAUM. Let me just add this, Mr. President, and I realize everybody has time they want to use. Throughout the debate on this budget, much has been made of the idea of shared sacrifice. And this is always tough. But let me just tell you when a student who is worried about a student loan reduction will say to me, ''So what is going to happen to you?'' I think in order to accomplish the goal of balancing the budget and restoring sound fiscal policy, all of us have to be willing to do our part.

That is why I consider it essential that those of us in Congress take action to freeze our own salaries until our budget is in order. Already this year we have made significant cuts in legislative branch spending, and the budget calls for more cuts next year. The conference report does not explicitly say that we will freeze our salaries but that we can. We should enact legislation soon to implement that freeze. I believe, Mr. President, while saving $72 million is not large in the context of our entire budget, it is a step we must take.

I strongly support this budget because I believe that it outlines and points to fiscal responsibility, and I congratulate again the chairman and those who have worked hard to make this possible.

I yield back my time. I thank the Chair.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I join my colleagues in commending the chairman of the Senate Budget Committee, Senator DOMENICI, for developing a foundation for this truly historic budget resolution conference report. This resolution commits this Government to finally ending the nearly four decades of deficit spending that have brought our Nation's Government to the very verge of bankruptcy.

Starting in 1961 and in every year but one, we have run an unending string of deficits and debt. During the past 34 years, our national debt has grown by 1700 percent, from $298 billion in 1961 to nearly $5 trillion, and we have done nothing—we have done nothing, Mr. President—that is adequate. And if we continue to do nothing, interest on the debt, currently at $235 billion, will approach $300 billion in nearly 4 years and interest costs will exceed Federal spending for national defense in 1997.

Mr. President, in the face of these massive, unending deficits, our President has failed to present anything close to a credible plan to balance the budget. In February, the President submitted his budget. When the Congressional Budget Office [CBO] analyzed his budget, they found that he had cooked the books down at the White House. The President's budget was out of balance by more than $1.2 trillion and his deficit projections were off by 40 percent. Not a single Member of this body supported the President's budget, which was defeated 99 to nothing last month.

Mr. President, 2 weeks ago, the President went on national television to announce that he had finally developed a 10-year plan to balance the budget. If one looks at that plan, all the cuts are in the last 3 years, and even then according to CBO, the budget would be out of balance by more than $200 billion a year.

Let there be no misunderstanding, Mr. President. The only plan that will

bring about a balanced budget is the plan crafted by the House and Senate budget conferees, and there is simply no other choice available. That is why I will support this budget resolution.

Finally, let me address the issue of tax cuts in this resolution, and let me be very clear on the issue. I do not believe we ought to be cutting taxes in 1995 and 1996 while we simultaneously run deficits of more than $170 billion. Although this budget resolution slows the growth in our interest bill, the fact is that all Federal borrowing today and for the foreseeable future is simply to pay interest on the debt. This is the clearest indicator I know of how broke we are in Washington. And when you are broke, it is no time to go out and declare a dividend.

I am a member of the Finance Committee, Mr. President. The committee will consider tax cuts in September. I hope I can convince my colleagues that all savings, or a considerable amount of those savings, should be used to reduce the carrying costs on the interest and thereby reducing the accumulated debt. In other words, we simply ought to be using savings to reduce the debt, not for tax cuts.

I thank the Chair, and I thank my colleagues for the time. I wish them a good day.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from California controls time.

Mrs. BOXER. I believe under the unanimous consent agreement Senator WELLSTONE has 10 minutes at this time.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I appreciate the views of my colleagues, but there is no shared sacrifice in this budget proposal. When the conferees came out of conference committee, tax cuts for wealthy people and very large and profitable corporations, tax cuts which go overwhelmingly to very wealthy people, ballooned from about $170 to $245 billion. Under this budget, if you have an income of over $350,000, you get a break of $20,000 a year. If you do not, you are pretty much out of luck. In fact, under this budget, on average, working people will pay a very large price.

Mr. President, at the same time that we are putting into effect these tax cuts which flow disproportionately to the wealthiest citizens in this country, we are calling for draconian cuts in Medicare, Medicaid, child nutrition programs, and student loans.

At the same time that we have a $20,000 a year break per person in tax cuts over the next 7 years, we are asking Medicare recipients to pay about $3,200 per person. By the year 2002—oh, yes, the cuts are backloaded, so it gets steeper—they will pay about $900 additional dollars per year for Medicare.

Mr. President, without system-wide health care reform, reform of the Medicare and Medicaid programs will not work. We have had this discussion in the Chamber before, and I have challenged my colleagues to debate this. With Medicare, we are talking about $270 billion in cuts and Medicaid $182 billion—in my State of Minnesota, about $4.7 billion in Medicare and over $2 billion in Medicaid.

First of all, let us consider the average income profile of people on Medicare. Let us stop assuming that elderly people are greedy geezers, as some critics have said. The median income for male beneficiaries is about $16,000 a year; female, about $8,000 a year. Households with people 65 years of age and over pay about four times more in medical care costs right now than those under 65 years of age.

What we are going to be doing with $270 billion in Medicare cuts is calling on the beneficiaries—and that is what it is, an insurance program for elderly people—to pay more out of pocket in copays and deductibles, and for many people they will not be able to, and will have to go without care. But above and beyond that, make no mistake about it, this will lead to major cost-shifting. We went through this before, I say to my colleagues, when we debated health care policy, and the cost shifting will go on like this just as it has.

In the metropolitan areas, where the providers can shift the cost to the private health insurance, they will do so because Medicare will not cover the reimbursement for the cost of delivering care, and then private health insurance companies raise the rates of those who receive private health insurance, and then employers have more trouble covering people, and then we continue the trend of employers dropping people from coverage. That is precisely what is going to happen. This is a shell game. Someone is going to pay for this.

Second, Mr. President, in rural Minnesota—and I come from a State where rural communities matter and count—many of our care givers will not be able to continue to operate, because 75 and 80 percent of their payment mix right now is Medicare, because of the disproportionate number of elderly people, disabled people, low-income elderly people, that live in our communities.

Finally, Mr. President, I come from a State where with Medicare we go through the HMO's. A Medicare per-person reimbursement over $350 goes to RHMO's, whereas in Kings County, NY, it is $600 per enrollee. I am speaking as a Senator from Minnesota. We have cut the fat. We kept the costs down in Minnesota, and now we have this slash-and-burn approach to health care policy? The effect of this will be severe in my State. And the effects of this will be cruel to Minnesota's elderly.

Mr. President, let us talk for a minute about another major problem with this budget, and that is the $182 billion of cuts in Medicaid. Let us talk about Medicaid. Actually per person, which is the way we ought to do it in terms of the number of people who are beneficiaries, we are going to go from about 7 percent per year increase to about 1.3 percent per person. Seventy percent of Medicaid, I say to my colleagues, is for nursing home expenses. And people are not in nursing homes and receiving Medicaid unless they are, by definition, low income. Who is going to pick up the cost? How are these nursing homes going to make up the difference? Are there going to be fewer staff? Are we going to provide people with even less care? Or is it going to be our county governments and our State governments that pick it up? And who is going to pick up the cost for covering children? Medicaid happens to be an important safety net program that covers many children within this country, children who would otherwise go without care.

Mr. President, this budget also hits farmers disproportionately hard. It instructs the Agriculture Committee to effect $48.4 billion in cuts over 7 years; from the commodity programs we are talking about $12 billion a year. So I am assuming we are talking about $35 billion of cuts in nutrition programs in 7 years, food stamps, school lunch, school breakfast, and the Women, Infant and Children program.

Mr. President, I had an amendment on this floor that said that the Senate will take no action that would increase hunger or homelessness among children. Three times I lost. The fourth time it was passed by unanimous consent. I guess I am going to have to bring this amendment back on the floor.

Why do you think we expanded the Food Stamp Program? It is the most important safety net program in this country. Yes. There are imperfections, and some reform might be necessary, but the fact of the matter is, we expanded the food programs after we saw the hunger and malnutrition in the late 1960's and we saw children with scurvy and rickets and distended bellies. And the Food Stamp Program has been enormously successful in removing that hunger and malnutrition. Are we going back to that again? How generous we are sometimes with other people's suffering. And I am told that this is shared sacrifice? I do not buy it.

Mr. President, I was a college teacher before I ran for the Senate. And I am saddened, and angered, that now some in this body are moving to cut the student financial program. This budget would slash about $10 billion in student loans. Students in Minnesota, I say to my colleague, in Minnesota, some of whom sell plasma at the beginning of the semester to buy textbooks. I meet students who work 35 and 40 hours a week while going to school. That is why it takes them 6 years. Now we want to eliminate part of the exemption on the loans? Mr. President, I do not see the shared sacrifice.

I see huge amounts of tax cuts, $245 billion, in the main, going to those people in our country who already have the economic resources. I do not see any real effort to take on corporate

welfare. We have got a joint tax committee, Mr. President. We have got a joint tax committee that tells us that we have, roughly speaking, over 400 billion in what are called ''tax expenditures,'' some of which are justified, like the mortgage interest and charitable contribution deduction, both of which serve important public purposes, but others of which are loopholes and outright tax giveaways. Is it too much to ask that we might look at some of those giveaways as sources of deficit reduction? Tobacco companies, pharmaceutical companies, insurance companies, oil companies. Are we going to ask any of those large corporations and financial institutions to be a part of this tightening of the belt? I do not see any standard of fairness here.

Mr. President, at the same time that it calls for slashing Medicare, Medicaid, and student loans, this budget calls for increases of about $58 billion over the next 7 years in the Pentagon budget, an increase of $58 billion over the next 7 years, in the post-cold-war period. I was in a debate the other night with a colleague in the House who said we needed to eliminate legal services for the poor, all in the name of deficit reduction. The total cost of legal services for the poor is $400 million. It is not even 40 percent of the cost of one B–2 bomber. Mr. President, I do not see the standard of fairness.

What we have done here is we have massive tax cuts, with almost all the benefits flowing to the most affluent citizens. We have draconian cuts in Medicare and Medicaid which will not work on good health care policy. And, in addition, we cut financial assistance for students for higher education, and we cut into nutrition programs for the most vulnerable citizens. But we do not touch corporate welfare or ask military contractors to be a part of this at all. And when it comes to health care, we do not have any health care reform, any system of wide cost containment.

Mr. President, I will introduce a resolution soon which will then be recrafted as an amendment to the first appropriate legislative vehicle to express the sense of the Senate that by the end of the 104th Congress the Senate should pass health care legislation to provide all Americans with coverage at least as good as what the Senate provides for itself. That sounds familiar because we are back to health care. This does not meet the Minnesota standard of fairness. And I hope before it is all over we get back to some shared sacrifice. This budget I believe is unconscionable. It signals an outrageous and historic abandonment of our commitment to vulnerable Americans, our commitment to farmers, our commitment to the elderly and to children and to college students. It signals a rejection of our commitment to the common good of all, not the special interests of the relatively few in America who are wealthy and powerful , and who will benefit enormously from the tax breaks in this budget. It is an abandonment of our commitment to some modicum of economic and social justice, and it should be roundly rejected by this body. I urge my colleagues to vote against it.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. First, I wish to join my colleagues in complimenting Senator DOMENICI for his stewardship of this budget because this is truly a historic budget. I have been in the Senate 15 years. We never passed a budget that anyone could really credibly call a balanced budget. This one we can. The Congressional Budget Office says this is a balanced budget. This is truly an historic occasion.

This is the first budget I have voted for that will curtail the growth of entitlements. Every other budget, including those under the Reagan administration, the Bush administration, and the Clinton administration never attempted to reduce the rate of growth of entitlement programs. In this budget we have done just that.

I compliment the chairman of the Budget Committee for his leadership, and also Senator DOLE, as well as our colleagues in the House, because everyone has been a contributing partner in this budget. The House is passing the budget right now. And my hope is that we will pass it in a couple of hours.

Mr. President, I think we are making history. I think we are making the right kind of history. The American people have asked for a balanced budget. And we are finally going to start delivering.

When we debated a couple months ago on the floor of the Senate whether or not to pass a constitutional amendment to balance the budget, many people on both sides of the aisle said we should balance the budget regardless of whether or not we have a constitutional amendment. And I agreed with that statement. However, we have to vote yes today in order to achieve that balanced budget. I hope our colleagues on both sides will support this budget resolution because it is the only resolution that leads towards a balanced budget.

President Clinton, during his campaign talked about balancing the budget. The budget that he proposed in February of this year was not a balanced budget. As a matter of fact, the deficit under this budget increased every single year, from $200 billion to almost $300 billion.

The budget that he introduced very late in the game, just a few weeks ago, would balance the budget over 10 years according to his estimates. But according to CBO he did not balance the budget. CBO says the deficit under the President's new plan would stay in the $200 billion range forever. So it is not a balanced budget. He has suggested basically a perpetual deficit of a couple hundred billion dollars.

The only budget proposal that will get anywhere close to a balanced budget is the one that we have before us. The compromise between the House and the Senate calls for a balanced budget by the year 2002. Some people, said why did you pick the year 2002? That was the date proposed in the constitutional amendment. Sixty-six senators agreed to balance by that date. That is what we have done in this resolution.

Mr. President, I will insert in the RECORD three or four charts that show the facts, because I heard my colleague from Minnesota say that this budget did not do very much, or it cut too much in some areas. I want to give people the facts.

First, I just want to compare this budget agreement to President Clinton's latest budget in June. You will see in this chart that our budget has a steady decline in the deficit. Every single year under our budget we have a steady decline in deficit figures to where we get to a balanced budget by the year 2000. In the President's budget, the deficit stays in the $200 billion range. These are the figures. These are the facts. I will put these numbers in the RECORD. I think people are entitled to their own opinion. I do not think they are entitled to their own facts.

I heard my colleague from Minnesota say we are slashing Medicare, we are slashing Medicaid and slashing student loans and slashing several other programs. Mr. President, I do not consider those comments to represent the facts. When you talk about these programs, you have to consider how much money we are spending this year and how much money we are spending next year. If we are spending more money next year, I do not consider that slashing a program. I will put another table in the RECORD which compares what we are going to be spending under this budget compared to if we actually froze spending. We are going to increase spending in Social Security compared to 1995 levels, $556 billion. Under Medicare we are going to spend $355 billion more than this year.

In other words, every single year we will spend more. I am going to print those facts in the RECORD.

Medicare, for example: Spending in 1996 goes up $13 billion compared to 1995; 1997, $24 billion; 1998, $36 billion; 1999, $48 billion. All increases over the 1995 level—and I could go on —we will spend a total of $355 billion more in Medicare than what we would have spent if we had a straight freeze.

Under Medicaid, we will spend $149 billion more than we would if we froze Medicaid for 7 years.

I heard my colleague from Minnesota say this budget spends billions more on defense. He said the Pentagon. He said we are spending $58 billion more in the Pentagon. Mr. President, that is not a fact, or he is using some weird baseline.

The facts are, in defense we are spending $270 billion this year. In the

year 2002, we are going to spend $271 billion, and spending actually declines in the interim. We are actually going to spend $13 billion less. In other words, if we froze defense at this year's level for 7 years, we would spend $13 billion more than we would under this budget.

So my colleague said we are spending $58 billion more, but not more compared to 1995. Defense would do much better if we froze it at 1995 levels and left it at that level, with no adjustments for inflation. I know I heard my colleague from Minnesota say we are spending $58 billion more for the Pentagon. Not so. We are going to spend $355 billion more in Medicare, $149 billion more in Medicaid, and spend actually $13 billion less in defense.

Mr. President, those are the facts. Again, people certainly are entitled to their opinion. If you use a baseline, you should use a baseline of what we are spending this year, so if you have an increase from this year, it is an increase; if you are spending less than this year, that is a decrease, not some hypothetical baseline that is inflated for all kinds of things.

I will make another comment on Medicare. I hear a lot of colleagues say these are draconian cuts in Medicare. Medicare per capita spending in 1995 is $4,816. In the year 2002, it will be $6,734. That is a significant increase, almost $2,000 more per capita after 7 years in Medicare than we are spending today. That is an increase in every single year.

Some of our colleagues say that is a draconian cut. I do not think so. I might mention, too, Mr. President, if we do not do something in Medicare, we have serious problems. We are walking away from a problem because Medicare, according to the President's own trustees, is going bankrupt; it is going broke.

Actually, in the year 1997, the Medicare trust fund starts spending more money than is coming in, and it begins to drain the so-called trust funds. Frankly, there are no magical trust funds, there is simply an IOU in the account, and we will have to borrow money to redeem that IOU.

By the year 2002, the $125 billion IOU is gone. Medicare cannot borrow from other trust funds. So we have two options, you either reduce the rate of growth of spending in Medicare or you increase payroll taxes. Payroll taxes are already pretty high and most of us do not think that is the right solution.

Most people say keep the funds solvent by reducing the rate of growth of spending in Medicare. Under our proposal, we allow Medicare spending to grow by 6.4 percent annually, which is two or three times the rate of inflation projected for the outyears. So let us be responsible, let us save the Medicare system. It is going broke right now. If we do nothing, as originally proposed under President Clinton's budget in February, the system will go broke. It will not be able to pay hospital and doctor bills, and that is not responsible. That is not an acceptable solution.

I just hope my colleagues will think a little bit about what we are doing today and remember some of the speeches we make back in our home States before the chambers of commerce and the rotary clubs that we believe in a balanced budget; we do not think the Government should spend more than it takes in.

We have a chance today to substantiate that belief. We have a chance today to say, ''Let us live within our means.''

I will say this budget may not be perfect. I heard some other colleagues say, ''I don't agree with each particular part of the budget.'' This budget is just a guideline. The authorizing committees are going to have to make the tough decisions. The authorizing committees are going to have to make decisions about where we are going to cut spending, how we are going to allocate it, how we are going to reduce the rate of growth in some of these entitlement programs. We do not do that here. That process will occur in a reconciliation bill, and the President will have to sign it.

We keep hearing rumors that he will not sign it. I think that would be irresponsible. We have to adopt this budget today, which is a tough vote for some, but the tougher votes will be in the reconciliation package.

I hope my colleagues stand up and say, ''Let's work together.''

I see my colleague from Nebraska, Senator KERREY. He, Senator SIMPSON, and others, have talked about significant entitlement reform, and I compliment them. Many of us talked at various times in the past about working in a bipartisan fashion to see if we can balance the budget. Let us be responsible. Let us not continue to pile up trillions of dollars of debt.

Today is the first step. Today we have to pass the budget resolution, and sometime probably in September we have to pass a reconciliation package to make it happen.

I hope we will show courage today, and I hope we will show courage in September to truly get us on a path to balancing the budget in a responsible way; not by taking taxes from hard-working Americans, but by reducing the rate of growth of spending.

Mr. President, I ask unanimous consent that the charts to which I referred be printed in the RECORD.

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

DEFICIT COMPARISON

	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Conference	(170)	(152)	(116)	(100)	(81)	(33)	6	(646)
Senate	(157)	(128)	(98)	(86)	(74)	(30)	1	(572)
House	(156)	(176)	(140)	(134)	(108)	(61)	1	(773)
President 1	(211)	(232)	(231)	(256)	(276)	n/a	n/a	n/a
President 2	(196)	(212)	(199)	(213)	(220)	(211)	(210)	(1,461)
Conference compared to:								
Senate	(13)	(24)	(19)	(14)	(7)	(3)	5	(74)
House	(14)	24	24	34	27	28	6	127
President 1	41	80	115	156	195	n/a	n/a	n/a
President 2	26	60	83	113	139	178	216	815

Sources: CBO, SBC majority staff.

GOP BALANCED BUDGET CONFERENCE AGREEMENT

	1995	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Defense discretionary	270	264	266	265	268	272	271	271	1,877
Domestic discretionary	278	270	258	253	248	249	246	244	1,768
Social Security	334	352	371	391	411	433	456	480	2,894
Medicare	178	191	202	214	226	239	255	274	1,601
Medicaid	89	96	102	106	110	115	119	124	772
Other mandatory	146	156	162	163	177	186	192	200	1,236
Net interest	235	259	266	270	276	282	283	284	1,920
Total outlays	1,530	1,588	1,627	1,661	1,718	1,778	1,822	1,876	12,070
Total revenues	1,355	1,417	1,475	1,546	1,618	1,697	1,789	1,883	11,425
Deficit surplus	(175)	(170)	(152)	(116)	(100)	(81)	(33)	6	(646)

Source: Senate Budget Committee majority staff.

GOP BALANCED BUDGET CONFERENCE AGREEMENT COMPARED TO 1995 LEVELS

	1996	1997	1998	1999	2000	2001	2002	Sum 96–02
Defense discretionary	(6)	(4)	(5)	(2)	2	1	1	(13)
Domestic discretionary	(8)	(20)	(25)	(30)	(29)	(32)	(34)	(178)
Social Security	18	37	57	77	99	122	146	556
Medicare	13	24	36	48	61	77	96	355
Medicaid	7	13	17	21	26	30	35	149
Other mandatory	10	16	17	31	40	46	54	214
Net interest	24	31	35	41	47	48	49	275
Total outlays	58	97	131	188	248	292	346	1,360
Total revenues	62	120	191	263	342	434	528	1,940

Source: Senate Budget Committee majority staff.

Mrs. BOXER. Mr. President, under the unanimous-consent request, Senator KERREY of Nebraska has 15 minutes under his control.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I yield 5 minutes to the distinguished Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I rise reluctantly.

As most of our fellow Senators know, I believe it is critical that this Nation become more fiscally responsible.

Accordingly, I joined Senators SAM NUNN and BOB KERREY in voting for the original Senate budget resolution last month, even though I disagreed with many of the underlying priorities and was fundamentally opposed to any possibility of any tax cut before true balance is actually reached.

I did so because I thought it represented a commitment to serious deficit reduction and deserved bipartisan support.

I wanted very much to be able to vote for the conference report we are now considering for the same reasons. But I cannot vote for the conference report, Mr. President, because the conferees insisted on changes I simply cannot support in good conscience.

I differ with many of our colleagues because I believe it is essential that we make some very difficult but necessary cuts in our projected spending, and I am willing to take the heat with those who have the fortitude to make them. In fact, when President Clinton was kind enough to ask me recently for advice regarding his role in the current budget process, I not only urged him to reenter the debate with his own revised proposal, but I also urged him to stick to the 7-year goal the Congress had already established and to abandon his own more modest and better targeted tax cut, because I thought it was paramount that the progress he had begun on deficit reduction in 1993 be continued. There is no question that his 10-year plan is fairer and more practical than the one we will vote on today, although I wish he had stuck to CBO figures.

Mr. President, if this conference report better reflected the priorities of the chairman of the Senate Budget Committee, I would still be prepared to support it, and I believe my colleagues, Senator NUNN and Senator KERREY, would as well.

Instead, however, as compared with the resolution we passed last month, the conference report we vote on today is less fiscally responsible in every way. Compared to the original Senate resolution, this resolution increases the deficit every single year before the year 2002. It increases the national debt. It postpones most of the politically difficult decisions until we are so far down the road that we will not be credible, and it places the burden primarily on those least able to bear it, all to provide a tax cut that would disproportionately benefit those with incomes well above the national average.

Then, to add insult to injury, it is now structured in such a way that the tax cut can be guaranteed this year to start taking effect immediately, while most of the savings from which it is theoretically derived would not begin to show up until after the turn of the century.

Mr. President, that is not credible and that is not conscionable. I will continue to work with our colleagues on both sides of the aisle to make the tough decisions that lie ahead, and they are going to be far tougher than those willing to vote for this conference report are willing to acknowledge at this point. But I cannot be a party to guaranteeing a tax cut now that will not be paid for until much later, or to endorsing a much less fiscally responsible approach to the serious debt and deficit challenges facing this country.

Mr. President, I voted for the original Senate budget resolution. But regrettably I will have to vote against this conference report, because it is less credible, less responsible, and less fair.

Mr. President, I thank the Chair and yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I, too, come reluctantly and with considerable regret to vote ''no'' on this conference report. All of us have come to the floor and talked about the deficit and what it does. There is no question that the deficit reduces savings in America, reduces productivity, the standard of living; and perhaps as significantly as anything, it reduces Americans' confidence and hope and reduces the world's confidence in the United States' capacity to lead.

So I applaud the distinguished chairman of the committee, the courageous Senator from New Mexico, for saying to the United States of America, and to this Congress, that we have to change courses and go in a different direction. That changed course is going to require different kinds of attitudes and different kinds of behavior. It is going to require political courage to do things that will be unpopular. It is going to require hard choices and tough work. It is going to require deferred gratification, and, most important, it is going to require us to say to the American people that we are moving in the direction of becoming an entitlement society and we need to start moving in the direction, once again, of becoming an endowment society, which our country was when my parents' generation was in charge.

I regret voting ''no'' on the straw that broke this small camel's back, which was the desire, as I see it, to do something that is much easier and more popular, that is to cut taxes for some individuals in some businesses. It was done in the name of growth and in the name of the American family. Far better, I must say, in the name of both growth and family security, would have been for us to have taken the proposal of the Senator from New Mexico and the Senator from Georgia, Senators DOMENICI and NUNN, for a U.S.A. tax that would have eliminated the income tax altogether and been a powerful incentive for all American families to acquire wealth. We have missed an opportunity, in my judgment, Mr. President, to produce a truly bipartisan conference report. I was willing to cross and make it bipartisan and to defend against a tax, and will still, in some key and difficult areas.

Mr. President, in addition to deficits growing and debt growing in the United States of America and us moving in the direction of becoming an entitlement society, there are two other trends we must face directly that are bad for free enterprise capitalism and for a liberal democracy, such as the United States of America.

Trend No. 1 is a decline in real wages, salaries, and benefits as a proportion of U.S. output. Trend No. 2 is an increased concentration of wealth. I argue, Mr. President, that in order to be able to constructively reverse both of those trends, we have to do a number of things. One, we have to fix the cost of entitlements in the United States—our Federal entitlement programs—at some percentage that we all decide is an agreeable and appropriate amount,

and then allow the balance of our budget to go for those things that will give us the opportunity of lifting wages, salaries, and benefits.

Mr. President, I heard many people come to the floor and say, ''I am against the cuts in Medicare, cuts in education, but I am for deficit reduction.'' It is going to be impossible for us to do both of those things. One of the biggest flaws of this budget resolution is that we go from 34 percent of our budget, going to domestic programs, to 25 percent. If you extend it out beyond retirement of the baby boom generation, which begins in 2008, we eventually get to a point where 8 percent of our budget is for domestic spending and 92 percent is for entitlements. That will require us to do something that very few want to do, that is to put retirement on the table. It is our biggest spending program. Those who say that the previous generation—the generation that won World War II and the cold war—is unwilling to participate in deficit reduction to provide opportunities for our children, I believe, are misjudging that generation. We are pandering, responding in political fear of what happened in 1985 or 1986.

Mr. President, we have to put retirement on the table, or we cannot fix entitlements as a percent of our budget, and we will never have the money we need to invest in education, transportation, infrastructure, research and technology, and all the things that a majority of Republicans and Democrats acknowledge will, if we get them out there, help Americans lift their standards of living, wages, salaries, and benefits.

Second, on the trend to increase concentration of wealth, again, we have to reform our retirement programs. They are not a savings program, Mr. President. As a consequence, Americans do not enjoy the benefits of that 12.4 percent payroll tax.

Senator SIMPSON and I have a proposal that would create a 2 percent personal investment plan. Not only does our proposal help fix the cost of entitlement programs but, in addition, it generates a trillion dollars of new wealth, Mr. President, new wealth owned by 137 million people in the work force. We do not just have to end the course we are on of deficits and rising debts, but the increasing concentration of wealth and decline of real wages and benefits and salaries of American working people ought to alarm anybody who believes that the United States of America needs to continue to lead with our example of free enterprise capitalism and liberal democracy.

Mr. President, I was going to talk only until Senator NUNN came to the floor.

Mrs. BOXER. If the Senator will yield, Senator NUNN is delayed and will be here later in the debate. So if the Senator wishes to continue for his full 15 minutes that he has under his control, that would be all right.

Mr. KERREY. I thank the Senator from California. I will try to summarize in a brief fashion.

Again, I believe we need to change courses. This is very much about us deciding whether or not we have the capacity in 1995 and the decision to impact our future. Can we change our future? Can we change the way the future looks in America?

There is no question that this budget resolution will change the future in that our deficit will be gone. But, Mr. President, it does not do it in either a fashion that I can comfortably say is fair, because it reduces, in my judgment, taxes unnecessarily and inadvisedly. It does not give us the hope that we are going to have the capacity to reverse another trend, and that is the decline of wages, salaries, and benefits of working Americans, and the trend toward increasing the concentration of wealth.

I am prepared to make difficult decisions. I am prepared to join with the Republicans in changing the course of this country, in saying that we are going to do the difficult and not the easy things. I regret very much that this resolution did not survive as a bipartisan resolution. I understand that there was great enthusiasm to put an even larger tax cut and lock it in.

I regret that the conference yielded to that demand, if not threat, and produced, in the end, a budget resolution that will have no bipartisan support. I think, as a consequence, Mr. President, we will have a much more difficult time persuading Americans that we can change course and that we need to change course as soon as possible.

I yield the floor.

Mrs. BOXER. Parliamentary inquiry, Mr. President. I trust the Senator will yield——

Mr. KERREY. I yield the balance of my time.

Mrs. BOXER. Will he yield it to the manager of the bill rather than give it up, since our time is short?

Mr. KERREY. I yield the remainder of my time to the manager of the bill.

Mrs. BOXER. I thank my friend. I know the Senator from Ohio has been waiting for his 5 minutes.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. DEWINE. Mr. President, I rise today in strong support of this budget resolution. With this budget, we begin to deliver on the promises that were made to the American people last November. This Congress will do what prior Congresses have not done. It will pass a realistic budget for the U.S. Government.

The current direction of the United States budget policy is simply not sustainable. Congress has already amassed a $4.7 trillion national debt that our children and our grandchildren are going to have to pay off. We are already paying over $235 billion a year just in interest on the national debt. By the year 2002, just 8 years from now, spending on entitlements and interest will exceed 70 percent of our entire budget. Take out defense, that leaves just 15 percent of the budget for all the discretionary spending on domestic needs—that is 15 percent of the whole budget: 15 percent, for education, for job training, for Women, Infants, and Children programs; just 15 percent for all of these domestic needs. That is just if we stay on our present course.

Really, it does not get any better after the year 2003. By the year 2012, just 17 years from today, there will be nothing left in the budget for these social needs—zero. No money for our children. Every last penny in the Federal budget will go for entitlements and interest payments. That is the future, bankruptcy on top of a breathtakingly high mountain of debt.

When my parents graduated from high school in the early 1940's, the debt on each child who graduated that year was $360. By the time my wife Fran and I graduated in the mid-1960's, it was up to $1,600 on each child. When our older children, Patrick and Becky and Jill, graduated in the mid-1980's, that figure stood at $9,000. If we continue to go the way we have been going, by the year 2012—just 1 year after our grandson Albert graduates from high school, and just 1 year after our daughter Anna enters college—by that year, 2012, that figure will be $25,000. That will be $25,000 in debt for each person in this country and no money at all to pay for urgent national needs.

I believe this is much more than a budget question. It is much more than a question of accounting and bookkeeping. It is a fundamental moral question about the kind of people we, as Americans, really are. I believe we do not have the right—I do not think we have the right to leave our children a bankrupt America. They deserve a lot better from us than that.

Another way of looking at it, when my parents were growing up, back in the 1930's, each family in this country had to work until about March 8 to pay for their taxes. By the time I was growing up in the 1960's, a typical family had to work until April 16. Today, 1995, American families have to work up until May 6, to pay their taxes. We have gone from March 8 to April 16 to May 8. That is simply going in the wrong direction.

Last November, the American people decided they were sick and tired of this. They demanded a fundamental change of course, and they are right. I believe today, with what I hope will be the passage of this budget, we begin to bring about the change the people of this country voted for last November. This budget is based on a simple idea. First, we cut Government spending. Then we have a sensible, realistic tax cut. Because two things are necessary if we want to ensure America's prosperity as we move into the 21st century. First, we have to make sure Congress does not spend more than it takes in. Second, we have to give some tax relief to American families. We have to let

families keep more of their own resources so they can save for their own future and invest in America's future.

In conclusion, this conference report I believe is in fact a realistic blueprint for an American future we can be proud to leave our children. I congratulate Chairman DOMENICI and Chairman KASICH for their outstanding work.

I intend to vote ''yes'' on this conference report, and I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I believe I have 8 minutes. I appreciate the cooperation of all sides here in helping us move this debate forward.

First of all, I am a little disappointed the Senator from New Mexico is not here. I wanted to thank him for one small thing in this budget. I disagree with this budget very much, and I am going to explain why. But there was one small part of it which dealt with the Presidio, which is a national park in San Francisco. There was a move to sell it off and cooler heads prevailed. Republicans and Democrats got together and we have a terrific approach to that park. Now the new conference language is we will not sell the Presidio. We will, in fact, try to maximize the revenues from leasing the various buildings and put that toward running the park.

So I am very grateful to my colleagues on the Budget Committee for that. And I think that about ends my compliments on this budget. I do not think anyone in the Chamber would be that surprised. As a member of the Budget Committee, I really fought for other priorities and I would like to explain why.

First of all, I would like to correct the record. The Senator from Oklahoma, Senator NICKLES, and a couple of others said this was the first time the CBO ever said that there would be a surplus.

That is not the case. I have here an official document, where the CBO shows that in fact there was going to be a surplus. I ask unanimous consent that be printed in the RECORD.

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

HOUSE REPORT 101–820—CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1991

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the resolution and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That the budget for fiscal year 1991 is established, and the appropriate budgetary levels for fiscal years 1992, 1993, 1994, and 1995 are hereby set forth.

MAXIMUM DEFICIT AMOUNTS

SEC. 2. The following levels and amounts in this section are set forth for purposes of determining, in accordance with section 301(i) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, whether the maximum deficit amount for a fiscal year has been exceeded, and as set forth in this concurrent resolution, shall be considered to be mathematically consistent with the other amounts and levels set forth in this concurrent resolution:

(1) The recommended levels of Federal revenues are as follows:

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 310) setting forth the congressional budget for the United States Government for the fiscal years 1991, 1992, 1993, 1994, and 1995, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the resolution struck out all of the House resolution after the resolving clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House resolution and the Senate amendment.

EXPLANATION OF CONFERENCE AGREEMENT

The following tables show the functional allocations and budget aggregates included in the conference agreement over five years for the total budget, the on-budget amounts and the off-budget amounts. In addition, a table is included which breaks out the credit amounts by function.

CONFERENCE AGREEMENT TOTAL BUDGET

[In billions of dollars]

	1991	1992	1993	1994	1995
Budget authority	1,485.6	1,562.6	1,582.4	1,593.4	1,668.4
Outlays	1,236.9	1,269.3	1,305.0	1,324.8	1,355.5
Revenues	1,172.9	1,260.8	1,349.8	1,433.3	1,511.7
Deficit (−) / surplus (+)	−64.0	−8.5	44.8	108.5	156.2
050 National Defense:					
Budget authority	288.3	290.9	291.1	351.5	364.9
Outlays	297.0	295.0	292.0	341.7	351.5
150 International Affairs:					
Budget authority	19.2	19.8	20.6	22.4	23.8
Outlays	17.4	18.0	18.5	19.7	20.7
250 General Science, Space and Technology:					
Budget authority	15.2	15.9	16.5	17.1	17.7
Outlays	15.2	15.7	16.1	16.8	17.4
270 Energy:					
Budget authority	6.4	5.6	6.4	6.8	7.2
Outlays	4.0	4.4	5.0	5.3	5.2
300 Natural Resources and Environment:					
Budget authority	18.8	19.9	20.5	21.2	22.0
Outlays	18.9	19.6	20.2	20.6	21.2
350 Agriculture:					
Budget authority	18.0	22.6	20.4	18.2	19.2

Mrs. BOXER. So, this is not the first time the CBO stated we would be in surplus.

Let me say I listened very carefully to the opening debate on the budget, and there were many points made by my colleagues on the other side of the aisle. They feel very good about this budget. I feel happy for them, that they do. But they kept saying this budget is a compromise. This budget they bring before us is a compromise.

I asked myself, compromise with whom? Usually, if you have a compromise, you take different viewpoints and you reconcile them and you call that a compromise. Then I realized, it was the Republicans in the House compromising with the Republicans in the Senate. There was no compromise between different ideas. There was no compromise with the President, who laid out his own ideas. It was a compromise between the Republicans in the House and Republicans in the Senate. And they are congratulating themselves for reaching a compromise.

That is like me saying congratulations for reaching a compromise with Senator PATTY MURRAY, with whom I agree 98 percent of the time. It is like looking at yourself in the mirror saying ''Nice tie,'' and the mirror says ''Nice tie'' back. That is not a compromise. That is a love fest.

Let us face it, the Republicans are proud of their Republican revolution. They stated clearly what it was going to be. They wanted to give tax breaks to the wealthiest among us, and they did. But they did not have to really compromise. Oh, there were some changes around the edges on that. But essentially that is what we have.

I want to take a look at this with my colleagues, the chart that we have that shows the impact of these cuts. If you look at the budget—how did they get

the tax cuts? They talk about deficit reduction, deficit reduction, deficit reduction. I voted for a balanced budget. BILL BRADLEY had one out here. KENT CONRAD had one out here. We did not give tax cuts to the wealthiest. Do you know what that meant? We did not have to hit so hard on Medicare and the elderly. We did not have to hit so hard on kids and education. We did not have to decimate environmental programs. No, we did not. Because we do not think the people in the upper income brackets need a huge tax cut.

Then, when you bring this up, my friends on the other side say, ''Class warfare; there they go again, class warfare.''

Look, the American dream that everyone has in this country is that they will work hard, play by the rules, and become comfortable—wealthy. That is an American dream. And that is fine. We all work toward that—work hard, play by the rules, and be sure we can manage our finances and our families.

But here, what we are saying in this budget, is the middle class will pay to give tax breaks to the rich. The children will pay to give tax breaks for the rich. That is the Republican revolution.

I am on the Budget Committee. I was on it for many years in the House. I look at this budget. It is pretty clear to me.

Oh, they say, we are not cutting Medicare. We are not cutting it. I ask you a question. If the demographics are changing and more people get old and more people need Medicare, of course you have to increase spending. If you do not increase it enough, people will not get the program. If they wanted to talk about reforms first, I would have been right there. We showed you can cut Medicare half as much and save the elderly, as long as you do not give that tax break to the upper incomes.

Look at this chart. If you earn over $200,000, you are in for a treat. You are going to get back $9,000 every year. But if you are middle class, if you look at the cuts here—to the children, to the college students, to the elderly—you are going to take a terrible hit. Those between $75,000 and $100,000, they are going to be hit by $676; and guess what, folks, if you earn less than $30,000, you are going to be hit by $1,183; while those over $200,000 get back $9,000.

This is an abomination. This is the Republican revolution. Hear it loud and clear. Hear ye, hear ye. The rich get richer and everybody else stays the same. The poor get poorer. The middle class gets poorer.

Mr. President, I think the choice is clear for colleagues. They can stand up for the middle class. They can stand up for the working poor. They can stand up for the average American, which is what Democrats do. That is the difference between the parties. This is why I like this budget debate. It is why I wanted to be on the Budget Committee. Or you can stand up for the wealthiest. One of my colleagues says he never got a job from a poor person. Well, I would ask a question. Could the wealthy person have ever made money if there were not working people in this country? Let us be fair. This budget is not fair.

So to summarize, it seems to me very clear. If you want to slash Medicare, vote for this budget. If you want to slash Medicaid, vote for this budget. And by the way, two-thirds of Medicaid goes to old people in nursing homes. Vote for the budget if you want to hurt those people. Vote for the budget. Do you want to hurt the kids? Vote for the budget. It cuts education. It makes it harder to get a student loan.

I ask one question. We worry so much about crime, and we should.

I ask unanimous consent for 1 additional minute.

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

Mrs. BOXER. Mr. President, we worry a lot about crime, and we should. I have not seen a scientific survey on it, though, so if anyone wants to correct me, I will stand corrected. But I do not know too many burglars, too many robbers, too many drug dealers who have a college education. I really do not. I think a lot of our problem stems from the fact that we do not give opportunity. What are we doing here? Cutting student loans.

So, Mr. President, I think we have a chance to stand up for what we believe in. Do I believe in a balanced budget? You bet. I voted for two versions. President Clinton authored one. Some people say it did not go far enough. The bottom line is he made the point. You do not have to decimate this country to balance the budget. Vote no on this Republican budget. Vote no, and do it proudly, because when you vote no, you are standing up for the average American.

I yield the floor.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I rise today to talk about the concurrent budget resolution. But before I do that, I would like to take this opportunity to recognize the efforts of Senator DOMENICI, Representative KASICH, and the members of the budget resolution conference committee in presenting us with a concurrent budget resolution which balances the Federal budget by fiscal year 2002. I support the overall direction that this budget mandates for the country.

For the first time in over a generation, we are about to pass a budget resolution that will—we are not there yet—bring the Federal budget into balance. I do not think anyone will dispute the overwhelmingly positive impact that balancing the Federal budget will have on America's economy, and consequently, upon the American family standard of living. By every account interest rates will drop. Per capita incomes will rise. Millions of jobs should be created. More money will be available for investment. Thus expanded economic opportunity. Also, once this budget is balanced, we will finally be in a position to begin to make meaningful payment to retire the Federal debt. That would reduce our yearly interest payment on the Federal debt, which will, in turn, free up more money in the Federal budget in future years for other purposes. One thing is certain, though, if we do not take these steps now, we will certainly mortgage our children's future.

I believe that this budget proposal achieves a balance in a responsible way, and that is why I am supporting it. It reduces the size of the Federal Government, streamlines governmental operations, and slows the rate by which Federal spending increases.

I think most folks agree that the Federal Government has gotten too big to operate efficiently. This budget proposal addresses this problem by reducing legislative branch spending by $200 million. I strongly believe that, if we are going to ask other Federal agencies to tighten their belts, Congress has got to be willing to accept our share of the reductions.

This budget resolution also calls for a $1.9 billion reduction over 7 years in spending in natural source management in an effort to streamline Federal land management agencies. As I stated a couple of weeks ago. I support such a reduction in spending, so long as it is targeted toward new land acquisitions, new construction, and new land use planning starts. These reductions in spending should not be made in resource programs that return positive benefits to the land, to the Federal Treasury, and to local economies. Reductions in resource programs, while attractive in the short-run, are bad fiscal policy in the long-run, and I oppose such reductions.

This budget resolution also calls for the continued funding of the interest subsidy for undergraduate study which I firmly support. I believe that such an investment will have long-term benefits that outweigh the short-term costs of such assistance. I am, however, disappointed that the TRIO Program, a program that assists disadvantaged students in acquiring the minimum skills necessary to complete undergraduate coursework, was not specifically provided for in the conference report. I strongly encourage the budget committees in both the House and Senate to influence the authorization and appropriations committees to continue funding for this and like programs.

You know, we have heard a lot over the past 2 days about how this budget resolution slashes Medicare. The numbers just do not tell such a story. You cannot get around the fact that total Medicare spending over the next 7 years will exceed $1.6 trillion, which is nearly double the amount spent on the program during the last 7 years. You can't get around the fact that Federal Medicare spending will grow from $4,350 per beneficiary in 1995 to $6,070

per beneficiary in 2002. This is a $1,720 per beneficiary increase—a 40-percent increase. So when you hear people saying that this budget resolution is cutting Medicare, what you are really being told is that funding for Medicare didn't increase by as much as we had hoped that it would. Calling that a cut makes sense only inside the beltway. We need to get back to defining a cut as a cut, and this budget resolution does that.

While I generally support the goals outlined in this concurrent budget resolution, this is not to say that I do not have some concerns with some of its details.

This budget proposes a reduction of agriculture research by 10 percent, which would reduce total outlays to this program by $1 billion. As I explained a couple of weeks ago. I have concerns with this provision. At a time when wheat yields are dropping, we need to keep a safety net out there. Agriculture research gives our farmers and ranchers the vital tools that they need. Cutting this research now would have a devastating impact on our farm and ranch communities down the road and thus upon the Federal Treasury. I believe that our first priority here should be to protect our farm and ranch families, and I am opposed to any reduction in this funding. Furthermore, agriculture has taken more than its fair share of reductions in Federal spending in the past. I do not oppose all reductions in agriculture spending; I do, however, oppose agriculture suffering disproportionate spending reductions.

This budget resolution also proposes the privatization of PMA's. I likewise have concerns with this provision. PMA's generate substantial revenues for the Treasury. It makes no sense to me to count the revenue received from the sale of the PMA's and ignore the revenue foregone over the long-term due to the loss of the availability of those assets for power sales. Consequently, I believe that the scoring of revenue derived from the sale of PMA's is poor fiscal policy, and I am likewise opposed to the privatization of PMA's.

Finally, I am concerned about the tax cuts proposed in this concurrent budget resolution. While I support the enactment of middle class tax relief and tax incentives to stimulate the economy and enhance wages, I believe that our first priority should be to balance the budget. Consequently, I believe that any tax bill should be contingent upon CBO certification that we are moving toward a balanced budget and should be limited to the $170 billion CBO certified dividend. I believe that any tax cuts which exceed the $170 billion dividend or which are not tied to deficit reduction are irresponsible, and I will oppose them.

In conclusion, I would like to praise Senator DOMENICI, Representative KASICH, and the members of the budget resolution conference committee in presenting a responsible budget resolution, and I pledge to work with them to develop a policy that works for all Americans.

Mr. President, I have heard all of the figures here today. Everybody has had an opportunity to hear them in every speech that I have heard across the aisle. ''I believe in a balanced budget. I believe in getting this deficit under control. But.'' We leave that for the American people to judge. ''But'' what? This is not the right time? I have to say that. We have to recognize that, and stand for one thing. And I think the Senator from California hit the nail right on the head. I am going to stand for the American dream.

If we continue to plunge this Government into debt, the American dream is gone. How would you like to be a young person sitting down here that looks at the prospect, whenever they go into the work force, of 85 percent of their paycheck going just to pay the interest on the national debt? I do not think that is a very good prospect. I do not think it is very responsible. I think we are immoral to do that.

For the first time in this generation, we are about to pass a budget resolution that will bring this budget into balance—not this year or next year or the next—by the year of 2002. And we do it with a minimum of hurt. Yes, there is going to be some hurt. But everybody in America said we will participate. We will help you. If you will help us, we will help you. That is kind of what we are doing in this message. Because if we do not, the balancing of the American budget will have an effect on the American economy and consequently on the American family, which is under strain now, and that family's standard of living. By every account, interest rates will drop. Per capita income will rise. And who benefits from that? The American family. That is who benefits from that.

So we are in a meaningful position right now. Sure, I do not agree with all of it. I signed a letter. I said let us not worry about cutting taxes until we get this spending under control. I still stand with that. They put a message into that which says OK, Finance Committee, you cannot cut any taxes until the Congressional Budget Office tells you that you are in balance, that we can still pay our bills and give some money back to the American taxpayer, the person who is pulling this wagon.

That language is in here. It is in this resolution. Remember, this resolution does not become law. The President does not sign this. This is a blueprint to get us to where we are going. When we pass the reconciliation, that is when we start shooting with real bullets, and we will find out who really wants to balance the budget and who does not. So I am going to support this budget resolution. So for the first time since I have been here, we are on the right track.

I believe it is getting us there in a responsible way. So I am going to stand with all Americans—rich, whatever—all of them because I happen to believe very much in the American dream.

I am probably a product of that American dream. I started out on 160 acres with two rocks and some dirt. I did not have anything. The American dream means something to me. That was back in the days when you worked and you tried to get ahead.

So this resolution calls for a $1.9 billion reduction over the 7-year spending in natural resource management. We are a resource State. But if it is responsible, we can handle that. I will tell you what we have to do. We have to make those natural resources available to the entire American public, and not just lock it up for a chosen few. We have to approach it with a different mindset.

So I urge my colleagues to vote for this resolution. The right language is in there. Yes, there are some cuts that I do not like. They are not in Medicare. They are not in Medicaid. We are not cutting those folks. Those continue to go up. Every year, they go up. Only in this 13 square miles of logic-free environment does an increase mean a cut. I never figured that out.

So basically, we are back at zero-base budgeting to fund those and make us set the priorities of what we should be financing, and what the true role of Government is.

Mr. President, I yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from Alaska.

Mr. STEVENS. Mr. President, I yield myself 10 minutes.

(The remarks of Mr. STEVENS pertaining to the introduction of S. 1004 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. STEVENS. Mr. President, the budget deficit this year stands now at $176 billion. It is projected to remain roughly at $200 billion a year through the end of the century if we support the position presented to us by the President's budget.

Our debt is now growing at an astounding rate of $335,000 a minute— $20 million an hour, $482 million a day. I believe we are mortgaging our children's future. A young couple just getting started in life now will pay $113,200 in interest on that debt if nothing is done about it. I am concerned about this.

Last year, my youngest son, Ben, and his new wife, Elizabeth, blessed me and our family with a new granddaughter. The day baby Suzie was born in Anchorage—it was last year—was a happy one for our Stevens family. But I do not think it was such a happy day for baby Suzie if you think about it. Suzie was born owing the Federal Government $18,500. That is really her share of the total national Federal debt. Under the no-balance budget submitted by the President, Suzie's share of the debt will increase by 25 percent in 5 years to over $23,000. Suzie, I think, would not like it too well when she learns that

she will pay $187,000 in income tax over her life just to pay the interest on the national debt if it stays static, just like it is right now.

The Federal debt and the deficit, unfortunately, will grow right along with Suzie. When she buys her first car or buys her new house, she will pay higher interest rates because of the debt and the deficit.

Recent estimates show that interest rates are 2 percent higher than they would be if the debt and the deficit were under control. Suzie's taxes will be out of sight based on all local, State and Federal taxes. Even President Clinton's budget projects her lifetime net tax rate at 82 percent. Unfortunately, the more taxes my little granddaughter Suzie would pay, the less she will get back. The benefits, the services of the Federal Government just will not be there. Most of her taxes will go to pay the interest on the debt, about $3,500 every year of her life, and by the time she is 17 we calculate that all of the taxes Suzie will pay will be consumed by interest on the debt and the entitlements. And when her parents, my son Ben and his wife Elizabeth, retire, there will not be a Medicare trust fund. Unless they are careful savers, Suzie will probably have to take her mom and pop in and take care of them. That is the way it was when I was a kid, Mr. President. I think people forget that those who have the greatest stake in what we are doing are the parents of young children now, and they do not want to have to go back and live with their children when they get to be of retirement age.

The Medicare board of trustees, including President Clinton's Cabinet Members, warn that the Medicare trust fund will be bankrupt in just 7 years. That is when Suzie will start the first grade.

Now, as her Senator and, even more importantly, as her grandfather, I believe I have a duty to join in the action now to try to ensure a brighter future for her and all American children. And that is why I join today with my friend from New Mexico to support the resolution and the conference report on which he has worked so hard. This resolution will put our country on a glidepath to a balanced budget by the year 2002. We will increase the growth in Federal spending by 3 percent a year instead of 5 percent a year as President Clinton proposed, and, if we did nothing else, we would reach a balanced budget by the time Suzie reaches the second grade.

This deficit reduction plan starts with the Congress. Let me point out again—I am sure others have—this conference report assumes there is a 7-year freeze on congressional pay, judges' pay and the salary of Government's top officials. As one who has been active for many years in that area of post office, civil service, Government service, I regret deeply that it has to be done, but it has to be done, and I am pleased to state, as chairman of the Rules Committee, that we have already carried out the instructions we received to cut committee staff of the Senate by 15 percent and support staff by 12.5 percent.

This budget eliminates over 100 unnecessary Government programs and projects and proposes to do away with at least one major department and, as many know, I am working on a plan to consolidate a series of Federal departments in the interest of savings.

This measure will protect Alaska's sourdoughs, our retired people. It allows Medicare to grow at a rate of 6.4 percent to account for inflation and the growing aged population. The average Alaskan's benefits will actually increase now from $4,350 a year to $6,070 a year under Medicare. And our State will have the ability to decide how best to administer additional funds. Alaskans know what Alaskans need much better than Federal officials thousands of miles away here in Washington, DC.

Medicaid spending for the poor will increase from $89 billion a year this year to $124 billion in 2002. That is a 5 percent increase a year, and I keep hearing that we are cutting Medicaid spending. We are reducing the rate of growth. We are not cutting spending. And not one penny will be cut from Social Security. We will keep our promise to America's seniors, and we will find some way to assure that Social Security will be a solvent safety net for them on into the next century.

This resolution calls for a major downsizing of the Federal bureaucracy. Discretionary spending will be reduced by $190 billion over 7 years. Foreign aid would be cut by another $23 billion. But as chairman of the Defense Appropriations Subcommittee, I am pleased to note that under the Budget Committee's actions, our national defense will remain strong under this proposal. The conference report actually restores $33 billion to the proposed cut in defense over the next 7 years.

Now, we still are facing a substantial reduction in defense spending. That is the one area which will continue to go down, not up, Mr. President. But we believe that the budget as planned is one with which we can live. We can learn to do better with less money. We have targeted the increase that is in this conference report to the strengthening of our readiness, which has declined, and to the improvement of the quality of life for our troops.

The budget resolution also calls for savings of $100 million in Federal welfare programs over the next 7 years. But it does provide that able-bodied Americans will be trained in order that they may work, and a safety net will remain in place for those who are disabled or unemployable, those who truly need and deserve our help.

I am here to say that I am pleased that Alaska and Alaskans will be given the chance to make a significant dent in this budget deficit. This legislation assumes that the tremendous oil and gas potential of the Arctic coastal plain will be explored and developed. The desolate coastal plain will raise over $2 billion in Federal bonus bids and lease payments over the next 5 years, and there will be tens upon tens of billions of dollars in royalties and income taxes paid by those who explore and develop the oil in the North Slope. We have proven that we can develop oil in the North Slope without adversely affecting the environment. Since oil and gas development began in Prudhoe Bay, for instance, the local caribou population there has increased by 600 percent, and I constantly hear that we are going to endanger the wildlife population.

The measure also includes a tax cut. President Clinton socked us with the largest tax increase in the history of this Nation—$251 billion.

In striking contrast, this resolution proposes the biggest tax refund in history—$245 billion.

That includes family friendly tax reductions like the $500 per child tax credit, marriage penalty relief, adoption tax credits, and cuts for senior citizen.

The tax proposals will also stimulate the economy. They include a capital gains reduction and an American dream savings plan, a new kind of IRA.

Even with the tax cuts, overall spending will be reduced by a whopping $1 trillion over 7 years.

And the deficit will be reduced by nearly $900 billion during that same period. In the year 2002, the deficit will be zero.

Alaskans are willing to tighten their belts. They are demanding a smaller government, and we are going to give it to them in this resolution.

Just as we all sacrificed during World War II to achieve a greater good, we are willing to do it now to save our children and our country from certain bankruptcy.

I commend Chairman DOMENICI for the brilliant job he has done in putting this resolution together.

On behalf of Suzie and all Alaskans, I thank him for his leadership and pledge my support of this resolution.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, we have had two speakers from that side. We now would go to two speakers on this side, if that is acceptable to the Republican manager.

Mr. DOMENICI. Could I use 50 seconds of my time before the Senators proceed?

Mr. EXON. Yes.

Mr. DOMENICI. Mr. President, might I say to Senator STEVENS from Alaska, I listened to his speech here today. I am very pleased that he has done such a good job of analyzing this as it affects his constituents. More than almost any Senator here, this Senator from Alaska watches out for his people, and he has analyzed this budget from

their standpoint. I think that is the way we ought to do it, and I commend him for it. But I also want to thank him for the support. He has been very, very helpful.

Mr. EXON. Mr. President, I am very pleased now to recognize two of my closest friends and associates in the Senate; first, the chairman of the Armed Services Committee, Senator NUNN from Georgia, for 5 minutes; following that, 20 minutes to my friend and colleague from West Virginia, Senator BYRD.

Mr. NUNN. I thank my friend from Nebraska. I thank him for his leadership on this overall issue of budget deficit reduction. I also want to commend my good friend, Senator Pete DOMENICI, chairman of the Budget Committee, and his staff. I know how hard they have worked. I know my friend from New Mexico had to make many difficult decisions to reach a conference agreement on this bill.

Mr. President, I will vote against this conference report reluctantly, because I voted for it in the Senate and I hoped to be able to vote for this overall conference report package. It is very important. The most significant improvement over past attempts to balance the budget is the inclusion of recommendations to restrain significantly the projected growth of Federal mandatory or entitlement spending, which now represents over 50 cents of every dollar the Federal Government spends and will continue to increase even with this resolution.

Mr. President, I thought the Senate bill represented a credible approach to balancing the budget. I did not agree with all of it. But I did support it because I thought it was about as good as could be achieved in this climate this year and certainly an improvement over past years. In many areas this conference agreement is similar to the Senate bill, but in some areas it is significantly different. In one area, defense, it is stronger. And I applaud that. I think that the modest increases for defense in this conference report, as well as the firewalls for the first 3 years, are significant improvements.

However, Mr. President, this conference report shares one similarity with previous attempts to balance the budget. I think it could be a fatal flaw. And that is, its inclusion of very large tax cuts up front. I regret the conference report does not reflect the Senate position on this issue when it rejected, by a vote of 69–31, the mandatory tax cut amendment offered by Senator GRAMM.

I certainly do not say this as a criticism of the floor manager, Senator DOMENICI. The leadership of the House made it abundantly clear there would be no conference agreement without a very large tax cut. So I am under no illusion that there was any real flexibility on this point on the part of the House.

But the objection I have with this tax cut is that it is unsound from a fiscal standpoint and, most importantly, makes the spending cuts required to reach a balanced budget both larger and much less likely to be implemented as time passes. I will elaborate on that very briefly.

A major difference between this bill and the Senate bill was, under the Senate bill, the tax cuts had to come in a separate bill after the deficit reduction was enacted, whereas in the conference agreement before us now, the tax cuts will be included in the same bill with the spending cuts so there will no longer be an opportunity to enact the spending cuts and reject or postpone the tax cuts until the spending cuts are implemented or until we are confident they will be implemented.

Mr. President, the Senate budget resolution which we passed out of here made a tax cut possible. The conference report we vote on today makes a tax cut inevitable. I am not opposed to eating dessert after we have taken the caster oil. I am opposed to serving both on the same platter because I have been here awhile. I know what is likely to happen. The Congress is likely to eat the dessert, while pledging to swallow the caster oil at a later point.

The problem is that most of the spending cuts, or what I call the caster oil, is in the final 2 or 3 years of the 7-year plan under the conference report while the tax cuts are up front, and as soon as they are made, any attempt to change that if spending cuts have to be rolled back will be viewed as a tax increase and will be vehemently opposed. The result of all that is that we are eating the dessert before we are taking the caster oil, and we are pledging to take the caster oil, but we may not be willing to take it when the time comes, which is really, in large measure, several years from now.

This means that the tax cuts will become locked in and the spending cuts, while on the books, are likely to be rolled back in subsequent legislation as the pain begins to be felt. It also means that those of us who believe that tax cuts should be reserved until we make sure that the spending cuts stick, because we may have to modify some of those spending cuts, with this $170 billion now that will go into the tax cuts, we have no way of holding up the tax cuts as a contingency reserve should spending cuts be rolled back or moderated.

I will close with these thoughts. I think most of us agree that such a dividend that we are now claiming for tax cuts, which I believe is $250 billion now, exists if we balance the budget. However, I still believe that the most appropriate use of this dividend would be to apply it to deficit reduction. And that is why I supported the Feingold amendment. If Congress is unwilling to apply this fiscal dividend to the deficit, then I would prefer to use the dividend to ease the most severe impacts of the spending reduction even if we waited for a while, kept it as a contingency fund and determined which are the most severe impacts, because projecting for 7 years and making these impacts before we even know how we are going to modify the health care program is high risk. And we have all been through that before. We went through it on the catastrophic bill and we saw how quickly that one was repealed when people started feeling the impact.

This would make the spending cuts more likely to stick. I fear that Congress may enact the tax cuts and the spending cuts called for in this resolution and then later reverse itself on the spending cuts. Such action by Congress is not difficult to imagine—just recall Congress reversing itself on the Catastrophic health care bill. It was enacted and then terminated 18 months later—before it was even implemented.

Mr. President, I will continue to fight to address these priorities as this process continues and we debate the specific details in the reconciliation legislation that will carry out the specifics of this plan. I also believe that tax expenditures should not be exempt from review. Balancing the budget requires shared sacrifice, and as we cut spending we should also review revenue-losing tax breaks which may not be justified.

The general direction required to balance the budget is clear. If there was an easy way or a painless way to balance the budget without cutting spending on popular programs, we would have done it long ago. But that is simply not possible. To say it is, or to try and candy coat it with upfront tax cuts, only perpetuates such the myth that you can sustain the programs popular with the public, provide tax cuts, and simultaneously balance the budget. These numbers just do not add up.

I recognize that this conference report will pass and I remain hopeful that fiscal responsibility and prudence will come to the forefront as we move on to the reconciliation process. We have no other choice, because we cannot afford to continue with the status quo. Many times when priorities are debated the public is led to believe that only deficit reduction is painful. But the status quo is not painless either, nor is it sustainable. We simply cannot continue to pile $200 to $300 billion in additional debt each year on our children and grandchildren.

Again I commend my friend from Nebraska for his hard work and my friend from New Mexico for his diligent effort on this resolution. I hope I am wrong in my projection of what is likely to happen. But having been here awhile I have seen this caster oil/dessert business in the past and it is certainly a lot easier to eat the dessert than take the caster oil. And I am afraid that is what we are doing here today.

Mr. EXON. Mr. President, for just a brief moment, let me take from our time to thank my friend and colleague from Georgia. That was an excellent statement to get right on the edge of the problem we have with this. I like the caster oil/dessert. We have been

through caster oil and dessert way back in the 1980's. I am sure that is what the Senator is referring to. This is the time to face up to reality. And I hope we will defeat the Republican budget.

I believe the next speaker would be the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I, too, extend my congratulations and my thanks to the two managers, Mr. DOMENICI and Mr. EXON, for their excellent performance, for their skill in dealing with this very difficult matter. And I have something of an understanding of the pressures which they were both under.

Mr. President, when the FY 1996 budget resolution was being debated in the Senate, I spoke at some length in opposition to it. I did so even though I strongly support a continuation of efforts to achieve a balanced Federal budget.

Despite the partisan rhetoric to the contrary, this is not the first budget resolution to come before the Senate promising to balance the Federal budget. Despite the fervent wishes of many of the other side of the aisle to the contrary, there have been four other occasions when budget resolutions came before the Senate promising to balance the budget. The 1980, 1981, 1982, and 1991 budget resolutions also projected a balanced budget at the end of 5 years. In fact, the 1991 budget resolution, which was adopted after the 1990 Bipartisan Budget Summit, projected a budget surplus after 5 years, without using the Social Security surplus. By way of comparison, if one takes away the use of the Social Security surplus in the pending budget resolution conference agreement, there will still be a deficit in excess of $100 billion in 2002, rather than a balanced budget.

The 1990 Budget Summit was the last bipartisan effort to balance the Federal budget. President Bush proposed no further deficit reductions in his last two budgets—for fiscal years 1992 or 1993.

When taking office, President Clinton did propose a deficit reduction package which Congress enacted in October of 1993, without a single Republican vote in either House of the Congress. That reconciliation bill cut the deficit by almost $500 billion over 5 years.

Now, I raise these matters to make the RECORD clear that I, along with many others in both Houses of Congress, and on both sides of the aisle, have struggled with these huge Federal deficits year after year over a long period of time. We made many, many tough choices in the past and in the hopes of balancing the budget.

We have been assured on a number of occasions in the past, in budget resolutions such as this one, that budget balance would be achieved. None of these past efforts have met expectations; none have achieved a balanced budget, despite the expertise and objectivity of the budget estimators at the Office of Management and Budget and the Congressional Budget Office.

So here we are today debating another in a long series of budget resolutions which projects a balanced budget in the year 2002, if we use the Social Security surplus to offset what would otherwise be a deficit. Furthermore, we are told that the calculations contained in this budget resolution do not allow for any recessions over the next seven years. Yet, history tells us that there surely will be one or more recessions between now and the year 2002. I, therefore, greatly doubt that this agreement will result in a balanced budget, even if we adopt it and then enact all of its proposals.

This brings me to the specifics of this agreement. Mr. President, first, let me say that I opposed the Senate-passed budget resolution because I felt that it provided a wrongheaded approach and a misguided blueprint for the Nation's fiscal and social policy over the next seven years. I reached this conclusion reluctantly, knowing how difficult it is to achieve nearly $1 trillion in deficit reduction, as the Senate-passed budget resolution and as this conference agreement would do.

I voted against the Senate budget resolution for a number of reasons. Among them was the fact that the Senate-passed budget resolution called for non-defense discretionary spending cuts totalling $190 billion below a 1995 freeze, while military spending would not be cut at all over the next seven years. I did so, as well, because the Senate-passed budget resolution called for cutting Medicare by $256 billion and Medicaid by $175 billion, mainly for budgetary reasons, without any plan to improve health care or to contain health care costs. And, I did so because the Senate-passed budget resolution called for a tax cut for the wealthiest in our society of $170 billion over the next 7 years.

Mr. President, as bad as the national spending priorities in the Senate-passed budget resolution were, the pending conference agreement is worse in virtually every area. For nondefense discretionary spending, this conference agreement would cut $499 billion, or $2 billion more than the Senate-passed budget resolution, while at the same time military spending would go up $33 billion above CBO's capped baseline over the next 7 years. In other words, while we will be destroying the programs which are investments in our future and that of our children by cutting nondefense discretionary spending—cuts totalling $500 billion—we will be adding $33 billion over the baseline to military spending, even though we have repeatedly seen massive boondoggles and wasteful military spending uncovered in the past, and I am sure that we will again see them in the future.

Mr. President, the budget agreement would increase defense spending by some $6 billion for fiscal year 1996, and the Armed Services Committee is now allocating that money to additional spending. Does the Nation really need to bump up the defense budget by such a large sum at a time when the threat of the Soviet empire has essentially vanished?

The preoccupation with defense spending at the very time when cold war tensions are a memory stands logic on its head. For what will the extra money be going? Are we going to dust off the big ABM projects of the early years of Mr. Reagan, outmoded concepts of strategic defense involving big new systems, expensive new surveillance systems, space-based interceptors and the like? Are we going to junk the ABM Treaty to make way for new, expensive strategic defense gadgetry? Has the Soviet Union been reconstituted? Hardly. It continues to disintegrate. Are there new threats confronting us? Certainly. But those new threats, including terrorism, biological proliferation and warfare, and activities of powerful drug cartels and criminal syndicates and, particularly, brutal economic competition do not cry out for a neo-Reagan Star Wars response. We do not have billions to waste on such systems.

The same kind of inexplicable drive to enhance and protect the defense accounts has led the committee to erect firewalls between domestic and defense spending for 3 fiscal years. Therefore, we cripple our ability to respond to unforeseen needs as the fiscal year evolves, allowing money to be shifted to areas of greatest need, or to respond to emergencies. It is as if we trust our judgment only when we put the budget resolution together, erecting numbers which must be treated as sacred icons, and we do not trust our judgment to make sensible adjustments thereafter. With the limited resources that we are working with for all our needs, this is not either efficient or wise.

For Medicare, the conference agreement calls for cuts of $270 billion, or $14 billion more than the Senate-passed budget resolution. And, for Medicaid, the cuts amount to $182 billion, $7 billion greater than the Senate-passed budget resolution. But, for the wealthiest in our Nation, this conference agreement calls for a tax cut of $245 billion, $75 billion greater than was projected in the Senate-passed budget resolution.

The specifies of this $245 billion tax package have not been decided. However, it will likely contain many of the key elements of the so-called ''Contract With America.''

Who would get the lion's share of the benefits from these tax cuts? According to a Treasury Department analysis, less than 16 percent of the benefits of the bill as passed by the House Ways and Means Committee would go to the 60 percent of all families with incomes below $50,000. The top one percent of families with incomes of $350,000 or more a year would receive 20 percent of

the tax benefits, while more than half of the tax goodies would go to the top 12 percent of families—those with incomes over $100,000 per year.

According to an analysis by the Treasury Department, over half the benefits from the House Ways and Means Committee's capital gains provisions would go the wealthiest three percent of families who have incomes over $200,000, while three-fourths of the benefits would go to the top 12 percent of families who have incomes over $100,000 a year; and the House Ways and Means Committee's reduction in the proportion of Social Security benefits that are subject to taxes would give a tax break to the top 13 percent of Social Security beneficiaries.

Similarly, the changes proposed by the House Ways and Means Committee in rates of depreciation and the repeal of the corporate Alternative Minimum Tax would substantially reduce taxes paid by the Nation's largest corporations.

How are we to be sure, Mr. President, that the $245 billion windfall will actually take place over the next 7 years which will enable the tax cuts called for in this conference agreement to be undertaken without adding to the deficit? Senators will recall that under the Senate-passed budget resolution, no tax cuts would be allowed until after a reconciliation bill had been signed into law. At that time, CBO would advise Congress of the so-called windfall amount, which could be used for a tax cut. What happened to that requirement in the conference on the budget resolution? It simply disappeared.

The conference agreement no longer requires that the reconciliation bill be enacted into law prior to consideration of any tax cut. Instead, the procedure set forth in this conference agreement would have the CBO compute the deficit reduction that would take place under the reconciliation proposal, prior to its enactment, and then the Budget Committees would be able to allocate whatever the CBO-estimated windfall will be to the tax-writing committees of Congress, thus enabling them to report tax cut legislation which will be incorporated into the reconciliation bill.

In other words, if we adopt this conference agreement and enact the reconciliation bill (including these tax cuts) into law, we will be providing massive tax cuts for the wealthiest people and corporations in our society before any deficit reduction actually takes place—before, before any deficit reduction actually takes place; tax cuts for those who clearly do not need them and who clearly should be participating in our efforts to balance the Federal budget, rather than taking more.

At the same time, by adopting this conference agreement, we will be reducing our investments in our physical and human resources which will greatly hamper our ability to compete in the world marketplace and, I fear, set the stage for this Nation to evolve into a second-class power in the next century.

Just one example, this conference agreement proposes termination of the Department of Commerce. If this is intended to save the taxpayer money, or make government more efficient, or help the economy, it is a rash initiative which will cost us dearly if it is carried out. Its effect would be to cripple our ability to promote exports, protect against unfair imports, and create good jobs in the growing export sector.

The Commerce Department's International Trade Administration is one of the bright success stories of our government in decades. It does far more than pay for itself. I am referring here to the International Trade Administration of the Department.

It is not necessary here to convince my colleagues that exports are essential to our national economy, and to jobs. Export-related jobs are growing seven to eight times the growth rate of total employment. Ten years ago, seven million Americans worked in export-related jobs. Today the number is about 12 million, and, if we keep pushing, by the turn of the century, it could be about 16 million. That is, we could create one million jobs per year from now through the turn of the century through vigorous export promotion. That is what this Department has excelled at.

So what is the response in this resolution? Dismantle the Department. We do not want to create more jobs. Let our trade competitors mop us up. Increase our trade deficit.

Mr. President, I could not feel more strongly than I do that the adoption of this budget resolution and the reconciliation and tax measures it calls for could not be more wrongheaded economic and social policies, nor could it be more cruel to the youth of this Nation, nor to the elderly, upon whose shoulders the greatest burdens will fall, while the rich will get richer.

I yield back such time as I did not utilize.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield Senator JEFFORDS 7½ minutes.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I rise today to speak on the budget resolution. Like many of my colleagues I am concerned with some of the choices made during the budget conference, and would like to take a few moments to express some constructive comments about the conference report.

Mr. President, in reaching a balanced budget we must be careful not cut those programs which could be counterproductive to balancing the budget. In other words, cuts in one program can result in increased costs in other programs, thus making it more difficult to balance the budget.

One example of this dilemma is in cuts in health research. We are nearing discoveries and new treatments to the causes of many illnesses and diseases such as Alzheimers and Parkinsons. To reduce spending on this research now could mean a continuation of tens of billions of dollars in health care costs needlessly spent, only to save a few million dollars in the short-term. Internationally we are seeing deadlier viruses emerging, we can not afford to weaken our commitment to investigating, identifying and eventually eradicating these diseases.

Another example is in cutting nutrition programs. For instance, cuts in WIC benefits for pregnant women, studies have shown, would increase health care costs by over $3 for every one dollar cut. Further, our food stamp program provides necessary stability for low-income families at the most essential level—putting food on the table. This Nation's future id dependent upon how well we prepare our children for adulthood. Hungry children can not learn.

In addition, in the area of cutting education. This Nation faces a crisis—a crisis which is costing us hundreds of billions of dollars in lost revenues, decreased economic productivity and increased social costs, such as welfare, crime and health care.

Mr. President, business leaders warn us that unless improvements are made in our educational system, our future will be even bleaker. The rising costs of higher education combined with the lower income levels of middle income families in causing thousands not finish college, and fewer to attend graduate school in critical areas such as math, science and engineering. As chairman of the Education Subcommittee, I am particularly concerned about maintaining funding for education, and will work with my colleagues during the appropriation and reconciliation process to ensure that education programs receive adequate funding.

Mr. President, thus in order to help solve the deficit problem, as importantly, to prevent the unnecessary hardship to individuals I wish to put the leadership on notice, I will find it difficult to support a reconciliation bill or appropriation bills that could produce counterproductive budget results and needless hardship for millions of Americans, as outlined above.

Mr. President, I recognize that the budget resolution is not a law and is advisory in nature. Therefore, I will vote for the budget resolution, since I am committed to balancing the federal budget.

Mr. President, I can not make it any clearer that I remain firm in my commitment to not see the budget process be used to make counterproductive cuts, just to pay for a tax cut. I am committed to balancing this budget, but not on the basks of the poor, the elderly and our children to simply provide a tax cut.

In closing, action needs to be taken now by Congress to balance the budget

for the sake of our children and grandchildren.

Mr. President, I voted for the balanced budget amendment, and I supported the budget agreement that came out of the Senate Budget Committee after it was amended. However, when it traveled over to the House and was conferenced, substantial and unfortunate changes were made, resulting in what I believe to be counterproductive cuts. Therefore, I reluctantly support this budget resolution. I do this, since I believe that it is critical for this Nation to balance the federal budget to give our children a future. But, I will still do all I can to change the cuts that were made in health care, the NIH, nutrition, and in education, in particular. I join speakers today—Senators COHEN, KASSEBAUM and SNOWE—and will join them in their efforts to accomplish that same purpose.

Notwithstanding the huge votes that the NIH and the education amendments had—85–14 for NIH, 67–32 for education—they came back with additional cuts. I understand that during conference negotiations, everyone needs to take some additional cuts to create a compromise. But these changes are counterproductive. I stand today to highlight some of these concerns. When you are in a budget situation, there are programs you can cut that will help reduce the budget, but there are also some programs within the federal budget that by decreasing them it will increase your costs in other programs. That is the potential here.

With respect to NIH research, we are on the verge of many breakthroughs in curing illnesses and diseases, such as Alzheimer's and Parkinsons. By cutting back their research funds by just 1 to 3 percent per year, we hamper that possibility in the near future for finding answers. If these answers can be found in the next few years, the result could be tens of billions of dollars in federal savings.

In addition, I point to education spending, because that is where I have a role to play as chairman of the Senate Education Subcommittee. I point out that, in this particular matter, what we may be cutting over the next 7 years could be counterproductive to our Nation. Reduced education expenditures could lead to reduced incomes, reduced revenues and increased social costs.

As for the $10 billion in mandatory cuts that the Labor Committee is instructed to find, let me quickly talk about some of my concerns.

Mr. President, let us look at education generally. Education is the key to the success of this Nation. It is the key to our growth. It has been the key to our growth over the past 60 years. From 1929 to 1990, 45 percent of the growth was due to improved education—45 percent. The amount of economic income that resulted from this growth is surely in the trillions of dollars. But what are we going to do about it? We must be careful in how we reduce federal education spending over the next 7 years to ensure that we will not make these problems worse. Mr. President, that is my goal as chairman of the Education Subcommittee.

Let me highlight what this chart shows; this indicates what the annual taxes by family were in 1991. As you can see, those who do well in this Nation, who pay our taxes, are those who made it not only through college but through graduate school. High school graduates and those that do not make it through high school do very poorly. If we can increase those educational levels—and we are not doing well with education right now on all these levels, we can increase federal revenues and decrease federal costs on social programs. But let us talk about higher education because that is where my concerns are greatest.

Let us look at the next chart we have. This shows the average annual earnings by profession and educational level, again, indicating the revenues we lose by not allowing our kids to be sufficiently educated. Right now, if you do not finish high school, the yearly earnings are $12,000, and for graduate school graduates, it is up to $74,000.

The key to us continuing increasing our revenue is our education, as well as increasing our national productivity.

This next chart shows the difference between high school dropouts and college graduates. This is what has happened over the last 20 years. The high school dropout has seen a decrease in his or her income of 35 percent—family income. The only ones that have shown a real increase are those that are post-graduates, the ones we are picking on first. College graduates stayed about even. Some others have gone down.

If we do not improve the educational levels of this Nation, we are going to continue to see a drop in our revenues. The next chart is helpful in letting us understand what is happening. This indicates where my state of Vermont is on education. This shows what has happened in our State over the last 8 years, as to what debt a college student has to hold through the 4 years. It has gone from $8,000 in 1990 to $21,000, and it is going up off the chart in the future.

Mr. President, we need to work hard at improving educational costs for students. The other charts that I have here will indicate how serious it is. I will highlight these charts at a later time.

Now let us take a look at this. Now, on top of these figures, consider the proposal to eliminate the in-school interest subsidy for graduate and professional students. I will work my colleagues over the summer to find the best ways to maintain educational spending. We need to work on ways to keep the cost to students that borrow to a minimum. For instance, if a student is using a subsidized Stafford loan, as an undergraduate that student may borrow up to $23,000. Upon graduation, this student decides to earn an advanced degree in math or science and begins to think about the cost. With the interest subsidy in place, he could borrow an additional $8,500 per year through the subsidized Stafford Loan Program. Assuming a 4-year graduate program, now that student would owe $57,000 upon graduation. My job over the next few months is to find appropriate cuts within the Labor Committee's instructions to protect the interest subsidy and keep that same student from owing almost $65,000. Mr. President, as chairman of the Education Subcommittee that is my job. It is not one that I relish, but one that needs to be done.

Mr. President, since I am committed to balancing the Federal budget to ensure the future of our children, I will vote most reluctantly for this budget resolution, but I am committed to working with my distinguished chairman of the Budget Committee to improving on these counterproductive cuts in education, health, and nutrition.

Mr. DOMENICI. Mr. President, I yield myself 30 seconds.

Might I say to the distinguished Senator, Senator JEFFORDS, how much I personally appreciate—and I am sure the people of this country will appreciate—your vote today. Although the Senator has some questions about how it will be implemented, I think when the Senator votes ''aye'' today, the Senator is voting for a very important thing for America's future—as important overall as anything we will do.

And the things the Senator holds dearly, that are part of the plan of our Government to help our people, the Senator holds dearly to, and are important to many.

I am very grateful that the Senator will seek to follow this course in changing things, without making it more difficult for, to get a balanced budget before this Congress, and let them proceed to try to get there.

Mr. JEFFORDS. I thank the chairman for his comments.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that I be allowed to speak for 10 minutes.

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

Mr. ROCKEFELLER. Mr. President, I rise to explain why I strongly believe the Senate should reject the budget plan before us.

The hard-working families and senior citizens of America had better hold onto their wallets. The budget before us is the equivalent of a stick-up. It may as well carry a script that says ''put your hands up, and hand it over.'' This is a budget that robs you of your tax credit if you are a family working, not on welfare, and struggling to make ends meet and raise your children. It will steal your plans to get a student loan if you are a middle-class family or high school student counting on college to get ahead. It raids $270 billion

from the Medicare trust fund and beats up Medicaid. It will slash spending for veterans programs and lead to closings of VA hospitals and clinics.

If you are already having problems paying your Medicare premiums, buying prescription drugs, or getting decent health care, more trouble lies ahead with this budget. If the only way you can get health care for your children or long-term care for your older parents is through Medicaid, sorry, this budget has to take that away from you. If you rely on VA for your health care, watch out, that will soon begin to disappear.

This budget is packaged as the bold, courageous plan to balance the budget. It is bold, alright. It has the audacity to cut education, eliminate student loans, kill off part of the earned income tax credit, and raid the Medicare trust fund—but it bags $245 billion for more tax breaks for Americans who are already well-off.

Mr. President, this is a budget that should be sent to the penitentiary. It is a felony against the people I represent, West Virginia families, senior citizens, students, veterans, and everyone else. It is a direct assault on the basic promise made for years and even decades when it comes to education, student loans, Medicare, veterans benefits, and the tools that create jobs and growth in this country. It is a crime against the basic principles of fairness and shared responsibility that any budget—a family budget or the Federal Government's budget—should be based on.

It is not as though this is the only way to balance the budget. In fact, I voted for a very different way to get to the same bottomline. To eliminate the Federal deficit and the red ink. To crack down on excessive spending, including the tax breaks that are growing faster than inflation. Just about every Senator on this side of the aisle voted for the Conrad or the Bradley alternatives, because they spread the burden of balancing the budget so it does not crush something as basic as student loans or school lunches or a tax credit for the families with the most to lose.

After what we saw happen to this country and my State of West Virginia back in the 1980's, I never thought I would see the day again when the Senate agrees to a budget that steals from the middle-class to give tax breaks to Wall Street and wealthy citizens. Once again, we're told that trickle-down economics will do its magic, and to wait for the jobs to grow and the prosperity to spring up. As Governor of West Virginia, I did that already. I watched the country sit on its hands as our foreign competitors took over industries and took our jobs. I watched the tax breaks feed a mania for mergers and junk bonds, leaving our people high and dry.

My State has been climbing out of that rut of the 1980's when voodoo economics did its terrible damage. West Virginians want to work, no matter how little they have. Our workers and our industries want to be the best, and we are moving into the markets of competitors like Asian countries as this country gets tougher in demanding open markets and fair trade. Our families want good schools and a chance for West Virginia's high school graduates to go to college.

As I have traveled around my State in recent weeks, it is not just senior citizens who have shared their worries about the plan to cut Medicare by $270 billion or Medicaid by $180 billion. The administrators of some of our hospitals talk about being forced to close their doors. Families wonder how a grandparent can stay in the nursing home. Physicians worry about children not coming in for checkups. Veterans worry about the country's willingness to continue to honor its commitments to those who served in time of peril.

This budget is out to disarm us economically. Maybe some of my colleagues have a hard time figuring out what the Departments of Education or Commerce do. For families who think education is what counts, it is not so difficult. For the businesses in West Virginia that count on the Government to enforce our trade laws, help them export, and stay on top of technologies that turn into products, it is not so difficult.

Take a company called Touchstone Research Laboratory, a two-person operation 15 years ago that now hires 40 people with $3 million annual sales. The two-person team, who worked themselves to the bone in the 1980's to get the company going, say that it was when the Federal Government—through the Economic Development Administration—helped our State build a research park near Wheeling, that things finally picked up. With that footing, they could turn to something called the United States and Foreign Commercial Service office in West Virginia, run by the Department of Commerce, for advice on how to do business abroad and sell their terrific, high-tech products. That led to contracts, jobs, and profits that this small business believes never would have happened without a Department of Commerce whose mission is creating jobs and opportunity.

The steel plants in West Virginia, and their workers, might not exist today if there had not been a cop on the trade beat when foreign countries were dumping their steel inside our borders. Again, trade enforcement done out of a Department of Commerce with a very real mission.

Mr. President, I know the proponents of this budget plan before us are very proud of their work and their dedication to balancing the budget. But this is the wrong way to achieve the right goal. And it is not the only way. If West Virginians and our fellow Americans succeed in rebelling against this highway robbery—against hard-working families and seniors, young people with dreams, and even our businesses—we can get to work to balance the budget in the way that it should be done. I fear for my State and for the country if this budget ever becomes reality. At this point, I will vote against it, and do everything I can to replace it with a course that stands up for the values of work, of education, of opportunity, and of fairness.

Mr. CRAIG. Mr. President, I rise in support of the conference report on House Concurrent Resolution 67, the fiscal year 1996 budget resolution.

I congratulate the chairman of the Budget Committee, Senator DOMENICI, as well as the other members of his committee who have worked long and hard to produce this conference agreement. I also commend the other Senators who have contributed to this historic, balanced budget, by pushing for a balanced budget, a responsible downsizing of Government, and pro-family and pro-growth tax relief.

Winston Churchill once said that democracy was the worst possible form of government except for the alternatives.

This budget is like that. You can nitpick it, but you can't produce a better one that does what what needs to be done and passes.

There are 100 perfect budgets in this body. But holding out for the perfect budget means condemning the American people to the economic tyranny of the status quo and an extra trillion dollars of debt over the next 7 or 8 years.

There is honest disagreement over the priorities in this budget. But the important thing is, for the first time in more than a generation, we are passing a budget that sets priorities.

For 34 out of the last 35 years, the Federal Government has had only one priority: Spend more. Tax more. Borrow more.

At long last, this budget adopts the priority of the American people: Balance the budget—let the Government spend no more on programs than the people are willing to pay in taxes.

Under this budget, no one program, State, or segment of the population will pay a disproportionate share in fiscal discipline.

When I visit with Idahoans, they think this is fair. They are patriotic—they are ready to share in the discipline of balancing the budget, as long as everyone does so.

I wish we could have had more defense spending. I wish we could have had more in tax relief. I am concerned about the future of agriculture. In fact, some of the details in the assumptions in this budget resolution will be changed in the appropriations and authorizing committees. As Senator SNOWE said, this is the end of the beginning of the budget process, and it is a good beginning.

The status quo is the least tolerable alternative.

The General Accounting Office's 1992 report said, ''(I)naction is not a sustainable policy. * * * (T)he nation cannot continue on the current path.''

The Bipartisan Entitlement Commission's final report, issued in January of this year, said, ''The present trend is not sustainable.''

DRI/McGraw-Hill, in testimony before the Senate Budget Committee in January, said, ''(T)he current economic strength is not sustainable. * * * A balanced budget would be a major boost to the long-term growth of the U.S. economy.''

This budget gives us a chance to vote for the future, instead of the failed past.

This is the vote that counts. This is our chance to vote for a true balanced budget. The only effective plan to balance the budget is the one that passes.

This compromise budget does the most important thing possible: It provides for a balanced budget by 2002, on a reasonable, gradual glide path.

We've heard a lot about winners and losers in this debate.

Who really wins under this budget?

Our children and grandchildren, because balancing the budget hands them a healthier economy and real opportunity for the future;

Senior citizens, because a Medicare system now on the verge of bankruptcy is going to be reformed and rescued; Medicare is going to be there for those who need it because of this budget;

People who want to work, because balancing the budget means economic growth and more jobs;

People in the greatest need who rely on essential Government programs, because ever-bigger interest payments on an ever-growing debt increasingly crowd out all other spending.

The deficit hurts all Americans. The debt is the threat. With this balanced budget, all American are winners.

This budget does not represent a draconian cut in spending. It simply calls for reducing the rate of growth in Federal spending.

Spending still grows an average of 3 percent a year, down from the current 5.4 percent a year.

Only special interest groups and liberals inside the capital beltway can say a 3 percent raise is really a ''draconian cut''.

Total Federal spending in fiscal year 2002 will be $346 billion more than this year—fiscal 1995.

Only in Washington, DC, does anyone claim that a $346 billion increase is really a $236 billion cut.

What does balancing the budget mean in people terms?

It means restoring the American Dream of economic opportunity, starting now and extending to the next generation.

The cruelest budget cut of all is the cut in every American's living standard that has occurred because of Government's failure or refusal to balance the budget.

The damage done by the borrow-and-spend status quo must be undone.

Living standards are lower today, Social Security checks buy less today, our children face a depressed future, because of a spiraling, crushing debt burden.

According to the National Taxpayers Union Foundation, for every year in which the Federal Government runs a $200 billion deficit, the average child of today will pay $5,000 in additional taxes over his or her lifetime.

President Clinton's fiscal year 1995 budget projected that current trends will force future generations to face a lifetime net tax rate of 82 percent to pay off the current generation's bills, counting taxes at all levels of government.

In contrast, balancing the budget by fiscal year 2002 means a better future.

The econometrics firm DRI/McGraw-Hill said it means: 4 to 5 percent more nonresidential investment, 2.5 million new jobs, a GDP that is 2.5 percent higher, and another $1,000 in the pocket of the average household.

Balancing the budget means a better standard of living for our children.

GAO's 1992 report estimated that balancing the budget would raise our children's standard of living between 7 and 36 percent by the year 2020.

Balancing the budget means more jobs.

The last Federal balanced budget was in 1969. Unemployment from 1970 to 1990 averaged 6.7 percent, compared to 5.7 percent for the entire post-war period. In the first three decades of this century, when balanced budgets were the norm, unemployment averaged 4.5 percent.

This budget reforms and rescues Medicare. Under this budget, Medicare increases an average of 6.4 percent a year, which is more than twice the rate of inflation.

Under this budget, Medicare spending will be $86 billion more—53 percent more—in fiscal year 2002 than in 1995.

Nothing here cuts services or drives up needy patients' costs.

This budget calls for Medicare reform—that more choice and market competition and consumer information will slow down the runaway costs we see now. It says reforms should give priority to identify and eliminate fraud and abuse. It calls for a bipartisan commission that would make recommendations for the solvency of the system.

A vote for this budget is a vote to rescue Medicare. Under the status guo, that system goes broke in fiscal year 2002.

Who says so? The Medicare board of trustees that includes three of President Clinton's Cabinet Secretaries, the Commissioner of Social Security, and two public trustees.

The trustees also said, in their April 3, 1995, report:

> (T)he trust fund does not meet the Trustees' short-range test of financial adequacy. . . . (It) fails to meet the Trustees' test of long-range close actuarial balance . . . by an extremely wide margin. . . . Congress must take timely action to establish long-term financial stability for the program.

The tax relief in this budget is reasonable, modest, and fair.

It is also contingent on reaching a balanced budget by 2002. It is perfectly reasonable to say to America's families, If you help with balancing the budget, you get a small dividend—you get to keep just a little more of what you have earned.

This conference report does not say what kind of tax relief will be provided.

I plan to support, a pro-family proposal like the $500-per-child tax credit in the House-passed Contract With America tax bill and the Coats-Grams-Craig bill in the Senate. This would mark one tiny step in recognizing the way the dependent exemption has been eroded by inflation and tax hikes over the years. That part of a family's income necessary to cover the basic costs of living just should not be taxed.

I also will support pro-growth, pro-jobs tax relief for capital gains, small business, and family-owned farms and businesses passed on through an estate.

These proposals would benefit all Americans, across the income spectrum.

And they are modest. Even when fully phased in by fiscal year 2002, at a level of $50 billion, that tax relief would amount to well under 3 percent of the total revenues collected that year.

Back in January and February, some opponents—and a few supporters—of the balanced budget amendment to the Constitution said they wanted to see a plan for exactly how to balance the budget. Well, here's our plan, and it gets the job done in a fair, equitable way.

Now that those who demanded, ''Where's your plan?'' have been given a plan, I expect that 67th Senator should come forward and finally help us pass the balanced budget amendment to the Constitution.

We still need the balanced budget amendment.

The budget resolution before us today is a 7-year plan. That gives some Members of Congress and the special interest groups 6 years and three elections to try and knock us off track.

Can we balance the budget without the balanced budget amendment? The first Republican Congress in 40 years is proving we can, but can is no guarantee.

We have heard Senator after Senator say, ''This debate isn't about whether to balance the budget.'' Well, let's turn this Congress's promise to balance the budget into an ironclad, constitutional promise that the budget will stay balanced.

Let us now go back and pass the balanced budget amendment.

Mr. BIDEN. Mr. President, I voted for the balanced budget amendment earlier this year, and more recently I cosponsored with Senator BRADLEY a budget resolution that achieved balance by the year 2002.

I want to restore balance to the Federal budget, Mr. President, but not for its own sake. The balance I seek is a means to achieve more concrete, more

human, more important goals than the abstract satisfaction of a tidy balance sheet.

Our country is blessed, Mr. President, in many ways. By many measures our economy is strong.

In the past couple of years we have enjoyed healthy growth in the productivity and output of our economy, by many measures the strongest on the planet.

More Americans have found jobs, and, while you couldn't tell it from the comments of some of my colleagues, Mr. President, the first 3 years of the Clinton administration have seen the first three consecutive reductions in the deficit since the Truman administration.

But there remain fundamental problems, Mr. President, problems that we must not lose sight of as we set our Nation's priorities with the budget resolution vote before us today.

Two fundamental trends have kept the real achievements of our economy from benefiting the majority of Americans.

Those trends are the stagnation, even decline, in the wages and salaries of working Americans, and the increasing inequality in wealth and income that threatens the middle-class stability that has been the ballast of our Nation since its founding.

In many ways, Mr. President, the issues that concern me today are the issues that brought me into public life: How to meet our shared responsibility as public officials.

Our responsibility is to provide for our Nation's future, by nurturing and educating our youth, and by investing in the knowledge and technology on which the economy of the future will be built.

And we must also, Mr. President, honor our commitments to the generations whose achievements in war and peace secured for us our rich inheritance.

The budget resolution before us today sets our Nation's priorities for the next 7 years. How does it measure up to our responsibilities?

I am afraid, Mr. President, that this budget resolution before us today, the compromise struck by Senate Republicans with the House Republicans fails to meet the challenges before us.

I voted against the earlier budget resolution, Mr. President, because it cut too deeply into education and nutrition programs, because it neglected our responsibility to lay the foundations in research and technology on which our future must be built, and because it took too much from our senior citizens and from struggling workers.

Mr. President, this budget resolution is worse than the earlier one.

It cuts $10 billion from student loans. It cuts $270 billion from Medicare, $182 billion from Medicaid. By cutting the earned income tax credit, it raises taxes on working families who are giving their all to stay afloat.

It does all this, Mr. President, at the same time that it envisions tax breaks that would, if they follow the so-called Contract with America, give those among us who are already the most comfortable an even greater share of our national wealth, including the very wealthiest among us.

By slighting investments in our children, by cutting resources for education and research, by increasing the price of college loans, this budget fails to meet our obligation to provide for our Nation's future.

By cutting Medicare and Medicaid, it fails to honor our contract with the generations that went before us.

By increasing taxes on the poorest working families, it reduces the take-home pay of those Americans already struggling to keep body and soul together.

And by saving its generosity for those among us who—deserving as they might be—need it least, this budget drives a wedge of resentment deeper into the cracks already forming in our society.

I will continue to seek ways to restore balance to our Nation's finances, Mr. President. And I will continue to seek ways to restore balance to our Nation's priorities. But I will vote against the budget resolution before us today.

Mrs. FEINSTEIN. Mr. President, we all know the budget cannot be balanced by waiving a magic wand. Reducing a $200 billion budget deficit will impose real pain on American families. The painful cuts would be worth it, however, if through shared sacrifice, we brought our fiscal house in order.

I am disappointed I cannot endorse the budget resolution. While I support balancing the budget, I cannot support the priorities the majority imposes to try to get us there in 7 years. The Republican plan will impose too much pain on too many families. Those who will suffer the most under this Republican budget resolution will be middle class families across America. From preschool education to nursing home care for the elderly, middle-class families will bear the biggest burden in overcoming our Nation's budget deficit.

This budget, though not signed into law, will set the stage for the appropriations and budget reconciliation battles later this year. This resolution sets the Federal Government on course to cut vital services for American families across the country. This is a course I cannot accept. This is how families will be hurt:

Medicare: The $270 billion cut over the next 7 years is the largest Medicare cut in history. Yet middle-income families will carry the burden—97 percent of all Medicare spending go to families with annual incomes of $50,000 or less.

Education: The resolution will cut $40 billion over the next 7 years, cutting back on Pell grants, student loans, and Head Start. Nearly one half of all Pell grant recipients have annual incomes of less than $10,000. The elimination of the forbearance of in-school interest will force students to carry higher debt just as they enter the work force. This will hurt the young as they struggle to get on their feet.

Medicaid: The resolution's $182 billion cut could force 8 million to lose Medicaid coverage by 2002, more than an 18-percent reduction over the next 7 years.

Earned Income Tax Credit: The resolution reverses the EITC coverage for childless workers adopted in 1993. This provision only partially compensates these workers for the five payroll tax increases they have been forced to accept during the 1980's. The cut will force low-income workers with incomes below the poverty level to pay a higher tax burden next April.

We have heard a great deal that the budget resolution represents a glide path toward a balanced budget. However, I am afraid this budget resolution is more of a crash landing than a glide path.

By contrast, the administration has challenged the path of the majority in Congress, offering a slower path to balance in exchange for a reduction in the cuts for important Federal programs. When the President announced his proposal, he was criticized by Republicans for its economic assumptions. However, the Republican plan assumes an unprecedented 11 consecutive years of economic growth to justify its harsh cuts in Medicare, Medicaid, and other programs.

As we start down the path the majority lays out today, we will need to continue to review both the plan and the timeline the resolution adopts to balance the budget. The value of balancing the budget in 7 years will be measured by the economy the cuts will help to create in each of those 7 years and every year afterward. The Federal budget must address our national economic needs and not weaken an already fragile economy.

STATE ECONOMY CANNOT TAKE THE CUTS

Mr. President, the California economy is beginning the painful process of emerging from its longest recession since the Great Depression. While the rest of the country suffered as well, California's recession was both longer and more severe than the rest of the Nation.

California's unemployment rate is nearly 3 percent higher than the national average.

More than 1.28 million Californians are out of work. In fact, California has 17 percent of all the unemployed workers in America.

To these burdens, the Republican budget resolution will impose more than $50 billion in additional budget cuts for California for Medicare, Medicaid, and the earned income tax credit alone, during the next 7 years. I cannot support these additional burdens for California families on our already strained economy.

MEDICARE AND MEDICAID CUTS

Mr. President, this budget resolution imposes its biggest cuts on health care programs for the elderly and those

most in need of Federal assistance. The $450 billion in cuts from Medicare and Medicaid go too far, too fast, without any assurances that our health care system and the economy will not be significantly undercut. Health care spending represents more than one-seventh of the Nation's total economy. We cannot make the sweeping changes proposed without imposing significant burdens on families, medical providers, hospitals, and State and local governments.

We all know that Medicare and Medicaid spending cuts are necessary. The real questions are how much to cut, how to make sure the cuts are distributed fairly, and how to make sure the cuts can work?

The proposed resolution cuts over $450 billion out of Medicare and Medicaid over the next 7 years—more than 60 percent of the $1.3 trillion in cuts represent Medicare, Medicaid, food stamps, or other entitlements. The impact of these cuts would affect California enormously—more than almost every other State.

The Health Care Finance Administration suggests the $270 billion in Medicare cuts may cause over $35 billion in total cuts to California hospitals and patients over the next 7 years.

Despite having only 9.5 percent of the Nation's Medicare population, California would pay for over 13 percent of the Medicare cuts.

The alarming trend is repeated when we turn to Medicaid. The Kaiser Commission on the Future of Medicaid issued a new Urban Institute report that projects that California and just five other States would bear over 40 percent of the total Medicaid budget cuts, and cost-saving measures would cut at least 5 million additional people off of Medicaid nationwide.

Total California Medicaid funding are expected to be reduced by nearly $20 billion over 7 years.

The Medicaid cuts will force States to spend more, undercut the efforts of our safety net hospitals, increase the numbers of uninsured persons, and shift even more costs to the private employer-based health care system.

EDUCATION AND INVESTMENT

Mr. President, U.C.L.A.'s Center for the Continuing Study of the California Economy reports the principal threat to job and income growth in California is the lack of a strategy to establish priorities and fund critical public investments. The center reconfirmed previous studies, calling for investment in education and infrastructure to strengthen the economy. I agree—only by investing in the next generation through education, we can provide for a stronger future.

Yet the Republican budget resolution cuts discretionary and mandatory programs for education by $40 billion, the largest education cut in U.S. history. The resolution will cut support for education at all levels, including elementary, secondary, and higher education. This budget resolution will lead to cuts in student loans for 4 million students, making it more difficult for families to send children to school and adding to the debt students will carry for years.

We cannot move forward unless we invest in our most important resource—our children. Only by carefully investing, can we build a stronger, more capable and competitive nation. These cuts will leave us less able to prepare for the future.

CONCLUSION

Mr. President, the priorities we spend our scarce dollars on are just as critical as how much we spend. I am very concerned these budget cuts could damage an already strained economy and fail to prepare our next generation for the competitive world of the future, weakening our long-term economic goals.

Congress needs to carefully consider cuts in spending because the value of balancing the budget in 7 years will be measured by the economy the cuts will help to create. Regaining our full economic strength in California will take years. We cannot take economic recovery for granted and we must work to maintain economic vitality in an increasingly competitive global economy. I will work to ensure Congress takes the right action to strengthen the economy and create jobs, without igniting another round of economic strains for California businesses and families.

I am concerned this budget resolution will not protect families or provide opportunity and could worsen our current fragile economic state. I cannot support deficit reduction which imposes such a heavy cost on those least able afford it.

Mr. HATFIELD. Mr. President, I rise to speak briefly on the impacts of this budget resolution on the appropriations process for the fiscal year 1996.

TRANSPORTATION FUNDING

Mr. President, I would first like to address the impacts of this budget resolution on our Nation's transportation systems. I have the privilege of chairing not just the full Appropriations Committee, but also the Transportation Subcommittee. I took that post because I understand the critical role that transportation plays in our economy and our way of life. In Oregon, we take great pride in our balanced transportation system, and in the planning process that we use to make investments in the most effective, efficient, and environmentally sensitive manner. The State of Oregon is, I believe, a model for the country to follow. The concerns that I want to raise today are not just for the future of Federal involvement in Oregon's transportation network, but for the role that the Federal Government will play in meeting the entire Nation's transportation needs.

Whether we are talking about investment in our Nation's highways and transit systems, the critical operations of the Coast Guard, or the direction of air travel through the FAA's air traffic control system, adequate funding for transportation is vital for this country to maintain and enhance its economic position.

In setting our economic agenda, deficit reduction clearly is our top priority. And, transportation must play a role in achieving savings. But, my concern is that this not just become a budget-cutting exercise. Simply lowering the Federal contribution to transportation without rethinking and adjusting the Federal role is a big step in the wrong direction, and could have disastrous impacts.

While the conferees agreed on transportation cuts less severe than those that passed the Senate, I continue to have serious concerns about how we achieve those cuts. I was pleased to note that Chairman DOMENICI raised many of these issues in the Senate Budget Committee's report, which discussed the need to restructure transportation programs and reconsider what role the Federal Government plays versus State and local governments and the private sector. The committee report assumed that savings in transportation would be achieved not just through reducing spending, but through steps such as consolidation of the Department of Transportation's agencies and programs, and by privatizing the air traffic control system. The conference report repeats those assumptions, calling for program downsizing, streamlining, and consolidation of DOT, and for ATC privatization. While these changes may be controversial, the consequences of moving forward with business as usual and just cutting funding would be destructive. It is critical that we now look at how we maintain our commitment to sound transportation at the same time that we carry through with our commitment to deficit reduction. That is going to mean doing things differently.

My concern is that the changes assumed in the budget resolution are just that—assumptions. What are real are the spending cuts. I tell my colleagues that the Appropriations Committee will comply with the targets laid out by the resolution. But to do so without having the benefit of the authorizing changes assumed in the resolution will be devastating because, in the end, we will still be bound by the outlay reductions. In order to achieve those reductions, we will be forced to make severe and devastating cuts in fast-spending programs, such as: Coast Guard operations, which includes search and rescue and drug interdiction activities; FAA operations, which will have direct impacts on the viability of the air traffic control system; transit operating assistance, which will harm many of our cities; and Amtrak. Or, we will be forced to impose even more drastic cuts in capital programs, such as the highway program, transit new starts and modernization, badly needed new equipment for Amtrak, and the FAA's modernization program, which is already behind schedule and over budget.

It is in this respect that I would like to engage the distinguished chairman of the Budget Committee, Senator DOMENIC, in a discussion. Let me first ask my colleague, who is also a valued member of the Transportation Appropriations Subcommittee, if it is correct that the assumptions in the resolution are not binding.

Mr. DOMENICI. The distinguished chairman of the Appropriations Committee is correct. For transportation, the conferees set outlays at $244.8 billion over 7 years, as compared to $227.5 billion in the Senate resolution, and $252.3 billion in the House. As the Senator noted, with our committee reductions, we also assumed that much of it would be achieved through fundamental restructuring of the Department of Transportation and through privatization of the air traffic control system. The conferees retained those assumptions. We want savings to come out of administrative and bureaucratic costs before programs are hit. The conferees included the assumption of ATC privatization. I believe this can and should be done. Frankly, I believe that the private sector can better provide these services, that safety and efficiency will be enhanced, and that the American taxpayer and traveler will be better off.

Mr. HATFIELD. Let me then ask my distinguished colleague how he envisions us moving from the budget resolution to the appropriations process. My intention is to work with the authorizing committees toward enactment of the changes that the resolution assumes?

Mr. DOMENICI. Mr. President, there is clearly a need to move forward with changes. As noted in our assumptions, the funding levels provided under the resolution do not support the transportation programs as they currently exist. There were no reconciliation instructions because the resolution assumes discretionary, not mandatory, savings. However, there is no reason why legislation to restructure the DOT and its programs and to privatize the ATC system should not be moved separately. It is my intention to work with the authorizing committees to see such change enacted.

Mr. HATFIELD. I welcome the Senator's involvement, and suggest his continued engagement in this process will be critical to achieving the dual goals of deficit reduction and sound transportation. I appreciate the time and efforts of the chairman of the Budget Committee, and look forward to working with him. Mr. President, I would next like to comment on the impacts of the budget resolution on programs falling under the jurisdiction of the Commerce, Justice, State Appropriations Subcommittee.

Mr. President, President Clinton and Members of Congress on both sides of the aisle support funding increases for law enforcement. The President's budget requests a 21-percent funding increase for justice and a 15-percent increase in funding for the judiciary. That translates into a 20-percent increase in funding for the Federal criminal justice system—and grants to States—for almost 60 percent of the fiscal year 1995 Commerce, Justice, State appropriations bill. Even though the budget resolution conference report assumes drastic changes across the Government in order to balance the budget, the conferees agreed to make funding for law enforcement a top priority. The conferees' actions are consistent with the Republican crime bills in both Houses of Congress which would change priorities among violent crime reduction trust fund accounts, providing a net increase in authorized trust fund spending for law enforcement and prison construction.

The budget resolution conference agreement assumes a major reorganization in the executive branch—including an overhaul of State Department elimination of the Commerce Department. It is my hope that the various authorizing committees with jurisdiction over portions of these proposals will make quick action on these reorganization proposals a top priority.

A full debate on these issues would be extremely helpful to the Appropriations Committee as we attempt to find the savings assumed in the budget conference report. As chairman of the Appropriations Committee, I hope to avoid situations where major legislative changes are attached to appropriations bills that must be enacted before the end of the fiscal year.

Last, Mr. President, I would like to speak to the budget resolution's impacts on the Labor, HHS, and Education Appropriations Subcommittee.

The conference agreement reduces funding for discretionary health programs in fiscal year 1996 by approximately 8 percent. For Public Health Service Act programs under the jurisdiction of the Labor, HHS and Education Subcommittee this would mean an aggregate cut of $1.5 billion. Purportedly, these reductions are to be achieved through a 1-percent cut in funding for medical research supported by the National Institutes of Health, the consolidation of numerous categorical programs into State administered block grants, a 50-percent cut in funding for the National Health Service Corps, the Maternal and Child Health Block Grant and the Preventive Health Services Block Grant, and the elimination of a number of agencies and subagencies of the Public Health Service, such as the Agency for Health Care and Policy and Research. To date, however, no legislation to streamline Public Health Service agencies or consolidate its programs has been considered in the Senate. The end result for fiscal year 1996 is that the savings will be achieved by cuts in research, services and training, and not achieved through greater administrative efficiencies.

Some of the steepest reductions in funding are reserved for education, training, employment, and social services programs. Hardest hit are the job training programs of the Department of Labor. The budget resolution conference agreement assumes a 20-percent cut in funding for job training programs as a result of consolidating over 100 Federal job training programs into block grants. Legislation reported by the Labor and Human Resources Committee, however, would not implement these changes until July 1, 1998. Thus, for fiscal year 1996, the Appropriations Committee will be confronted with substantial cuts without the benefit of a reformed job training system. Particularly vulnerable will be funding for the 1996 Summer Youth Jobs Program which had historically received advanced funding.

Funds also are jeopardized for readjustment assistance and services for dislocated workers. Presently, the only funding for retraining is through Dislocated Worker Program authorized by title III of the Job Training Partnership Act. In the wake of the recent recommendations of the Base Realignment and Closure Commission and job layoffs in timber dependent communities in the Pacific Northwest, increased demand will be placed upon these services. Estimates are that an additional 34,000 workers on military bases and installations will be dislocated during the next 2 years. Absorbing increased demand for these services likely will necessitate cuts exceeding 20 percent in other training programs, such as Job Corps, School to Work, and the employment service.

Nearly $10 billion currently is spent to process mandatory claims for unemployment compensation, Social Security old age and survivors benefits, disability, and Medicare claims, and yet the processing costs are part of the Appropriations Committee's discretionary outlays. As a result of increases in workload, outlays for these activities are projected to increase significantly, about $850 million in fiscal year 1996 alone. Adding to these costs is legislation reported by the Finance Committee which requires the Social Security Administration to conduct more disability reviews. The Congressional Budget Office estimates the increased requirements will cost the committee an additional $300 million in fiscal year 1996. Yet the conference report assumes a freeze in discretionary funds for both the Medicare and Social Security Programs.

Mr. KEMPTHORNE. Mr. President, I rise today in support of the conference report on the concurrent resolution on the budget for fiscal year 1996. This budget achieves what the people of America and Idaho want: A balanced budget.

The last time this Nation had a balanced budget, I was a junior in high school. My daughter will be a junior in high school next year. It has been a generation since our country's books have been balanced. When I was in high school the last thing I thought about was a balanced budget. But now, $5 trillion later, I wish the adults of that

era had. I am the father of two great kids, Heather and Jeff, who will both be in high school next year. They, like every other American today, owe $19,000 on the national debt. That is their share of the national debt but did nothing to run up this bill. That is what they will inherit from this generation. That is a national disgrace.

This budget conference report is a present to my son and daughter, to the children of every American family, because in 7 years we will attain a goal which has not been accomplished in nearly 30 years.

If we do nothing, at the present rate of spending the deficit would grow to almost $200 billion next year. But, under this budget the deficit will be reduced to $170 billion next year, continue to decrease each year thereafter, and ultimately yield a budget surplus of $7 billion by the year 2002. Total deficit reduction achieved by the Republican budget over 7 years will be nearly $900 billion.

More importantly, the Republican plan will balance the budget entirely through spending cuts; not tax increases. In fact, after the Congressional Budget Office certifies that the spending cuts have yielded a dividend, this Republican budget will provide Americans with the biggest tax cut in history; $245 billion of reductions, including a $500 per child tax credit, capital gains tax reduction, a new type of individual retirement account—the ''American Dream Savings Account'', senior citizen tax relief, and pro-growth economic tax incentives. The Republican budget accomplishes this deficit reduction, budget balancing, and tax relief without cutting a single dollar from Social Security.

Idahoans are worried about the deficit and the cost of the interest on that debt. They are concerned about where spending cuts will be made, how deep those cuts will be, and if the cuts will be fairly distributed. The budget before us accomplishes a balanced budget through many significant reforms that are important to both the Nation and to Idaho. This budget preserves, protects, and enhances important programs such as Medicare and Medicaid. Both of those programs need substantial reform simply to remain solvent. The impending bankruptcy of Medicare is a threat to every hard-working American who has faithfully paid into the system. Imagine if you are 55 years old and have contributed to Medicare for every year of your working adult life. You expect your government will do its part and make good on its promise to you. You expect Medicare to be there when you need it. Yet the Medicare trustees say the program will go broke in 7 years unless changes are made. This budget does that. It slows the growth of spending on benefits to 6.4 percent annually. That will save $270 billion. However, and this is important: Total Medicare spending will increase from $4,350 per beneficiary in 1995 to $6,070 in 2002—an increase of 40 percent.

Some are calling this a cut. Well that is just the way Washington does it's math. Because let me tell you that in Idaho, when you say something will increase at a slower rate, we do not call that a cut.

Medicaid will become a block grant program to the States and calls for slowing the rate of growth from the present 10 percent to 4 percent over 7 years—resulting in savings of $181 billion. And it should improve service. Who would an Idahoan rather call if there is a question about Medicaid—someone in Boise or someone in Washington, DC? I guarantee you it will be a whole lot easier to find the right person to talk with and solve the problem in Boise. That is improving service for taxpayers.

The Republican budget downsizes the Federal bureaucracy by:

First, reducing discretionary spending by $190 billion over 7 years.

Second, eliminating the Commerce Department and other commissions, agencies, and functions that are duplicative or obsolete.

Third, reducing foreign aid by $23 billion over the next 7 years.

The budget also:

Fourth, makes good on the promise for welfare reform by achieving mandatory savings of $100 billion by combining AFDC, SSI, Food Stamps, child care and child nutrition programs into a single block grant to the States and by modifying the earned income tax credit by eliminating benefits for undocumented workers and persons with no dependent children.

While certainly there are program cuts that I would prefer not be made, I feel that we must apply the sacrifice evenly to all areas of the budget if we are to be successful. The most troublesome reductions for me are the cuts in agricultural production program outlays of $13 billion, a 28 percent reduction in community development block grant moneys to cities, and changes in the student loan program.

Idahoans tell me they are perfectly willing to do their share if they know the impacts of this budget are spread evenly across the country. If everyone has to bite the bullet, then it is something that must be done. This country cannot afford to spend beyond it's means. Congress must demonstrate the will to tear up its credit card and get the Nation's fiscal house in order.

I believe that the interest we are paying on the debt is destroying our present well-being while it is denying future opportunities to our children and grandchildren. The opportunity to balance the budget, reduce the deficit, and offer tax relief to hard working families is too important to ignore.

After all, we are talking about the American taxpayer's money—it is not the government's money—and it is time that we start leaving more of it in the taxpayer's pocket.

Mr. SMITH. Mr. President, this is truly a historic debate. At no point in recent times have the differences between the two major political parties been more apparent. The choice is clear and defining. You either: support $200 plus billion deficits through the next century, or you do not; support balancing the Federal budget by the year 2002, or you do not; want to pass along a greater debt to your children and grandchildren, or you do not; want to let working Americans keep more of what they earn, or you do not.

Mr. President, this country is $4.8 trillion in debt. There were some interesting budget facts in the Wall Street Journal a few months back. Shaquille O'Neal—the basketball star who plays for the Orlando Magic—earns about $30 million each year in salary and endorsements. Shaquille O'Neal would have to play 158,400 seasons to earn $4.8 trillion, our current national debt.

The O.J. Simpson trial has captivated many in this Nation. Again, according to the Wall Street Journal, Mr. Simpson is paying about $55,000 a day in legal fees. The trial would need to last 78 million days before Mr. Simpson paid $4.8 trillion.

Mr. President, this is not a laughing matter, far from it. It is of the most grave concern to all Americans. If we do not balance the budget soon, we won't have a country to pass along to our children. That's what this debate is all about.

I have three children. Like most Americans, I would like to pass along to them my assets, my wealth, when I leave this world. They should not inherit a mountain of debt. We must stop thinking about the next election, and start thinking about the next generation.

Mr. President, if the Senate does not pass this balanced budget plan, there is no coming back. If we do nothing: the national debt will exceed $6 trillion in 2002; Interest payments on that debt will be $331 billion in 2002; The federal deficit will exceed $200 billion, with no end in sight.

That should be unacceptable to every American.

This budget conference report is bold, and it is fair. It would balance the Federal budget in the year 2002. It would provide incentives for Americans to save and invest, and help the economy to grow. It would allow for penalty free withdrawals from IRA's for first time home buyers, education, and medical expenses. It would cut the capital gains tax rate, and index it for inflation. It would provide tax relief for families in the form of a $500 tax credit per child. Most important, Mr. President, the tax cuts are paid for with additional spending cuts.

Cutting taxes is not a sin. It is not wrong or irresponsible to let Americans keep more of their hard-earned dollars. After all, it's not the Government's money. History shows that tax cuts create jobs, a goal we all share. But history also shows that unless we cut spending, no amount of growth will

balance the budget. I believe this budget proves that we can, and should, do both.

In 1993, every Republican Senator and House member voted against President Clinton's $250 billion tax increase. The tax cuts included in this package total $245 billion. We don't even get as far cutting taxes as the President went in raising taxes. This is clearly an issue that unites Republicans.

I would like to praise the hard work of Senator DOMENICI, and others on the budget committee, for a job well done. Many of us have waited a long time for this day. I have been talking about balanced budgets for 11 years. Now we have a rare chance to act. I urge my colleagues to support the conference report.

Mr. LEVIN. Mr. President. I cannot support the conference report to accompany House Concurrent Resolution 67, the congressional budget resolution which has been presented to the Senate by the Republican majority virtually without the participation of the Democratic members of the conference committee.

That budget proposal has been described by our Republican colleagues as achieving balance by the year 2002 although it will not. It relies heavily on surpluses in the Social Security trust funds to achieve balance. In fact, in 2002, there will remain, under the terms of the budget before, a more than $108 billion deficit, masked by the use of the Social Security trust funds.

This is one crucial reason that I supported the Conrad substitute when the budget resolution was before the Senate last month. That substitute would have reduced the deficit even farther than the Republican budget by 2002 and would have provided for a truly balanced budget, without the use of Social Security funds, by the year 2004.

The Republican proposed budget resolution before us is unbalanced in another important way. The budget blue print penalizes middle-income working families, reduces our investment in education, and penalizes our senior citizens, in order to provide for a tax reduction which will benefit mostly the wealthiest of Americans. The budget before us has its priorities wrong. It is simply a question of fairness.

The Republican budget hits our senior citizens very hard. Medicare would be cut by $270 billion, $14 billion more than the Senate-passed resolution which already went too far. This is by far the largest Medicare cut in history. It is the most vulnerable who are hit hardest. Nearly 83 percent of Medicare benefits go to beneficiaries with incomes less than $25,000. Two-thirds are below $15,000. Only 3 percent go to individuals or couples with income in excess of $50,000. Over the 7-year period, these cuts could cost the average individual beneficiary $3,345 more.

Another $182 billion, under the Republican budget, is cut from Medicaid. Many people don't realize that 70 percent of Medicaid costs are long-term care for the elderly and the disabled. Many middle-income elderly wind up relying upon Medicaid for nursing home and other care after their resources are expended.

Another way in which the Republican priorities are wrong is that in order to pay for a tax cut for the most well-off among us, they have cut funding for college loans and educational improvement. This is perhaps the most short-sighted aspect of their budget proposal. Investment in the education of our children is investment in America's future. There are few ways to better and more efficiently spend our dollars than educating America's future generations.

The budget contains a large $245 billion tax cut. While the specifics of the tax proposal are not apparent in the conference report before us, the intentions are clear. The House tax cut provides more than half of its benefit to the wealthiest 12 percent of Americans. And, the Republicans cut the Boxer amendment from the bill. Senator Boxer's amendment was sense-of-the-Senate language which called for 90 percent of the benefit from any tax cut to go working families with income less than $100,000 per year—90 percent of the taxpayers. Our Republican colleagues praised this language during the Senate consideration of the Budget Resolution, as a way of deflecting criticism of the tax cut. But, the conferees dropped the language.

This tax cut amounts to borrowing from our children. This budget creates a large tax cut long before the budget is balanced. How can we contemplate spending $245 billion largely for the benefit of better-off Americans, when the deficits remain, when massive cuts in Medicare and Medicaid are being proposed, and when cut-backs in education funding are being put forward?

The minority claims that $170 billion, a so-called economic dividend is locked in to pay for the tax cut. Well, obviously, that $170 billion, if it materializes, will not pay for a $245 billion tax cut. Moreover, the dividend itself is far from certain. It is based on a set of economic assumptions by the Congressional Budget Office. The CBO, itself, in making the projections states:

> The estimates—are subject to two kinds of uncertainty. The first—is the substantial uncertainty about the effects of balancing the budget, assuming that other outcomes match CBO's January expectations. The second kind of uncertainty arises because many things will happen—not just in the area of fiscal policy but in the rest of the economy—that CBO could not anticipate in its January forecast.
>
> Such events beyond the domain of fiscal policy could easily obscure the impacts on growth and interest rates that balancing the budget would set in motion. For example, if the weakness of the dollar continues, the Federal Reserve might be unwilling to lower interest rates as quickly as the budget-balancing scenario assumes. The estimates—should therefore be viewed with appropriate caution: a few years down the road, it may be impossible to disentangle the effects of balancing the budget from other forces operating at the same time in the U.S. economy.

Well, when we look closely at such projections, we find that, according to the OMB, if the CBO has overestimated the gross domestic product by the average amount that they have overestimated that measure of the economy over the past 12 years, the effect would be a loss of more than $166 billion in only 5 years. In other words, the economic dividend which is being put forward as insurance for the costs of the tax cut for wealthier Americans would disappear, leaving our children to pay the bill.

Mr. President, the issue before us is not whether the federal budget should be balanced in the years ahead. The issue is how we do that. What are the priorities and who bears the burden. I believe that the priorities in the budget which our Republican colleagues have proposed are wrong. They place too much of the burden on the backs of the elderly, students in school, and working families, while cutting taxes for the most well-off. That budget is simply not fair.

And, Mr. President, it fails to get the job done. It continues the use of the Social Security trust funds to hide the real deficit.

I supported many amendments aimed at improving the budget resolution, making it more fair, without affecting the deficit reduction. Virtually all were rejected by the Republican majority along nearly straight party lines. Now, it will be possible for the Republican majority to ram through the budget resolution which it wants. However, as we go forward in the weeks ahead in the appropriations process and in reconciliation, I am hopeful that the Republican leadership will be more willing to work with the President, and with the minority in the Congress. If we are truly to make progress in balancing the Federal budget, and if we are to adopt a set of priorities which are wise and fair, we must do so in a bipartisan way. Unfortunately, the set of priorities reflected in this Republican budget resolution, in my judgment, are neither wise nor fair.

Mr. AKAKA. Mr. President, last week, House and Senate Republican conferees reached an agreement on the fiscal year 1996 budget resolution, which in my mind, is more damaging then the original 7-year budget resolution that the Senate adopted last month.

The compromise budget resolution still promises tax cuts for wealthy Americans financed by a $270 billion cut in Medicare. Medicaid also lost out on the Republican proposal and will be cut an additional $7 billion, for a new total of $182 billion. Stricken from the resolution is the Boxer amendment that expressed the sense of Congress that 90 percent of the benefits of potential tax cuts go to the middle class.

I also note that my Republican colleagues call the cuts to entitlement programs such a Medicare and Medicaid a way of restricting growth. Well, Mr. President, I don't know how my

colleagues define the word restricting, but I know a budget cut when I see one.

The Senate Budget Committee resolution assumed a $256 billion cut in Medicare spending over 7 years, by far the largest Medicare cut in history. Well, Mr. President, it appears that the Republican budget conferees want to go even further and the adverse impact on beneficiaries and providers is clear.

If Medicare cuts of this magnitude are approved, the Department of Health and Human Services estimates that senior citizens' out-of-pocket medical expenses will increase by $860 a year or a total of $3,345 over the 7 years. As 83 percent of Medicare benefits go to beneficiaries with incomes of $25,000 or less, it is obvious who will be hurt by these cuts.

In addition, cuts to providers would have serious ramifications on overall health care costs as cuts in provider reimbursement are often passed on directly to other payers. Provider cuts could also have a potentially devastating impact on urban safety-net hospitals which already bear a disproportionate share of the Nation's growing burden of uncompensated care.

Not all the pain will be felt in urban areas, however. The reductions in Medicare payments could also endanger access to care in rural areas. Nearly 10 million Medicare beneficiaries—25 percent of the total—live in rural areas. Often there is only a single hospital in their county. Significant cuts in Medicare have the potential of causing rural hospitals to close or increase the number of providers that refuse to treat Medicare beneficiaries.

Under the conference agreement, Medicaid would be turned into a block grant and cut by $182 billion. As I mentioned, this cut is $7 billion more than the Senate-passed version and $5 billion less than the House. States would likely have to reduce the number of people served by an average of 7.6 percent, affecting nearly 3.5 million people.

While I fully recognize the critical need to ensure long-term stability in the Medicare Program and support efforts to balance our budget, I am opposed to using arbitrary cuts in the Medicare Program to finance a tax break for wealthy Americans.

Just as health care benefits are being cut for our senior citizens dependent on Medicare, the new GOP budget would also pay for tax breaks for the rich by making unprecedented cuts in education. During last months's debate on the Senate budget resolution, a bipartisan amendment passed which reduced cuts to the student loan program by closing tax loopholes for the rich. The conferees chose to ignore this bipartisan action and cut education even more.

Under the new GOP resolution, millions of children and college students nationwide will be affected. Five hundred fifty thousand pre-schoolers could be dropped from the Head Start Program; 3,000 schools across the Nation will lose funds to implement reform efforts to better prepare students for the challenges of the 21st century; and 4 million college students from middle-class families will have their college costs increase by over $3,000 since the GOP budget eliminates the in-school interest exemption on student loans.

Mr. President, the impact will be tremendous. The Republicans would eliminate 33 percent of the Federal investment in education by year 2002, according to the Congressional Budget Office. A good example of the devastating impact can be seen in the $30 billion cut in Federal aid to college students over the next 7 years. Given the fact that half of all college students receive Federal financial aid, and that 75 percent of all student aid comes from the Federal Government, it is obvious how this cut will affect our students' futures.

Mr. President, the Republican cut in Medicare, Medicaid, education, and other social programs are simply, in my eyes and in my heart, unacceptable. You cannot single out health care for one segment of the population without serious consequences. Nor should we broker the future of our country's youth in order to satisfy the Republicans' Contract With America. The senior citizens of today and the leaders of tomorrow should not shoulder balancing the budget alone. I therefore urge my colleagues to reject the conference report on the budget resolution.

FAA/ATC REFORM

Mr. McCAIN. Mr. President, I want to both thank and congratulate the Senate and House Budget Committees for successfully completing a very difficult task. For the first time in far too many years, the American people can look forward to having a balanced Federal budget. Fiscal responsibility has long been missing from the Federal budget process—until now. The Budget Committees deserve great credit for this remarkable achievement.

As chairman of the Senate Aviation Subcommittee of the Committee on Commerce, Science, and Transportation, I noted with particular interest, the proposal in the budget regarding privatization of the Nation's Air Traffic Control [ATC] System. The safety and efficiency of the system that manages the airways is of great importance to both the traveling public and the Nation's economy. Unfortunately, the FAA has been slow, inflexible, and wasteful in its effort to modernize the ATC System.

The motivation behind the Budget Committee proposal to change the system is quite understandable. Although our airways remain the safest in the world, potential problems loom on the horizon. As the National Commission To Ensure a Strong Competitive Airline Industry pointed out in its report to the President, the airline industry is the only major commercial industry the operating efficiency of which is dictated by the efficiency of the Federal Government. That is certainly reason enough for concern. The inefficiencies and inadequacies of the current system must not be allowed to jeopardize safety or constrain the struggling air carrier industry.

Although there is a consensus that the FAA needs significant change, disagreements exist over how the agency should be reformed. The Aviation Subcommittee will hold hearings in July to carefully look at the current reform proposals, including the Budget Committee's idea of full privatization. The administration has a proposal introduced in the House that would convert the ATC System into a wholly owned government corporation. Under this plan, the corporation would be free from the personnel, procurement, and budgetary constraints that presently burden it as a government bureaucracy.

Two other reform bills would remove the FAA from the Department of Transportation and make it an independent agency, freeing it from certain Federal bureaucratic restraints. A final approach may simply be to retain the current structure but to revise the laws and regulations that are said to hold back the FAA in its efforts to modernize the ATC System.

Although these approaches have significant differences, they all stem from a common belief that the FAA is in need of meaningful reform. The FAA must become more responsive and more proactive in nature. As the Aviation Subcommittee examines all the options, we will keep this goal in mind. In that regard, I would like to thank the distinguished chairman of the Budget Committee for his contribution to this important debate, as well as for his outstanding work on the budget.

We will seek a solution that will bring greater efficiency to the FAA and promote its mission of safety in the conduct of air transportation.

Mr. HATCH. Mr. President, I stand here today to do something that I was beginning to think I would never be able to do—rise in support of a balanced budget resolution. I have stood before the Senate several times over the last 18 years arguing about the need to balance the budget. In fact, I spent several weeks on this very floor earlier this year fighting for a constitutional amendment to balance the Federal budget. I believe that a balanced budget is important enough to this country to warrant a constitutional amendment requiring it.

During that debate, many of my colleagues from the other side of the aisle argued that we did not need a constitutional amendment, that we could—and should—balance the budget without an amendment. American taxpayers were told that their elected Members of Congress should have the fortitude to make the tough decisions.

Well, Mr. President, the new majority has, in fact, done just that. We have made the difficult decisions required to balance the budget in 7 years. Not

every Senator or House Member who voted for this conference report likes every single provision in it. Each of us, were we king or queen of America, would no doubt have done this resolution differently in one way or another.

But, for the first time in a generation, the absolute necessity of attaining a balanced Federal budget was put ahead of individual preferences and ahead of short-term political considerations. For the first time in 26 years, we thought about the long-term economic future of our country and about the dismal prospects for our children and grandchildren who will inherit it.

I regret that my colleagues on the other side could not bring themselves to make these tough decisions. And, fortunately, the worst decision they make is failing to take a long-term view. Instead of embracing a plan that will balance the budget, lower net interest payments on our staggering national debt, and lower taxes on hard-working Americans, my colleagues on the other side are moaning that the cuts are too deep and too fast.

Unlike my Republican colleagues whose commitment to fiscal responsibility transcended their own particular preferences, my Democratic colleagues are waiting for a perfect balanced budget. In fact, they seem to be waiting for a budget resolution that does not require them to make any hard decisions at all.

Mr. President, I may not agree with every spending cut assumed in this conference report. However, I do believe that the most important thing that this Congress can do for the future of this country is balance the budget.

Why is this so important to the citizens of this country? A balanced budget will mean interest rates that are as much as 2 percent lower. It means the creation of over 6 million jobs in the next 10 years. And, this budget resolution could mean an increase in per capita incomes by over 16 percent. Mr. President, these changes are not just for a few, they benefit everyone.

Of course, I am aware that one of the most contentious issues in this balanced budget proposal is the question of tax cuts. Some of our colleagues would be pleased to see a resolution that contained little or no room for tax cuts. They make an interesting point, one that we should consider. After all, if the goal is to bring the budget into balance as quickly as possible, isn't it easier and smarter to do so without reducing the tax inflow of cash to the Treasury?

At first glance, the answer to this question seems obvious. However, this assumes that our tax system is perfectly efficient and that it is delivering revenue to the Treasury in the most beneficial way possible.

I believe the answer to this question is yes; there are policies we can and should enact. Generally, we need to ensure that the Tax Code is providing proper incentives for individuals to save and invest, for companies to expand and create jobs and to compete in the global marketplace. Unfortunately, the Internal Revenue Code is striking out on all of these goals.

As Americans, we save too little and consume too much. Our colleague from Oregon, Senator PACKWOOD, has been holding hearings in the Finance Committee that reinforce this point. We've heard panel after panel of experts testify that our savings rate is dangerously low. A lot of the fault lies with the Tax Code, which rewards the wrong kind of behavior. We have very little incentive to save and invest because our tax system, in effect, taxes twice the gains from such saving and investing, and at a discouragingly high rate for most people.

The most effective way to reduce this double taxation is to change the way this country taxes capital gains. I can think of nothing that would get our economy moving and growing like a significant cut in the capital gains rate. Simply stated, lower capital gains taxes will lead to more jobs. Jobs don't create themselves: businesspeople create them when capital is used to start or expand a business.

And, as America's entrepreneurs can tell us, capital is too scarce and costs too much. Fortunately, it appears that a capital gains tax cut, like the one included in the Hatch-Lieberman Capital Formation Act, would go a long way toward reducing the cost of capital. A drop in the after-tax costs of equipment, land, buildings, and investments would provide the incentive for billions of dollars of new, productive investment.

We also need to make changes in the Tax Code in order to enhance our Nation's international competitiveness. Many elements of our Tax Code were designed at a time when the United States had little, if any, competition from foreign manufacturers. Today, we ignore the reality of global competition at our peril.

One area of the Tax Code that stands in need of change is the research and experimentation tax credit. Since 1981, the credit has been extended six times and modified four times. Twice it was extended only retroactively. Firms making long-term plans cannot rely on this kind of a track record. American industries spend over $75 billion each year on research and development. Unlike a few years ago, these companies don't have to perform that research within U.S. borders.

Should the U.S. continue with its intermittent support for R&D, or worse, allow the credit to expire altogether, much of this spending, and the jobs that go with it, may well be transferred overseas. Congress needs to demonstrate its commitment to America's future by enacting policies such as the permanent extension of this credit. A bill I am sponsoring, S. 351, would do just that.

Similarly, the semiconductor industry is laboring under outmoded laws that could drive their facilities overseas. Currently, under Japanese law, a company can depreciate up to 88 percent of its semiconductor equipment cost in the first year, while U.S. law permits a mere 20 percent first-year depreciation. When multinational semiconductor firms are deciding where to spend their investment dollars, a depreciation gap this large can be decisive.

Repairing flaws such as these in our Tax Code will strengthen American companies, create jobs, and restore business confidence.

Mr. President, tax cuts are a vital component of this budget resolution. I am pleased that the conferees from both the Senate and the House were able to keep a reasonable allocation for making some of these important adjustments to the Internal Revenue Code, once we have certified that our budget will be balanced. And, I look forward to working with my colleagues on the Finance Committee to formulate a package of tax cuts that will maximize the ability of our economy to produce jobs and for our companies to compete internationally.

Mr. President, another of the more controversial issues in this budget resolution is funding for Medicare and Medicaid.

Two other provisions of the conference agreement have a bearing on Medicare.

First, the resolution expresses the sense of the Senate that a Commission should be established to make immediate recommendations on the most appropriate way to ensure Medicare's solvency. Under section 307, that Commission will report its recommendations to Congress by February 1 of next year.

While I generally am skeptical about Commissions which can often just delay action on an issue, in the case of Medicare, it is obvious to me that Congress needs all the help it can get. This program is too vital for us to act precipitously and make changes that will not work. An expert Commission can give us valuable input.

Second, the budget conference report contains language expressing the sense of the Congress that the relevant Committees should give high priority to proposals which will ferret out waste, fraud, and abuse in Medicare, and that any funds resulting from those efforts will be used to enhance the solvency of Medicare.

I think those efforts are absolutely crucial; and I am very supportive of this language. As my colleagues are aware, I did have concerns about the Senate version in that it would have advocated using health care fraud and related fines to finance investigations. Historically, Congress has frowned on financing law enforcement activities through criminal and civil fines and penalties.

Mr. President, the bottom line is that there are myriad financial problems with both Medicare and Medicaid. Everyone knows it. It is no secret.

The question remains this: How do we improve the programs? That will be

a responsibility that falls to the Finance Committee. As a member of the Finance Committee, I take this responsibility very seriously.

I want to make sure that both Medicare and Medicaid beneficiaries have the services they need, that the services are of the highest quality possible, and that they are cost-efficient.

I want to make sure that the services are available in rural as well as urban areas. I want to make sure that we have a system which provides incentives for providers to deliver cost-efficient, high-quality care.

I will be working with my colleagues on Finance to meet those goals. Good solutions be hard to achieve, but we cannot simply sweep the problems away because they are too hard. It is necessary that we tackle these issues. We cannot evade this duty because it is unpleasant and may involve difficult choices.

I want to turn for a moment to two crucial components of this budget compromise: the targets we have set for Medicare and Medicaid funding.

I am not insensitive to all the concerns which have been expressed about the possibility of reductions in the rate of increase of these two programs. As many of my colleagues have pointed out here today, the targets we are setting with this bill are ambitious and unprecedented.

But they are also very necessary.

The reason I support this budget resolution, is very simple.

This country is going bankrupt. And so is Medicare.

And if it weren't a jointly administered, State/Federal program, appropriated annually from general revenues, Medicaid would be going bankrupt also.

And, let's not forget one more thing: Without a fiscally solvent country, our country cannot have fiscally solvent programs.

Let me turn for a minute to the specifics.

The budget compromise provides $773.1 billion in budget authority and outlays for Medicaid over 7 years. As the conference noted, that level will allow Medicaid to grow 7.2 percent in 1996, 6.8 percent in 1997, and 4 percent thereafter. Or, the resolution holds out the possibility that the rate of increase could be higher, if the so-called disproportionate share hospital payments are frozen.

The resolution is flexible in that it allows the Committee on Finance to decide how the program should be restructured, that is, to consider the myriad issues which have been raised about Medicaid, such as whether there should be changes to its eligibility, benefits, payment rates, financing, distribution formula, and entitlement status.

For Medicare, the budget conference report provides $1.457 trillion in budget authority and $1.443 trillion in outlays for Medicare over the 7-year period. Again, the budget resolution is flexible in how we meet that target.

It is important to note that the conference agreement predicated its Medicare spending levels on funding necessary to preserve and protect Medicare, which every knowledgeable expert predicts is headed rapidly for bankruptcy, and to start the structural reforms which are necessary to make Medicare solvent in the long-term.

As with the Medicaid targets, the resolution allows the Finance Committee the flexibility to design Medicare program reforms.

Mr. President, this budget resolution is the right thing to do for this country. The Republicans have stepped up to the plate and made the difficult decisions necessary to balance the budget. It was not easy and I don't necessarily agree with every single one of the choices assumed in this resolution. There were difficult decisions regarding specific programs, overall priorities, and general reforms.

Mr. President, this budget resolution contains no actual changes in the law, but it does assume some important changes in the way the Federal Government operates and a significant shift in its role in the lives of the American people. In the budget resolution, the Republicans downsize government. We strengthen the national defense system. We reform Medicare to preserve and protect it. We improve Medicaid and protect Social Security. And, we reform a destructive welfare system that drags our families down into a cycle of dependency.

Most importantly, this Budget resolution balances the budget by 2002. Instead of balancing the budget on the backs of the taxpayers with tax increases, this budget resolution will provide tax relief. This budget resolution gives the American people back some of their hard-earned money and includes provisions to expand economic growth and create new jobs.

We have set the stage for important reforms in the way the Federal Government operates. We have set out to make government smaller, more responsive, and more effective.

Mr. President, this resolution is the best thing we can do for the American people. We must get them out from under the heavy burden of deficit spending and the ever increasing public debt.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

The Senator from Nebraska.

Mr. EXON. Mr. President, I yield myself 8 minutes.

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

Mr. EXON. Mr. President, I want to make a few final observations on this Republican budget.

The distinguished chairman of the Budget Committee has the votes, and I congratulate him for steering the Republican budget to a successful conclusion which I suspect will be basically on a party line vote.

However, as we head home to our families, loved ones, and neighbors, I hope that my colleagues on the other side of the aisle will take a little time to think about their budget outside of the confines of Washington. Because back home is the best place to put this budget in its proper setting and context. Back home is the place to see the havoc and suffering this budget will wreak upon our fellow Americans.

My colleagues know how proud I am of Nebraska and its people. They are tough and spirited. They are hard working and patriotic. They are everything one could want in a neighbor.

Mr. President, when a family is facing difficult times, its members pull together. They work and they sacrifice. That is how we should approach our Nation's fiscal crisis. We should get our priorities in order. We should call for fair and reasonable sacrifice for the greater good.

But that did not occur in this Republican budget agreement. We did not get a balanced budget for the American family.

We got a budget that asks the most of those who have the least.

We got a far-right wing budget with twisted priorities and convoluted thinking.

We got a budget so far out of step with the American people that it is laughable when my Republican friends call it ''mainstream.''

I would say that the $245 billion tax cut for the wealthy is the heart and soul of this budget. But this Republican budget lacks all heart, and it has no soul.

In a family, you look out for each other. You do not unfairly rip away medical care from the elderly, our poor, our disabled and our children. You do not mortgage your family's future by cutting education and job training. You do not kick a man when he is down, like this budget does to rural America.

And, make no mistake, this budget will devastate our rural economy. Our Nation's farmers are having the rug pulled out from under them. Medicare cuts of this magnitude will close rural hospitals and eliminate jobs. To complete this devastation, we are reducing rural economic development efforts and slashing rural housing. This budget does not offer a helping hand, it gives rural America the back of its hand.

You should not do all of this merely to finance a $245 billion tax cut for the wealthiest. You do not do this to satisfy some ideological itch. You do not do this to score points in a political poll.

Mr. President, you do not do this to your family. And Mr. President, I could not inflict this misguided budget upon the families of Nebraska.

In the seeks that lie ahead, I hope that cooler heads will prevail and that my colleagues on the other side will come out from behind their closed doors. They have no choice now but to face the music.

Yesterday, both President Clinton and OMB Director Alice Rivlin weighed

in against this budget. In his letter to the Republican leaders, President Clinton said:

I hope we can work together and avoid the situation in which I have no choice but to use my veto authority.

Director Rivlin echoed the President's sentiments on the misguided priorities in the Republican budget. She states:

If reconciliation and appropriations legislation implementing these policies were presented to the President, I would strongly recommend that he use his veto authority.

These are strong words but I believe they are right on target.

So I say one more time, that if my Republican colleagues want a balanced budget that is fair and reasonable, they will find in this Senator a fair and reasonable man who is willing to listen and willing to help. I say to my friends on the other side of the aisle, ''The choice is yours.''

I will be there to help when and if I can.

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

Mr. DOMENICI. I yield 2 minutes to Senator BOND, the Senator from Missouri.

Mr. BOND. Mr. President, many very significant things have happened in this body during the 8½ years I have been here. Some have changed people's lives in America for the better and some have laid the groundwork for a better America in the future.

Notwithstanding, I believe that this budget resolution is the most important thing we have done for America since I have been a Member of the Senate, and probably the most important since the Vietnam war.

Why? Because we have committed ourselves to completing something the American people have wanted us to do for decades, but the Congress lacked the courage to go forward with it—that is making the very tough decisions to get our annual budget in balance and begin to lift the enormous burden of debt we have left for the next generation of Americans to carry.

Mr. President, this had to happen and we have to see it through.

Now we have the blueprint, but the tough part is just beginning. In the next 2 months, the authorizing committees and appropriations committees must do the heavy lifting of specifying in detail and in law, how we are going to squeeze down Federal spending to meet this ambitious plan. Make no mistake, this will not be easy. We are going to hear from every imaginable interest group and everyone of our friends. All will share the goal of balancing the budget, but all will also want us to protect their individual interest.

Here is where the American people want us to show some courage. For the good of the whole, we must resist the pressures that will come from those only interested in the few. These will be tough and important decisions, but I believe we will see them through.

When I became Governor of Missouri in 1981, I was faced with a similar situation. The State's budget was seriously out of balance. Most believed that the tough things we had to do would so anger the powerful special interests that I could not survive taking them on. Well, from that experience I learned something. People are willing to stick with you, even though a vocal minority make it their mission to bring you down, if you make the cuts fairly, and everyone contributes to solving the problem.

I believe this budget resolution meets that test.

This budget resolution allows Federal spending to grow, just at a slower rate. It does not rely on smoke and mirror accounting to achieve balance in 2002. And, it courageously confronts the entitlements, which we all know must be confronted if we are going to get the job done.

Also, I am pleased that the tax relief for families and economic growth are conditioned upon actually realizing the revenue dividend that will come from balancing the budget. This is a responsible way to make sure deficit reduction is a condition precedent to tax cuts and I'm glad the Senate's position prevailed on this issue in conference.

I hope that as the authorizing and appropriations committees begin their work, that we all will think of our children and the children of future generations. When the special interest cries begin, let's not forget what has already been done to future generations and ask ourselves, ''Can we put this off any longer?'' I believe the answer is no. Let's commit ourselves to seeing through this national priority and allow the good of the whole to override the good of the few. The American people will reward us for our commitment.

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1996—CONFERENCE REPORT

Mr. DOMENICI. Mr. President, I submit a report of the committee of conference on House Concurrent Resolution 67 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 67) setting forth the congressional budget for the United States Government for fiscal years, 1996, 1997, 1998, 1999, 2000, 2001, and 2002, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of June 26, 1995.)

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, that means that this is before us officially and formally at this point; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I think the Chair.

Mr. President, as now printed, the Statement of Managers in the conference report on the concurrent resolution on the budget for fiscal year 1996 (H. Rept. 104–159) contains several technical and typographical errors. Under the rules of the Senate, the conference report is not amendable so I submit the following list for the information of Senators and other interested parties only.

On page 40, in the table showing the aggregate and functional levels in the House resolution, the outlays in fiscal year 2000 for Function 350: Agriculture should be 9.0.

On page 48, the ''Conference Agreement—Discretionary Totals'' tables should end after the outlay line for ''Nondefense''. Following that line, the header ''CONFERENCE AGREEMENT—Mandatory Totals'' should be inserted.

On Page 49, at the top of page, the header should be ''CONFERENCE AGREEMENT—MANDATORY TOTALS.''.

On Page 51, in the second sentence of the first paragraph, the word ''separated'' should read ''separate''.

On Page 56, in the table ''Allocation of Spending Responsibility to House Committees'', the Discretionary action outlay subtotal for the House Transportation and Infrastructure Committee should be ''-63''.

On Page 94, at the end of the second sentence in the third full paragraph, ''in the Senate'' should be inserted.

On Page 94, in the third sentence of the third full paragraph, ''Senate Budget Committee is'' should be substituted for ''Budget Committees are''.

On Page 94, in the first and second sentences of the fifth full paragraph, the phrase ''tax writing committees are'' should be ''Senate Finance Committee is''.

On Page 95, in the first and second full paragraph, references to ''205(e)'' should be to ''205(c)''.

On Page 95, in the second full paragraph, references to ''204(a)'' should be to ''205(a)''.

On Page 98, in the last sentence of the explanation on the IRS Allowance the phrase ''to this Congress'' should read ''in this Congress''.

Mr. HELMS. Mr. President, I commend the distinguished Senator from New Mexico for the mammoth task he is about to complete—to pass a resolution putting the United States on track to balance the Federal budget by 2002. The Foreign Relations Committee is committed to do its part to put the international affairs budget function on a trajectory for meeting the targets specified in the budget blueprint that

lies before us. That said, I respectfully request to ask my friend from New Mexico to engage in a colloquy to clarify for the RECORD the terms of the conference report on the budget resolution relating to the international affairs budget function.

Mr. DOMENICI. I will be delighted to enter into a colloquy with my good friend on this point.

Mr. HELMS. The House resolution contains an agreement to restructure the various foreign affairs activities by consolidating AID, USIA, and ACDA into the Department of State. Is my understanding correct?

Mr. DOMENICI. Yes, that is correct.

Mr. HELMS. It is my further understanding that the Senate budget resolution also assumed major restructuring of the U.S. foreign affairs apparatus, including support for the consolidation of ACDA, USIA, and AID into the Department of State and any cost savings which it generates. Is that correct?

Mr. DOMENICI. Yes.

Mr. HELMS. So, in other words, the House and Senate budget conference report accommodates the Senate Foreign Relations Committee reorganization proposal to abolish the Agency for International Development, the United States Information Agency and the Arms Control and Disarmament Agency, and fold their essential functions and personnel into the Department of State, and when the Senate decides to abolish these agencies the budget resolution will support it. Is that correct?

Mr. DOMENICI. Yes.

Mr. HELMS. I thank my distinguished friend from New Mexico for his support and look forward to celebrating his remarkable victory later today.

Mr. DOMENICI. Mr. President, I yield 1 minute to Senator SIMPSON, from the great State of Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I have been here 16-plus years. There are a lot of people who do a lot of work in this place, but the senior Senator from New Mexico is, in my estimation, much like a true patriot. He practically has given his life to the budget and he has learned it, and I think we must respect him.

My good colleague from Nebraska, who came here when I did, has dedicated a lot of his energy and time. But, ladies and gentlemen, this is it. Either we start now or we leave nothing —nothing—for people between 18 and 45, because when they are 63, the cupboard will be picked clean: Medicare broke in 7 years, disability insurance broke in 2016, Social Security itself broke in the year 2031. Who is telling us that? Appointees of the President of the United States.

So this is it. No more fun and games. No smoke and mirrors. Step up to the plate.

Buy—the things are on me.

I have heard many criticisms of this budget from the other side of the aisle, but even the harshest critics of the budget admit that its numbers are honest, indeed conservative, and there is no ''smoke and mirrors'' employed here to create an illusion of balancing the budget. To put it very simply, if we and future Congresses adhere to the requirements of this budget, we will get the job done.

I will only take a short time to review where we are with respect to the economic future of this country. We currently have a national debt approaching $5 trillion. Early in the next century, the baby boom generation will begin to retire, and this will place untold strains on our working population. By the year 2013, under current law, the Social Security System will begin to experience a deficit, and we will have to cut benefits or raise payroll taxes to meet that challenge. Also under current law, by the year 2002, Medicare will be broke—flat broke.

I have heard it said—even the President has said it—that 7 years' time is ''too short'' a time in which to force the budget into balance. I cannot understand this. Where in the world will we find the money to provide for the baby boomers' retirement and health costs if we continue to use up the Federal budget with ever-increasing interest payments? If we do not balance the budget shortly after the turn of the century, we will never do it.

I have reviewed this budget conference report unusually carefully, even skeptically, because of the great importance that I attach to meeting this dire situation now, and meeting it properly. I have been greatly concerned about doing anything in the way of tax cuts that could undermine the objective of reaching a balanced budget.

My colleagues well know that I joined with 11 other Republicans in signing a letter urging Senator DOMENICI and the conferees to uphold the Senate's CBO-certification provision. This would verify that we are on course to balancing the budget before permitting any tax decreases. I am greatly pleased that the certification mechanism is a component of this conference agreement.

It is, however, in slightly different form than it was in the original Senate version, so I believe it is necessary to review the substance of what we are talking about, in order to more fully explain my support for this agreement.

We have been told by various economists, and by the Congressional Budget Office, that certain benefits will accrue from balancing the budget. Economic activity will increase, investment in our economy will increase, growth will increase, and interest rates will drop due to a lessening of the pressures of debt. All of this will tend to bring in more revenue to the Federal Government.

It is reasonable to ask what we would do with that revenue if it did materialize. It seemed only proper that the revenue should be returned to fortify and strengthen the private economy from which it came, to be given back to the hard-working American families who created it, rather than to give it to Government to spend.

This was the origin of the provision in the Senate budget resolution. Estimates were that a dividend of $170 billion would be created if we did our work properly and balanced the budget. So we would—in the original Senate provision—therefore have permitted $170 billion in tax decreases to be enacted if we were indeed on course to balance.

Now, let me sound a note of caution here, that note of skepticism—that ornery Wyoming strain. It's in each of us who is from the land of high altitude and low multitude.

It has not escaped my attention that even the CBO certification of an economic dividend would be something of a speculation. We would be projecting the economic benefit, and allowing ourselves to commit to returning it before it had all completely materialized. Future Congresses could ''chicken out,'' could fail to follow through with the spending cuts. CBO certification would not bind future Congresses. We would still have the chance to hand out the tax goodies, to fail to finish all of the spending cuts in the out-years, and make the debt problem worse.

But this is where my position on the Finance Committee comes in. I remind my colleagues that the work of making the promise of this budget resolution a reality will be done in the reconciliation process. and I am going to work doggedly to ensure that when the Finance Committee makes changes in our entitlement programs to meet the terms of this conference report, that we lock in all of that reduced growth carefully. Because if we do that, we will do a great deal to slow future Government spending—even if future Congresses fail to hold to our restraints on appropriations.

Although the conference did retain the Senate provision requiring a CBO certification before proceeding with revenue decreases, I was initially concerned upon reading that the total amount of the tax cuts in the conference report would be $245 billion, somewhat higher than the $170 billion figure which we understood to be the size of the dividend projected by CBO.

However, I am satisfied that this budget conference report will indeed bring us to a balanced budget if we adhere to its terms, and I intend to help Finance Committee chairman, BOB PACKWOOD, to do just that in the entitlements and tax area.

One key is that not more than $50 billion of the tax cuts can be concentrated in the year 2002. If we enact more than that, then the budget will not be balanced in 2002, the target year. The tax cuts must be spread out over the 7 years properly in order to meet this objective, and I have every confidence that we in the finance committee can accomplish this.

As we pass this conference report, I would remind my colleagues again that

the real tough work of balancing the budget still awaits us in the future. We in the Finance Committee will still have to enact the restraints on entitlement programs, and this and future Congresses must adhere to the plan for reducing annual appropriations. Only if we do this can we have the balanced budget and the tax relief at the same time.

While no budget conference report can guarantee that this work will be done properly, I believe that the conference report gives us our best chance to do the job. The numbers are tough, realistic, conservative. If tax relief stimulates additional economic growth, speeds it to the rates assumed by President Clinton in his own budget proposal, then we will perhaps advance even faster toward the target of a balanced budget. That its a real possibility, given the tough assumptions used by CBO and our budget negotiators.

In all cases, it is clear that this budget is far preferable to the status quo, and this is why I will vote for it. The status quo would permit absolutely intolerable increases in spending, particularly entitlement spending. We cannot afford growth rates of 10 percent per year in these programs. But that is what we will continue if we defeat this agreement.

I therefore urge the adoption of this conference report and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I understand we have very little time on our side.

The PRESIDING OFFICER. The Senator from New Mexico has 2 minutes remaining.

Mr. DOMENICI. I wonder if the Senator from Nebraska would yield me 5 minutes, if he has 5 minutes?

The PRESIDING OFFICER. The Senator from Nebraska has 17 minutes 50 seconds.

Mr. EXON. Mr. President, we had one cancellation. Therefore, I have some extra time that I do not have obligated. I am very pleased to accommodate my friend by yielding him 5 minutes from our time.

Mr. DOMENICI. I thank the distinguished Senator.

Mr. President, first I want to thank Senator EXON. In spite of the remarks he made today about the budget of the Republicans that is before us today, and that is before the people of this country today, I believe he is a man of great respect. I happen to disagree with almost everything he said about this budget. But in 7 minutes I cannot go through point by point. I would just say it is an enormous exaggeration to say that this is aimed at harming rural America. Anyway we look at it, the only part that could even be considered is the health care reform package that we have here. Let me say to rural America, what we have done is save Medicare from bankruptcy, from going broke. And on Medicaid, what we have done is said let us deliver that program more efficiently by letting the Governors and legislators have more to say about how we do that.

I can hardly believe that is going to harm rural America. We might even get fooled, and find that by saving Medicare we make it more efficient and better for seniors and by saving Medicaid, which we could hardly afford to pay for the next 7 years, by saving it and making it more responsive at the local level, we might even do better by rural America.

Having said that, Mr. President, most Americans start this weekend celebrating a great, great American holiday. That holiday is Independence Day, the Fourth of July. And it is more than symbolic that just before Independence Day, when we treat ourselves to the joy of freedom, of opportunity, that these Forefathers brought to us, it is more than a coincidence that a budget resolution before the Senate is going to free America up. It is going to say to the American people that future generations are free to earn more money and make a better living. It is going to free up the interest rates where they will come down instead of going up. It will make America's dollar stronger here and in the world markets, all of which means a better life for more and more Americans. And it means we are not going to force the young people of our country to pay our bills, whether they are bills for seniors, bills for education, bills for veterans.

We have asked everybody to look at this somberly and decide with us that we can do it better and do it for less. And for those who claim, as Senator ROCKEFELLER did here on the floor in those exaggerated words which some master of public relations wrote up for him, but when he comes down and talks about all it is doing, fellow Americans, we are saying the budget cannot grow at 5 percent a year. It can only grow at 3. You tell me. An American budget that is growing at 3 and instead of 5 percent a year, starting at $1.6 trillion that we are doing something draconian. What those who are opposing it piece by piece are saying is they do not want to do anything. They would like to leave the deficit hang around our necks and hang around our young people's necks until it throttles them. They will work for the Government instead of their families. Is not that an interesting Fourth of July, to say bondage for our children instead of freedom because we do not have the guts to cut Federal spending?

And for those who come to the floor and claim we are going to hurt our senior citizens, we are going to make this program of health care solvent instead of sitting by and watching it get to a point where you cannot even pay the bills in 7 years. And we will do it in an orderly manner, and they will get as good or better health care when we are finished reforming it than they are today. There will be less Government. But who today wants more Government?

Are those on the other side who are chastising this budget with such strange words as ''felonies'' and ''misdemeanors,'' what would they do? They talk about being for a budget. The only budget I know that was offered on the other side had the highest tax increase in the history of the Nation in it. Is that how we want to balance the budget? Sure. They call it ''loophole closures.'' Loophole closures? The five largest loopholes belong to every American who has a house and it has been mortgaged. That is the largest of all loopholes. Then in order after that, for deducting health care expenses, that is the second largest. Is that a loophole that we ought to just close, or will not that be increasing taxes? How about charitable deductions? It is the fourth largest. It is a loophole. We can go on from there. One man's loophole is another man's or another woman's increase in taxes. So there is no plan.

And I want to close today, as I have done one other time or two other times, by quoting none other than a liberal professor from Harvard University, Laurence Tribe. Let me close my remarks by building on a statement that he made when we were speaking of the balanced budget. Listen carefully. He said:

> Given the centrality in our revolutionary origins of the precept that there should be no taxation without representation, it seems especially fitting in principle that we seek somehow to tie our hands so that we cannot spend our children's legacy.

That is a pretty good statement of why we should balance the budget, or, conversely, what we have been doing. We have been spending our children's legacy, future, and opportunity.

So I say just before the Fourth of July, 220 years ago, the brave forefathers of this country crept onto a ship in Boston Harbor where, in order to protest a cruel system of taxation, they cut up boxes of British tea and dumped it into the water. That too was described as a revolutionary act, but it was one which helped to bring a better future for many people in America and for this young land.

So, Mr. President, it has been my privilege to lead the Republicans in a spirit of that Boston Tea Party. We are saying free our young people from this debt. We are saying that we want to declare war on deficits, and we want to give deficits the death penalty for, indeed, they are debt for our children, ultimately death for our growth and prosperity. And I am proud of this budget. When we get it implemented, almost every American will be also.

Mr. President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. All time for the majority has expired. The Senator from Nebraska controls the remaining 13 minutes.

Mr. EXON. Mr. President, I yield myself 5 minutes.

Mr. President, I listened with great care to my good friend. We use that term around here, and people listening

might say: How can they be good friends when they carry on as they did? But we are good friends. We just happen to differ very strongly on this matter.

My good friend from New Mexico, the chairman of the Budget Committee, whom I have worked with for 17 years, complained about some of rhetoric and some of the phraseology that was used by those on this side of the aisle, attacking it. I listened very carefully to my good friend who used time that I yielded to him——

Mr. DOMENICI. For which I am most grateful.

Mr. EXON. To make some statements that I must at least indicate that I do not agree with. I thought that I had maybe concluded my statement. But I must make note of some statements that were made by the distinguished chairman of the Budget Committee.

To say that this budget saves Medicare is doubly misleading.

So in the first instance, even by their own terms and by their own figures, the Republican budget will only postpone and not save the insolvency of the Medicare trust fund that we have heard so much about. They would only extend it for 3 years. That is hardly saving it. And I hope that everyone will understand that those are the facts and they are indisputable.

Secondly, and equally as important, they seek to save this program by dramatically slashing benefits. If that is a savings, and if that is saving this program, I would hate to see what they would do if they really wanted to attack the program.

The bottom line is that the average Medicare beneficiary will have to pay $3,345 more over the next 7 years than he or she would have spent without the Republican budget. That is a fact.

I hear time and time again how this is going to save the Nation, how we are making sacrifices, how we have to help the younger generation. The younger generation, I assure you, Mr. President, is not going to be helped by the $245 billion tax giveaway, most of which goes to the most wealthy Americans, those making over $200,000. That is not a benefit to the younger generation.

I simply say that were it not for the $245 billion tax cut mainly going to the wealthiest Americans, I am not sure that the chairman of the Budget Committee and myself, the ranking member, would be that far apart. I cannot swallow it, and I will not swallow it. I think it is wrong. You cannot save and protect the younger people and protect the older people and have a budget that works if you are going to have that large of a giveaway to the most affluent in our society.

I reserve the remainder of our time which will be assigned to the minority leader, Senator DASCHLE, when he comes to the floor. In the meantime, I would suggest the absence of a quorum with the time charged to our side of the aisle.

The PRESIDING OFFICER. Is there objection?

Will the Senator withhold his request?

Mr. EXON. I withhold the request in view of the fact the majority leader is in the Chamber.

How much time is remaining on this side?

The PRESIDING OFFICER. The Senator from Nebraska controls 8 minutes and 44 seconds.

Mr. EXON. Eight minutes and 44 seconds is being reserved for the minority leader.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

If no one yields time, the remaining time will be deducted from the minority side.

Mr. DASCHLE. Mr. President, I understand most of the time has expired?

The PRESIDING OFFICER. There are 5 minutes remaining.

Mr. DASCHLE. Given that, I will use the 5 minutes and whatever additional time I may need by calling upon my leader time for that purpose.

The PRESIDING OFFICER. The Senator has that right.

Mr. DASCHLE. Mr. President, the real disappointment in this budget is that it did not result in a debate between Democrats and Republicans in the conference itself but between the right and the far right, and the far right won. Rather than consensus, it represents confrontation. Rather than accomplishment, it represents missed opportunity. Rather than success, it represents avoidable failure.

For many of us, for the country, for the future, this budget represents disappointment. Why? Because it is more extreme in every way than what was originally voted on when we passed this resolution in the Senate—more extreme, more unfair, more unacceptable in every one of the criteria we laid out during the debate on this budget several weeks ago.

Our Republican colleagues say that they are worried about our children, but what do they do? They gut the very investments that this Nation has made in its children.

They say they want to fix Medicare, but what do they do? They gut the program and want us to believe that things will somehow get better.

They say they want to get people off welfare, but what do they do? They gut the very thing which keeps people out of welfare and taxes them right back onto the welfare rolls. Why? Not in the name of a balanced budget; not in the name of deficit reduction.

The reason they have made these choices is now there for all Americans to see. They want to find a way to pay for a quarter of a trillion dollar tax break, a tax break which in large measure goes to the richest people in America.

The problem is that it does so to an even greater degree than the original budget resolution.

My colleagues have already stated the facts. Medicare is cut $270 billion, $14 billion more than the Senate bill, the largest cut by far in the history of the program.

Medicaid is cut by $182 billion, $6 billion more than the Senate bill. Over 40 percent of the real cuts in this budget come from two programs: Medicare and Medicaid. This extreme budget more than doubled the cuts in student loans. Instead of a $4 billion reduction in the availability of student loans as called for in the original budget resolution, the figure is now $10 billion. It still asks American families to cough up $21 billion in new taxes. And while the Senate version at least—at least—had a sense-of-the-Senate provision urging that 90 percent of tax cuts go to families with incomes of less than $100,000, that disappeared completely in the extreme budget conference report we have before us now.

Mr. President, we have had the opportunity to analyze just exactly what this budget conference report will do. We have asked a number of budgetary authorities to examine the figures, and this is the report that we have now been given:

The average middle-class family will see $900 in loss to their pocketbooks over the course of this budget resolution. Those making under $75,000 will lose $900. And what about the wealthiest 1 percent of others in this country? They will see an increase of $20,000 as a result of this budget resolution.

Mr. President, I think it is very important to look at how this breaks down in terms of the demographics in this country just to see who wins and who loses once this budget resolution goes into effect. Those who make less than $75,000, 77 percent of the American families, as I said, will lose $900. Those in the $75,000 to $100,000 category, 12 percent of the population, will lose $600. Those who fall in the category that most Members of Congress fall in, $100,000 to $200,000, we will see a $200 increase in our income over the course of this budget resolution. That 3 percent of the population whose incomes fall between $200,000 and $350,000 will see a $9,000 increase in their incomes. And, finally, those with incomes over $350,000, 1 percent of the country's population, will see $20,000.

Mr. President, the American people are catching on. They are beginning now to understand. The more they see, the less they like. The closer they look, the more concerned they get. And that has been in evidence with virtually every poll that has come out in the last several weeks. The Time/CNN poll, which is probably the most demonstrative of this fact: Which one of the following do you think should be the top priority for Congress in the next 6 months? people were asked, and without equivocation 42 percent said protecting Medicare from the deep cuts that are proposed in this budget are by far and away the most important thing that we could do.

Which of the following budgets do you favor, the Republican plan or the President's plan, the plan proposed by President Clinton? Nineteen percent of those who responded said they would support the Republican plan; 37 percent said they would support the President's plan.

Asked whether or not the Republican proposals to reduce Government programs will generally help or hurt various people, 71 percent of the American people said wealthy Americans are going to benefit from the Republican budget as it has been proposed; 57 percent of all of those who responded to this poll said that the middle class are going to be hurt and hurt badly.

In poll after poll, Mr. President—the Gallup poll on June 5 and 6, the NBC/Wall Street Journal poll, again, in the latter part of this month—each and every one have come out as unequivocally as the American people can through the data that has been presented to them, each and every American has said without equivocation, do not do this. You are hurting those very people that you claim to be protecting. You are hurting the future of this country. You are devastating the investments in our people, and you are doing so, as we have seen with this chart, to benefit the people who do not need help at all.

Mr. President, this budget will probably pass today. And when it does, it will pass with great disappointment. We can do better than this. Democrats have proposed specific alternatives to do just that. The American people expect more of us than what we have before us right now. Extreme budgets like this do not merit our support. And many of us believe that we can do better. Many of us believe that when the vote is cast today, we have no recourse but to vote ''no'' because we know we can do better.

But this is the easy part. This is the blueprint. The tough choices come next. When those tough choices are made, it is imperative that we move from the far right to the middle, away from deep cuts in Medicare, away from gutting education, away from tax breaks we cannot afford, and toward a future we all want. It is not too late, Mr. President. It is now past time to do the right thing. I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Leaders' time was reserved; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. Mr. President, first I want to thank all my colleagues on both sides of the aisle. We have had a good debate. We will be voting here in just a few moments, and the conference report will pass.

I am just sitting here thinking about President Clinton and what he said on June 4, 1992, about balancing the budget on the Larry King Show. President Clinton was asked if he would submit a balanced budget soon. ''I would present a 5-year plan to balance the budget.'' In an earlier question, he said he balanced the budget 11 times in Arkansas. Of course, that was required by law. If we had a balanced budget amendment, we might have a balanced budget out here in 2 or 3 years. We have one in 7 years. The President started off with 5.

Then he sent us a budget earlier this year and we had a vote on it, 99–0, opposing the President's budget. Not a single Democrat would vote for it. And then in June the President had a 10-year plan. I mean, if 5 years was too painful and 7 years was too painful, let us try 10 years. If it is too painful, we will try 12 years, 15 years, 20 years. Before long it does not make any sense at all.

So I want to congratulate my colleagues and my colleagues in the House for passing the conference report and what I believe will happen here in a few moments. I listened to my friend from New Mexico, Senator DOMENICI, talk about July 4th and Independence Day, to gather and celebrate our independence and our freedom. And I really believe, though maybe not every American will talk about the budget resolution on July 4th; I am not certain many will unless they are having a problem, we will talk about it—it is historic—because it is a little bit unexpected, I assume, in some cases, but it is going to bring about more freedom and more independence for all Americans. And the first freedom is going to be freedom from crushing debt.

The Senator from New Mexico closed his debate by talking about the children and the grandchildren. And I think most people are concerned about that. Let me share with you some very wise words, which I will quote:

> If the nation is living within its income, its credit is good. If, in some crisis, it lives beyond its income for a year or two, it can usually borrow temporarily at reasonable rates. But if, like a spendthrift, it throws discretion to the wind, and is willing to make no sacrifice at all in spending . . . if it extends its taxing to the limit of the people's power to pay . . . if it continues to pile up deficits, then it is on the road to bankruptcy.

Now, those are not the words of this Senator. They are not the words of the Senator from New Mexico, Senator DOMENICI, or the chairman of the House Budget Committee, Congressman KASICH. They are instead the words spoken 62 years ago by President Franklin Roosevelt. So this is not something new that cropped up here in the last few years. It has been a concern for a long, long time.

He was absolutely right. So we have thrown discretion to the winds. We have had more spending, more taxes, more spending, more taxes. President Clinton gave us the biggest tax increase in the history of the world in 1993 and is proud of it.

So I suggest there is just a different philosophy on that side of the aisle: Do not touch any spending; if you have a problem, raise taxes. They believe it, and that is probably the way it ought to be.

We have a different philosophy, and we believe it. We believe taxes have been extended to the limits of Americans' power to pay. We have the deficit about as high as we can pile it, and we are well down the road to bankruptcy, as Roosevelt predicted 62 years ago, unless we begin to change directions, and that is precisely what we are doing today. We are going to change directions, avoid bankruptcy, and set a course for a balanced budget by the year 2002. Here it is right on this chart.

President Clinton's budget has deficits as far as the eye can see in the range of $200 billion, his budget proposed June 10. Our budget, the Republican budget: Balanced by the year 2002. We do it without cooking the books, without smoke and mirrors, without throwing seniors, children, and the less fortunate out on the street, though it has been suggested by some here today that we are heartless, we lack compassion, we do not care about anybody.

We do it by making tough decisions, by slowing the rate of growth of Federal spending. Yes, it eliminates some of the bureaucracies, and a few others will have to learn to make do with less than they receive now. But the vast majority will actually be receiving increases, just not as much as they have been accustomed to. The rate of growth is going to be slowed, as most Americans would suggest we should do.

We are going to achieve about $894 billion through reductions in Government spending and savings. Still, Government spending will increase $1.5 trillion this year to $1.876 trillion in the year 2002, as the Senator from New Mexico also indicated just a few moments ago.

Let me repeat those numbers, because it is going to continue to grow: From $1.5 trillion this year to $1.876 trillion in the year 2002. Now, that may come as a surprise to some who may have believed what they have been hearing from some on the other side of the aisle.

If you believe what they said, you would think the Republicans are shutting down the entire Government once and for all and every Federal program, taking money from education, taking money from Medicare, taking money from Medicaid, taking money from rural America. That is not the truth. That is not accurate.

It is not what we proposed. I do not care how often they repeat it, repeat it, and repeat it, and how often the media picks it up, picks it up, picks it up, and spins it. It is not going to sell with the American people.

So freedom from crushing debt, number one; freedom from excessive taxation, number two.

On this Independence Day, the American people can also celebrate the fact they will have the freedom to save and spend more of their hard-earned money as they see fit. Whoever said the Government had a monopoly on taxpayers'

money, on what you make, whether you are a wage earner or in some other business or some other vocation?

So we have a $245 billion tax relief package. The House wanted more. This was the figure we agreed upon. It is large enough to accommodate the family tax credit, which the Presiding Officer has been so interested in in the past several years when he was in the House and also now in the Senate.

We believe the American families are overtaxed. Maybe the Democrats do not believe that, and they certainly have every right to say that everywhere they go, ''You are not taxed enough; we want to tax you some more.''

We believe our tax system should encourage rather than discourage investment in job creation. We believe we ought to overhaul the tax system. So we have a tax commission headed by our former colleague, Jack Kemp, to talk about economic growth and tax reform. They will report to the Speaker and majority leader later this year. It is a 15-member commission.

So is it wrong to have $245 billion in tax relief for overtaxed Americans? I do not believe so.

Marriage penalty relief, opportunity to increase savings and investment, capital gains rate reduction, and I do not believe the Democrats will oppose if we have some estate tax relief for small family-held businesses and farms and ranches across America where if somebody dies, the Government ends up with half the estate. We want to correct that. So it seems to me that we are on the right track.

They do not take effect unless and until the nonpartisan Congressional Budget Office certifies that we are absolutely on the path to a budget that is balanced in the year 2002. That is the safety valve; that is the safety valve. They do not take effect until that has been certified, as the chairman has pointed out time after time.

So freedom from crushing debt, freedom from excessive taxation, freedom from big Government. We are going to make the Government leaner and more efficient and more cost-effective and return more power to the States and the communities and our other citizens.

I think also we ought to point out it is going to be freedom from worries of Medicare survival. I was on the 1983 Social Security Commission, a Commission appointed by Senator Howard Baker, the majority leader at that time; by Ronald Reagan, a Republican President; by Tip O'Neill, a Democratic Speaker of the House. Social Security was on the verge of bankruptcy. We had a bipartisan Commission. We rescued Social Security, and it is going to be in good shape, at least until the year 2020 and maybe beyond.

We want to do the same with Medicare, because if it goes bankrupt, you cannot pay part A or part B, you cannot pay the doctor, you cannot pay the hospital in about 5 or 6 years. We have an obligation to America's seniors to correct it.

We have had a lot of political rhetoric on this floor, but it is less than somewhat since President Clinton's budget proposal acknowledged that we were right; we must slow the rate of growth of Medicare if we are going to protect, preserve, and improve it.

There are always those who try to scare the American seniors, always those who engage in class warfare, always those who say we are going to slash Medicare. What are they going to do? What are all those people out trying to scare America's senior citizens going to do? Nothing. What are they going to do in 4 or 5 years when we cannot pay the hospital bill or the doctor bill of some senior in Minnesota, Kansas, New Mexico, or wherever in America?

So it seems to me we are on the right track. We are trying to avoid the bankruptcy of Medicare. We are not going to allow Medicare to go bankrupt. We are not going to allow Medicare to be cut to the bone. Indeed, under this Medicare proposal in our budget, we are going to increase beneficiary spending from $4,860 a year to $6,732 by the year 2002—a big increase.

Finally, I think what we are doing here in a broad way is safeguarding our freedom and independence.

I hope that under this resolution—and this is just the start; the hard part comes after we pass the resolution—Americans will also know that their freedom and independence, which was purchased by the sacrifice of countless Americans who risked and lost their lives, will remain secure. That is what this debate is all about: The future of America, going into the next century in the year 2002. This budget resolution maintains our commitment to national security second to none.

So I am pleased with the work that has been done by the budget conferees and by the Republicans on the Senate Budget Committee and the House Budget Committee.

There is a saying that has been around about as long as America has. There are two ways to get to the top of an oak tree: One is to climb and the other is to find an acorn and sit on it and it will grow into a tree some day and you will be up on top.

We are going to do it the first way. We have been sitting on the acorn too long in this Congress hoping that somehow our deficits could be reduced and a balanced budget would be magically sprouted and we would be sitting on top of the world. Americans for a long time, because they have been ahead of us, hoped that we would find a different course. We chose a different course—a balanced budget—to get to the top by climbing the tree, and there is a lot of climbing left to do.

Mr. President, let me salute Senator DOMENICI for his tireless efforts in making this moment possible. He has the toughest job around here. The taxpayers of America have no better friend than the senior Senator from New Mexico.

I also want to thank the Senate budget conferees for their dedication and hard work: Senators BROWN, GORTON, GRASSLEY, GREGG, LOTT, and NICKLES, and thanks as well to Speaker GINGRICH and House Budget Committee chairman JOHN KASICH and their conferees, because this has been a one-party effort. The other party did not want to participate. They like to raise taxes. They do not want to reduce the rate of growth of spending anywhere, and that is precisely what we did.

So I believe we have reached the right result. It is not perfect. A lot of hard work is left, but we are ready for it. I hope that everybody will vote aye on the conference report.

CLOSING THANKS

Mr. DOMENICI. Mr. President, there are a number of people I want to briefly thank for bringing this year's budget resolution to completion.

We all know, however, that this is not the end of the budget process—it is just the first step. But a very critical and important first step.

Let me first begin by thanking my friend and leader, BOB DOLE and the Republican Conference Chairman Senator COCHRAN for allowing me to serve as chairman of the Budget Committee this year.

To my fellow Senate Budget Committee members—and particularly the ranking member, Senator EXON—thank you for the long hours we spent together earlier this year in hearings, debate, and markups.

Not too many Senators realize that the Budget Committee also marked up and reported unfunded mandates and line-item veto legislation while also working on the budget. The committee has been busy.

I want to pay particular thanks to three members of the Budget Committee—Senators BROWN, GORTON, and GREGG. Thank you for chairing three critical working groups earlier this year on discretionary, entitlement, and privatization issues.

Those groups' input was critical to the design of the resolution.

Let me also thank the three freshmen of the Budget Committee—Senators ABRAHAM, SNOWE, and FRIST. I cannot remember a time when freshmen on the Budget Committee were more active—in field hearings, participation, and just plain old input into the design of a resolution.

Finally, behind the scenes throughout has been the committee's staff—both majority and minority. They have worked tirelessly for the past 6 months to bring us to this conclusion today. But their work is not finished. They now must help to oversee that the resolution is implemented and enforced.

There are a number of staff that should receive special recognition. I will insert into the RECORD a list of the committee staff. While small, the staff has been very effective in their work product and helping us as Senators do our job better.

Let me give special recognition to Austin Smythe and Jennifer Smith, the committee's counsels, for their hard work in getting this product drafted and before the two Houses today. There is no question that without their dedication this product would never have been possible.

I want to also pay special tribute to Anne Miller, without her hard, consistent, and careful scrutiny of the numbers this product also would never have been possible.

Thanks to Cheri Reidy, Denise Ramonas, and Carol McGuire on taxes and appropriations crosswalks.

Special thanks to Peter Taylor who has been the chief economist on the committee for the last few years. Peter will be leaving to join the Joint Committee on Taxation after the recess.

Thanks to Keith Hennessey for all his work on Medicare and Medicaid, and Ricardo Rel on agriculture issues.

Thanks to Brian Riley, Mike Ruffner, Lisa Cieplak, and Jim Hern for the work on transportation, welfare, education, and housing issues.

Thanks to Roy Phillips and Greg Vuksich for their continued work on defense and foreign affairs funding issues.

Behind them all, getting the briefing books put together and copies, copies, copies—stand Christy Dunn, Andrea Gatta, Mieko Nakabayashi, Karen Bilton, and Beth Wallis.

And finally, we all need our communications people and I have one of the best in Bob Stevenson and his excellent assistant, Melissa Longoria.

Trying to keep all these people coordinated has been the job of my staff director—Bill Hoagland.

Thank you all. Now get back to work and implement it.

SENATE BUDGET COMMITTEE REPUBLICAN STAFF

Bill Hoagland, Majority Staff Director.
Carole McGuire, Assistant Staff Director.
Austin Smythe, Assistant Staff Director.
Anne Miller, Budget Review.
Cheri Riedy, Sr. Analyst for Budget Review.
Jennifer Smith, Counsel.
Jim Hearn, Sr. Analyst for Government Finance and Management.
Lisa Cieplak, Sr. Analyst for Education, Social Service & Justice.
Mike Ruffner, Analyst for Income Security and Veterans.
Keith Hennessey, Economist for Social Security and Health.
Ricardo Rel, Sr. Analyst for Agriculture and Natural Resources.
Peter Taylor, Economist.
Brian Riley, Sr. Analyst for Transportation and Science.
Roy Phillips, Sr. Analyst for Defense.
Denise Ramonas, General Counsel.
Brian Benczkowski, Asst. to General Counsel.
Greg Vuksich, Sr. Analyst for International Relations.
Bob Stevenson, Communications Director.
Melissa Longoria, Asst. to Communications Director.
Christy Dunn, Asst. to Staff Director.
Andrea Gatta, Staff Assistant.
Karen Bilton, Staff Assistant.
Beth Wallis, Staff Assistant.
Mieko Nakabayashi, Staff Assistant.

Mr. President, even though we are under a time constraint, I want to say thank you, once again, to one person. There are many, but I have to tell you, we would not be here if it were not for the staff of the majority of the U.S. Senate. Mr. Hoagland, we thank you. Every member of this institution thanks you. Anybody that has dealt with you in this arena thanks you. You know more than anyone around, and your temperament and approach has been marvelous.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. EXON. Mr. President, I echo what has been said. I echo my thanks to Bill Hoagland and the great staff on the Republican side on this matter. They worked very hard. We are also indebted to Bill Dauster, who is over here, and the members of his staff. Both staffs did a tremendous job. I think the chairman of the committee would agree.

The PRESIDING OFFICER. The question is on agreeing to the conference report accompanying House Concurrent Resolution 67.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 54, nays 46, as follows:

[Rollcall Vote No. 296 Leg.]

YEAS—54

Abraham	Frist	McCain
Ashcroft	Gorton	McConnell
Bennett	Gramm	Murkowski
Bond	Grams	Nickles
Brown	Grassley	Packwood
Burns	Gregg	Pressler
Campbell	Hatch	Roth
Chafee	Hatfield	Santorum
Coats	Helms	Shelby
Cochran	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Jeffords	Snowe
Craig	Kassebaum	Specter
D'Amato	Kempthorne	Stevens
DeWine	Kyl	Thomas
Dole	Lott	Thompson
Domenici	Lugar	Thurmond
Faircloth	Mack	Warner

NAYS—46

Akaka	Feinstein	Lieberman
Baucus	Ford	Mikulski
Biden	Glenn	Moseley-Braun
Bingaman	Graham	Moynihan
Boxer	Harkin	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Bumpers	Johnston	Reid
Byrd	Kennedy	Robb
Conrad	Kerrey	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	
Feingold	Levin	

So the conference report was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. BENNETT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

COMMENDING C. ABBOTT SAFFOLD (ABBY) FOR HER LONG, FAITHFUL, AND EXEMPLARY SERVICE TO THE U.S. SENATE

Mr. DASCHLE. Mr. President, it's my sad duty today to announce to my colleagues the retirement of Abby Saffold, who has served as Secretary to our caucus since her appointment to that post by then-majority leader, Senator BYRD, in 1987.

Together with the majority leader, Senator DOLE, Senator FORD, Senator LOTT, Senator BYRD, Senator THURMOND, and all other Senators, I send a resolution to the desk to express the gratitude of the Senate to Abby Saffold for her years of service to the Senate of the United States.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 143) commending C. Abbott Saffold (Abby) for her long, faithful and exemplary service to the United States Senate.

Whereas Abby Saffold has faithfully served the Congress in many capacities over the past 28 years, 25 of which were spent in service to the Senate;

Whereas Abby Saffold was the first women in the history of the Senate to serve as Secretary for the Majority and the first to serve as Secretary for the Minority;

Whereas Abby Saffold has at all times discharged the important duties and responsibilities of her office with great efficiency and diligence;

Whereas her dedication, good humor, and exceptional service have earned her the respect and affection of Democratic and Republican Senators as well as their staffs: Now therefore, be it

Resolved, That the Senate expresses its appreciation to Abby Saffold and commends her for her lengthy, faithful and outstanding service to the Senate.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to C. Abbott Saffold.

[Applause, Senators rising.]

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, Abby's service to the Senate covers a quarter of a century. Her service to the Congress runs from 1967. When she became Secretary to the majority in 1987, she was the first woman to hold that post in the history of the Senate.

The Democratic caucus has been extraordinarily fortunate to have Abby's services for so long. It is no exaggeration to say that Abby has prevented more than one disaster from becoming a debacle. We, who rely on her, know

that much of the Senate operation depends on her knowledge and skill in making certain that the procedural hurdles do not become roadblocks.

I believe the entire Senate, not just the Democratic caucus, owes Senator BYRD a large debt of gratitude for the fact that it was his excellent judgment that first brought Abby to the floor staff in 1979 and the caucus 8 years later.

I am extremely sorry that it falls to my lot to have to announce Abby's retirement.

It is well known that the great American author, William Faulkner, served as the postmaster in Oxford, MS. What is not as well known is why he decided to quit the job after many years of service, particularly at a time and in a place where good, stable jobs were hard to come by.

Asked why, Faulkner replied: ''I couldn't stand for one minute longer being at the beck and call of anyone just because he has three cents in his pocket.''

I would not want to think Abby Saffold made the decision to retire because, after 16 years, she could not stand for another minute being at the beck and call of anyone just because they had been elected to the U.S. Senate.

But it is a fact Abby has served Senators—and been at their beck and call—for a long time. I believe I state the sentiments of Senators on the Republican side as well as Members of the Democratic caucus when I say that Abby has been unfailingly cheerful and helpful to Senators regardless of party.

Abby Saffold's departure is a sad day for everyone in the Senate, most particularly for Senators, who have come to rely on Abby's advice, seek her counsel, and listen to her jokes. Somehow, because Abby served the Senate so well and for so long, we had come to think she would always be here for us.

Although many of the men and women with whom she worked elected, and unelected alike, may be better known to the American people than Abby, not many will be more well-loved by those who know her. Few will have a record of service and integrity to match hers.

I have been an admirer of Abby's since my first days in the Senate. She has been a good and tireless friend to me and other Members of the Senate. It is with great regret that I say goodby to Abby Saffold today.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, there's a story told about an incident that occurred here on the floor several years ago, when Howard Baker was Senate majority leader.

Senator Baker was leading a floor debate, while Republican and Democrat Senators worked out a timetable in back of the Chamber.

Finally, Senator Baker could proceed no further until negotiations were finished.

He looked to the back of the room, sized up who was involved in the negotiations, and who was key to their successful conclusion, and said for the record, ''We're just here waiting for Abby.''

He was, of course, referring to Abby Saffold, who has served as Secretary for the Democrat side of the aisle for more than 8 years, and who served as manager of the Democrat floor staff for the 8 years prior to that.

As has been indicated by my good friend, Senator DASCHLE, Abby is retiring this Friday afternoon, after nearly three decades of service on Capitol Hill—a career that saw her rise from serving as a caseworker to a Congressman to becoming the first woman in the history of the Senate to occupy the post of Secretary for the majority.

I know I speak for all Members of the Senate in saying that she will be greatly missed.

We spend a great deal of time here on the Senate floor. And frequently, negotiations and discussions can get a bit tense. Abby has been involved in hundreds of those negotiations and discussions.

Even though Abby's duties here on the floor require her to look after the interests of the Democrats, there has never—there has never been a moment where I questioned her professionalism, fairness, or honesty.

And through all the discussions and debates, Abby has always exhibited a great deal of courtesy, and an unfailing good humor. In short, as my good friend, George Mitchell, once said, ''Abby helps to make our long days on the Senate floor more tolerable.''

I share the view expressed by my colleague, Senator DASCHLE, and I know that all Senators join with me in wishing Abby good luck, and in thanking her for her service to the Senate and to America.

Thank you.

[Applause, Senators rising.]

Mr. LAUTENBERG. Mr. President, I join with my colleagues in paying tribute to Abby Safford on her retirement from the Senate. Knowing Abby, I can only imagine that when she leaves us, she is planning a full life of travel and continued learning and challenge. Anyone familiar with her energy, sharp intelligence, political commitment and love of the Senate knows she will continue to follow our activities with close attention. I know all of us are going to miss her advice, incredible attention to our needs, her knowledge of the Senate and her ability to help make this institution work.

On the eve of her retirement from the Senate I want to wish Abby the very best and hope that her next 25 years will be as satisfying as those she spent in the Senate, and filled with challenge, satisfaction, love, and contentment. She has made an enormous contribution to this institution and the many Senators who have occupied these desks since she began here many years ago, sitting in the staff gallery following the Senate floor for her Senator. It is a pleasure to simply say, in return, ''Thank you, Abby.''

The PRESIDING OFFICER. Without objection, the resolution is agreed to.

Without objection, the preamble is agreed to.

TRIBUTE TO CHICK REYNOLDS

Mr. DODD. Mr. President, I rise to pay tribute to Chick Reynolds, the former Chief Reporter of Debates for the Senate. As my colleagues know, Chick passed away earlier this month. He will be sorely missed by each and every one of us.

The Reporter of Debates is one of those unheralded jobs without which this institution could not run. The Reporter is the bridge between the Senator and his constituents and between this institution and history. By faithfully transcribing the proceedings of the Senate, the Recorder ensures that ordinary Americans can follow the work of their elected representatives and that historians will have an accurate record of the great debates of our time.

Chick Reynolds was considered one of the fastest and most accurate reporters in the United States. As a result, he recorded many of the most momentous political events of the latter half of the twentieth century, including the McCarthy and Jimmy Hoffa hearings and President Kennedy's famous speech in Berlin.

In 1974, Chick Reynolds was appointed an official reporter for the Senate, and he went on to become chief reporter in 1988. He served in that job with distinction, and he was scheduled to retire, in fact, next month.

I join my colleagues in extending my sympathies to Chick's wife, Lucille, on her loss.

Mr. President, I yield the floor.

Mr. BURNS. Mr. President, parliamentary inquiry: What is the order of business?

The PRESIDING OFFICER. The regular order is that the regulatory reform bill will be laid down.

Mr. BURNS. Mr. President, I ask unanimous consent that I might proceed as if in morning business for no more than 2 minutes for the purpose of introducing a bill.

Mr. GLENN. Mr. President, reserving the right to object, I will not object; may I ask, is it going to be a couple of minutes? That will be fine. I know Senator John KERRY has some remarks he would like to make. We will put the bill in and yield to him for some remarks, if that is OK. And then we will go on with remarks on the bill.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BURNS. I thank my friend from Ohio.

THE PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BURNS. I thank the Chair.

(The remarks of Mr. BURNS pertaining to the introduction of S. 1000 are

located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

COMPREHENSIVE REGULATORY REFORM ACT

The PRESIDING OFFICER. The clerk will report the pending business.

The assistant legislative clerk read as follows:

A bill (S. 343) to reform the regulatory process, and for other purposes.

The Senate continued with the consideration of the bill.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. I thank the Chair.

Mr. President, I ask unanimous consent that Senator KERRY be permitted to make some remarks without losing my right to the floor.

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

The Senator from Massachusetts.

Mr. KERRY. Mr. President, I thank the Senator from Ohio. I just wanted to rise for a few moments to say some words about the regulatory reform bill, and where we find ourselves now. Then I will make further comments at a later time. I thank the distinguished manager for the Democrats.

Mr. President, I think it is fair to say that if you ask most people in the United States Senate, ''Do you favor regulatory reform?'' people are going to say, ''Yes; I am in favor of regulatory reform.'' We all understand that in the course of the last few years, regrettably, there have been some excesses that every single American has come to understand. And unfortunately, because of the negativity and conflict orientation of the press nowadays, the negative aspects of what has happened in environmentalism sometimes supersedes people's perceptions on the positive side.

The truth is, in America, there have been remarkable gains over the course of the last 25 years in the particulates that we breathe, and in the level of our health as a consequence of better air. Today, cities can literally be viewed from airplanes, and from outside the city where, this one not be the case, a decade ago if you were in Denver or Los Angeles given the air pollution levels and smog. There are still problems, but the level is so markedly reduced from what it was that we tend to forget the benefits.

If you look all across this country, there are rivers where salmon have returned and rivers that you can swim in and fish in. This was not the situation a number of years ago. There has been just an incredible increase in the quality of life for all Americans and the opportunities that are available as a consequence of positive choices we have made for the environment.

On the other side of the ledger, there have been some terrible disasters in terms of our efforts to do better. The Superfund Program is a classic example of one of those efforts that has not done as well as intended. However, the Superfund Program is not really a reflection of what we need to do in regulatory reform. Yet it somehow finds its way into the bill that is currently on the floor.

Likewise, with the Toxics Release Inventory, over the years since 1986, we have reduced over 40 percent the level of toxic releases into the atmosphere. And, there again, has been an enormous gain in terms of people's knowledge of what is happening in their community. That is all—just knowledge. That knowledge has empowered communities to make better choices and, in fact, many industries have voluntarily made choices based on the fact that they knew a particular community knew what was being released into the air. People have benefited. We have had an enormous reduction in the level of toxic releases. All by virtue of a community right-to-know program that is simply informative. All it does is let people know. It does not require a company to do anything. It does not take any chemical off the market. It does not prohibit it from being sold. It does not levy any fines. There is no administrative process except reporting information to the public.

Yet, in this bill, there is a wholesale discarding of that particular process. It does not belong here. It should not be here.

Similarly, the Delaney clause, which prevents people from being exposed to carcinogens in food additives. This is a critical program. Most people agree that there have been some problems in its administration, and we need to fix it. I agree, we ought to fix it. The Labor and Human Resources Committee and others have been working diligently on a fix. They are in the process of working within the committee with jurisdiction to rework the program. Then along comes this approach of just grabbing out of thin air and plunking into this bill what is not a fix, but an absolute eradication of the Delaney protections. That does not make sense. I do not think Americans have come in and said, ''Hey, expose me to a whole new set of carcinogens, and it really does not matter what is in my food.'' But that is the effect of what is in this legislation.

Those were the ''special fixes,'' the provisions that do not relate to regulatory reform and that should not be in the legislation before us.

In addition, Mr. President, I have some concerns with a number of provisions in the bill that actually address regulatory issues. For starters, this bill lowers the threshold for the definition of a ''major'' role in the rulemaking process. When the EPA or another agency decides that something is a major rule which then affords it a certain set of administrative procedures, the threshold today for a major rule is $100 million of annual economic impact. First, you have to make a determination that the rule will have an effect of $100 million of consequence, and then it is treated as a major rule.

In the bill that is on the floor, the sponsors lower that threshold to just $50 million. The $100 million threshold was set in 1975 by President Ford.

That 1975 value is worth just $35 million. It is not very hard to get to a $35 million current value in terms of rulemaking impact. If you lower that by half, to an $18 million impact, any lawyer worth his salt can come in and achieve that; particularly since the definition in this bill allows you to take indirect costs into account, you can very rapidly get to a $50 million consequence.

What is the impact of that? Here is a bill that talks about being regulatory reform yet will open up a whole expanse of new rules subject to major rulemaking procedures which makes it then subject to court review.

Currently, EPA spends $120 million per year to conduct risk assessment and cost-benefit analysis for major rules at the $100 million level. EPA estimates that it will need an increase of 191 percent to 458 percent to keep up with the increased workload. Nowadays the EPA handles approximately 10 rules per year that qualify as major rules. Under the $50 million threshold, we are going to go to 75 major rules per year just for rule at the $50 million threshold. In addition, in this bill before us, S. 343, the Superfund is lowered even further to a threshold of just $10 million which will cause a minimum of an additional 650 rules that need this new complex administrative procedure. Every one of us knows that no one is going to come down here and say ''add personnel to EPA, appoint more judges, give us the people to achieve this and make this work.''

So what you have here is not just an effort to have a legitimate reform of a system that I acknowledge needs reform. What you have is a totally calculated capacity to create gridlock within the system so the rules cannot be made and many of the rules on the books get eliminated.

Now, there are a host of other problems with S. 343. There is a problem with the effective date. The effective date of this bill is upon enactment. The implication of this term will require going back to scratch and being over to develop any rules that are in the entire Federal Government system on that date, whatever that day may be. The impact may well be enormous from meat inspection regulations to drinking water protections and other things that would literally stop in midstream as a consequence.

I do not think that is the intention of the authors. However, that will be the effect. These are the types of problems of which colleagues must be aware. This legislation currently leaves open to question a number of concerns such as this.

Another very significant area is judicial review and the petition process developed in this bill. The bill before us

has at least seven different tiers to its petition process. Unless it has been changed to reflect negotiations we have been having in the last few days, that opens up a Pandora's box of judicial review. You are going to have the capacity to go on for year after year after year with lawyers expending huge sums of money; this process will transform the whole regulatory process into the hands of somebody who has money rather than an evenhanded administrative process that seeks to balance the needs of the country.

Mr. President, I want to emphasize I want to have a legislative reform bill. I think we must. I also want to emphasize that it is appropriate to have cost-benefit analysis and risk assessment. We should be making some determination of the benefits and the costs but we should not do it in a way that is so rigid that we literally deny ourselves the ability to include certain benefits to the country; even if an option is not the least cost alternative it may be something we want to do and we should not take away the discretion or the capacity of somebody to make that decision on the appropriate standards.

Let me give an example from the air quality standards in the Clean Air Act. For 25 years it has been understood that the Federal Government would base its national ambient air quality standards not on a cost-benefit test, but on health protection standards—and I might add that even after 25 years of hard work over 100 million Americans still live in areas where these standards are not met. If this bill becomes law, I believe that it will be virtually impossible for EPA to base its standards on health protection, and it will begin an endless court process that will serve to set back.

Under this bill, for example, if there is an existing statute that has a standard to achieve, for health reasons and other reasons, so many parts per million in air emissions and it is determined that number is a minimum standard, a floor level of protection, but that the agency has the discretion to go to a higher level in the statute because we want to get to at least a minimum standard knowing there is a minimum health benefit for getting to that minimum standard; and this minimum standards costs $10 million to achieve and it is the least cost alternative. Now, for $11 million, you may be able to get exponentially further in terms of public benefits, but it is not the least cost, the agency will not be able to go to the higher standard of benefit even if you want to spend the additional resources to get the vastly greater level of benefits.

Under this bill, you will not be able to go to the higher standard of benefit because it is not the least cost alternative—even though that higher standard of benefit may give you other benefits of hospitalization reduction, long-term care reduction, quality of health, a whole number of important benefits, just because it is not the least cost for the purposes of the underlying statute's minimum gain you cannot do it.

Now, Mr. President, in keeping with what I said to the Senator from Ohio, I am not going to go on, and I am not going to go through a complete analysis of the bill at this time. But I think it is absolutely essential that we approach this bill with a sober intention to legislate, not just to walk in lockstep to make happen what has come here in a very hasty process.

The Environment Committee was bypassed. The chairman of the Environment Committee, a Republican, has signed on to an alternative version of this bill with Senator GLENN, and he will talk about that. The Judiciary Committee never got a chance to consider but a handful of amendments before the bill was forced out on a procedural maneuver. Senators wanted to, but they were never heard or given a chance to consider a vast number of amendments in committee.

On the other hand, the Governmental Affairs Committee sent a bill out by a vote of 15 to nothing, yet that bill has been ignored. And it is essentially that bill with a couple of minor changes that the Senator from Ohio and the Senator from Rhode Island will introduce, and I am glad to be a cosponsor of that, Mr. President.

This bill has far-reaching implications for the health and safety and well-being of the United States of America. This bill should not become a grab bag, a greed effort by a lot of people who never wanted the EPA, who never wanted the Clean Air Act, never wanted the Clean Water Act, never wanted the Safe Drinking Water Act, never wanted the national parks program, never wanted any of these efforts in the first place. And we should not allow them under the guise of regulatory reform to undo 25 years of progress and effort, notwithstanding I emphasize a genuine need to have regulatory reform and to change the way we have been doing business in this city.

So I am prepared to embrace a very legitimate effort to get there. I joined with a number of my colleagues to meet with the Senator from Louisiana, Senator JOHNSTON, Senator HATCH, and others and we thought we were making some progress. I think we did make some progress. It is my hope that over the course of the next week we can continue that effort and hopefully work out the kinks in this bill in order to come up with a very significant vote in the Senate for regulatory reform.

I wish to thank my colleague, Senator GLENN, very much for his gracious forbearance here, and I particularly thank him for his leadership on this effort. He is the person who has been working for years to come up with a reasonable alternative on this, and I am glad to be working with him on it.

Mr. GLENN. I thank my colleague from Massachusetts for his comments. I have noted his efforts for this legislation. He has worked tirelessly for the last couple of weeks almost in trying to work something out on this, and we are glad to have him with us on this. In fact, we hope to have the whole Senate working with us.

Mr. ROTH. Some of my colleagues have questioned why I support the Dole-Johnston compromise when the bill I originally wrote received unanimous support in the Committee on Governmental Affairs. The bill I introduced in January, S. 291, the Regulatory Reform Act of 1995, was—in my opinion—a good proposal for regulatory reform. I am pleased that it received unanimous support from all 15 members of the Governmental Affairs Committee. But S. 291 was itself a compromise. It was, in my view, a good bill, but not a perfect bill.

The Dole-Johnston substitute improves upon S. 291 in some key respects, especially the use of a stronger cost-benefit test. I believe, to the extent practical, the benefits of a regulation should justify its costs. The pending amendment is the product of the three committees that proposed regulatory reform legislation, and many other Senators. It likewise may not be perfect from everyone's point of view, but it is a strong effort to make Government more efficient and effective.

When you review the key provisions of S. 291, you can see they are reflected in the Dole-Johnston amendment. These provisions include:

Cost-benefit analysis: The benefits of a regulation must justify its costs, unless prohibited by the underlying law authorizing the rule.

Market-based mechanisms and performance standards: Flexible, goal-oriented approach are favored over rigid command-and-control regulation.

Review of existing rules: Old rules on the books must be reviewed to reform or eliminate outdated or irrational regulations.

Risk assessment: Agencies must use sound science to measure and quantify risks to the environment, health, or safety.

Comparative risk analysis: Agencies must set priorities to achieve the greatest overall risk reduction at the least cost.

Reform of the Regulatory Flexibility Act: The Regulatory Flexibility Act is strengthened to make agencies more sensitive to the impact of regulations on small businesses and small governments.

Congressional review of rules: Rules will not become effective until they are reviewed by Congress. Congress can veto irrational or ineffective regulations.

Regulatory accounting: The Government must compile the total costs and benefits of major rules.

Most important, the Dole-Johnston amendment, like S. 291, has limited judicial review so agency rules will not be invalidated for minor procedural missteps. But the Dole-Johnston amendment also improves upon S. 291 by having a more focused cost-benefit

test. Regulators must directly set regulatory standards so that the benefits of a rule justify its costs, unless prohibited by the law authorizing the rule. Of course, neither S. 291 or the Dole-Johnston amendment contains a supermandate that overrides the substantive goals of any regulatory program.

The three provisions that lie at the heart of any good regulatory reform proposal are: First, decisional criteria, such as the cost-benefit test; second, judicial review; and third, review of existing rules. The Dole-Johnston amendment is better on the first provision and equal on the second, as I have previously suggested. On the third provision, review of existing rules, it is also better since the provision in S. 291 has significant administrative difficulties.

S. 291 said that every major rule on the books had to be reviewed by the appropriate agency within 10 years, plus a possible 5-year extension, or terminate. The basic problem with that approach is what constitutes ''a rule.'' Most rules are amendments to existing programs which upon becoming effective merge into the text of the program. What you have on the books are programs which have been molded by a whole series of prior rules. So how can one mandate that the rules must be reviewed? On which page of the Code of Federal Regulations does a rule begin and end? What grouping of concepts constitutes a rule? A major rule? When 10 years has elapsed, what exactly has terminated?

S. 291 meant well, but it was silent on such questions. The Dole-Johnston amendment, in contrast, provides a clearer alternative: the agency establishes a schedule of the rules to be reviewed. This list is published for all to see. Only rules on that list are subject to termination under the legislation.

In turn for its workability, however, a vulnerability arises. Suppose the agency list is underinclusive, then what? The Dole-Johnston amendment allows petitioners to request inclusion and, if denied, sue the agency. However, the burden that a petitioner must meet in court is purposefully high, lest any agency be overwhelmed by such petitions.

The Dole-Johnston provision is a balanced, workable, and fair resolution of the thorny issue of how agencies are to review existing rules. It is the product of fruitful negotiations with Senators KERRY, LEVIN, BIDEN, JOHNSTON, HATCH, NICKLES, MURKOWSKI, BOND, and myself.

In short, the Dole-Johnston amendment is the newer, better product—representing the cumulative wisdom of months of negotiations on different options in three committees. When we voted to report S. 291 from the Committee on Governmental Affairs last March, that version may well have been the best text available. But it no longer is.

From the day I introduced S. 291 it has been my objective to produce the best possible bill—one that achieves real reform, that passes both Houses, and that is signed into law. From that day I have found myself as the Senator in the middle, serving as a bridge between various opposing viewpoints. I believe that I have been able to achieve significant progress by bringing opposing sides closer together. The policy gap on this legislation has closed and is closing.

Today Senator DOLE will lay down the Dole-Johnston amendment that represents the current state of progress. Some on the other side of the aisle have introduced a slightly modified version of S. 291. I am somewhat alarmed that this is being done after substantial progress has been made in talks with Senators representing all colors of the political spectrum. I hope that their action does not indicate that their position is hardening on this legislation.

S. 291 was a good bill. But the Dole-Johnston amendment is an improvement, thanks in part to suggestions made by those who seek to rally around a modification of S. 291.

Mr. GLENN. Mr. President, Senator DOLE has made his proposals here. I know he wants to make some remarks in a moment.

Without losing my right to the floor, I ask unanimous consent to yield the floor to Senator DOLE, and then Senator KASSEBAUM has remarks on a different subject.

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

SENATE SCHEDULE

Mr. DOLE. Mr. President, I thank the Senator from Ohio. I wish to give my colleagues, after several inquiries, the schedule for the balance of the day and the balance of the week.

We still have the rescissions package which is in the process of passing the House. I have indicated that if we could get a unanimous-consent agreement to take care of that by a voice vote and also have two amendments pending for votes on Monday, July 10, we would not have any additional votes tonight or any votes tomorrow.

I am not certain we can get consent on the rescissions package. There may have to be votes, and those votes would occur tonight and, if necessary, tomorrow, because I think it is important. It has money in there for Oklahoma City; it has money for California earthquakes. There are a lot of different areas that have been waiting for a long time because the President vetoed the bill.

I hope we can work out any disagreements, and I will get back to my colleagues as soon as I have additional information. But if we can get a consent on the rescissions package, even if we have to have a couple of votes tonight, or pass them on a voice vote, and then we have two amendments that would be debated on Monday, July 10, to the pending bill on regulatory reform, those votes would occur after 5 o'clock on Monday, July 10. If we cannot reach an agreement, then we will be here tonight and tomorrow.

Mrs. KASSEBAUM. Mr. President, I very much appreciate the Senator from Ohio letting me speak for a few minutes as if in morning business.

ARREST OF NIGERIAN GENERAL OBASANJO

Mrs. KASSEBAUM. Mr. President, I rise this evening to express my deep concern about the deteriorating situation in Nigeria. And I thought it was important to express my concern about what was happening there that has been illustrated by the arrest and detention of General Obasanjo of Nigeria and 23 other political prisoners. Recent reports indicate the military dictatorship in Lagos may be trying General Obasanjo in a secret tribunal on unspecified charges possibly leading to capital sentencing.

I join with President Clinton, Foreign Secretary Hurd of Great Britain, and much of the international community in strongly condemning the arrest and continuing detention of General Obasanjo. I have known General Obasanjo for a number of years and have long respected his intellect and leadership abilities. He is one of the few leaders in African history to peacefully step down from power in favor of a civilian democratic regime.

Despite the unbanning of political parties, I remain deeply skeptical about the commitment of the Nigerian military government to a democratic transition. The continuing imprisonment of General Obasanjo and disregard for basic human rights and due process only reinforces the mistrust of the current regime.

To date, I have supported the administration's policy of limited sanctions and diplomatic engagement in Nigeria. I believe the time is coming, however, where the United States, together with our European allies, should consider tougher and more aggressive steps to pressuring the Nigerian Government into political reform. I will chair a hearing of the Subcommittee on African Affairs of the Senate Foreign Relations Committee on July 20 to explore further options of U.S. policy.

Mr. President, I have long believed that Nigeria held the key to development of a large portion of Africa. It has been a large and rich and bountiful nation. It is a country with tremendous economic and human potential. It is also a country with a history of deep-seated ethnic and religious division. For these reasons, the continuing intransigence of the current military leadership is particularly troubling. It could lead, I fear, to further political and economic instability and great tragedy in Nigeria.

I firmly hope, together with all friends of Nigeria, that the Nigerian Government will move quickly toward

reestablishing democratic, civilian rule. Only then can Nigeria fulfill its true promise and stand in its rightful place as one of the great countries in Africa and the world.

Mr. President, I would like to thank again the Senator from Ohio [Mr. GLENN] for yielding to me because certainly the debate on regulatory reform is a very important debate that needs the most thoughtful consideration. I appreciate him for yielding to me.

I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. GLENN. Mr. President, I was glad to yield to the distinguished Senator from Kansas. I know from my days way back on the Foreign Relations Committee when something came up like this where there was a tragedy internationally and some people were suffering, no one was on their feet first ahead of her to bring this to the attention of the Senate, to bring it to the attention of the American people, and to try to do something about it. That is what needs to be, a response from the Senate in these areas. And once again, she is fulfilling that role here. She sees a pending tragedy, which we all do, and is speaking out and hoping we can avert some of that tragedy.

I compliment the Senator on her statement.

(The remarks of Mr. GLENN pertaining to the introduction of S. 1001 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. GORTON. Mr. President, I ask unanimous consent to proceed as in morning business for not more than 5 minutes.

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

MICROSOFT SOFTWARE RELEASE

Mr. GORTON. Although many in Congress and legions across the country will be on vacation in August, Microsoft people will be working overtime to make sure that their long-awaited new operating system software for personal computers is officially released as scheduled on August 24.

The company is convinced that Windows 95 will help make personal computers significantly easier to operate, more fun, and more productive for millions of Americans.

On that same day, Miscrosoft plans to launch a new online information service, the Miscrosoft Network, as a competitor to existing online services like America Online, CompuServe, and Prodigy.

Microsoft is not alone in anxiously awaiting August 24 in this new product and online service. As the Wall Street Journal reported recently, hundreds of other computer hardware companies, equipment manufacturers, and independent software developers and content providers all stand to benefit enormously from the introduction of Windows 95 Microsoft Network. The Journal speculated much of the continued growth of the high technology economy and the overall stock market is tied to the timely and successful launch of this online service.

It is not surprising, therefore, that several commentators have questioned the Department of Justice's belated investigation of Microsoft's decision to include access software for the Microsoft Network as a feature of Windows 95, a decision announced last year.

I share the commentators' concern with the timing of this investigation, and hope that this 11th hour investigation will not delay the introduction of Microsoft's much anticipated software, an introduction that will increase both consumer choice and competition.

In the event my colleagues missed the articles, I ask unanimous consent they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, June 19, 1995]

WALL STREET ANXIOUSLY AWAITS MICROSOFT'S WINDOWS 95—SYSTEM'S RECEPTION MAY AFFECT STOCKS FOR MONTHS TO COME

(By Dave Kansas)

It's the second-hottest topic on Wall Street after interest rates, a driving force that could well influence the course of the stock market for months to come.

What's the big deal? Windows 95.

With so-called beta test sites littered across the country, anxiety about the late-August launch of Microsoft's new operating system is intensifying. Questions about the software are sweeping through Wall Street, and for a market that discounts future news months early, investors are already betting on the answers. Will it arrive on time? Will it work? Who will benefit? Who will lose?

The Windows 95 operating system has become the most important product introduction in decades for the stock market. With the technology sector firmly in the forefront of the six-month-old stock-market rally, the success of the program has taken on immense significance, becoming in essence the linchpin of the market's future direction.

A bad stumble by Microsoft in launching the product would spill into the technology group and then ripple through the rest of the market with dismal effect. But a successful roll-out will spur another cycle of technology upgrades. That means personal-computer purchases, demand for more powerful semiconductors, a plethora of new software and other products. If it works, the entire technology sector will get a lift and that, in turn, will take the broad market higher into record territory.

''This is big-time important, and not just for Microsoft,'' says Robert Doll, executive vice president at Oppenheimer and head of the Oppenheimer Growth Fund, a big holder of Microsoft stock.''If Microsoft were to announce that they were having big problems and they'd have to put off the introduction for more than two months, then we'd have a problem not just with Microsoft, but throughout the sector.''

One reason for the nervous anticipation of Windows 95 is the technology sector's uninterrupted rise this year. Traditionally, the technology group has experienced a correction in the late spring or early summer. That correction has yet to occur, creating anxiety among some analysts who figure tech stocks have risen too-far too fast.

But other analysts argue that expectations of a successful Windows 95 introduction late this summer has helped the group defy history and avoid the annual pullback, thereby upping the stakes for the product's introduction.

Microsoft insists that Windows 95 remains on track. But the path leading to introduction hasn't been smooth. Originally codenamed Chicago, the product was first expected to arrive late last year. That was postponed and the delay extended to mid-1995, and now to late August.

According to the company, final versions of the operating systems will reach hardware makers in the next several weeks. Industry insiders say Microsoft has managed to jawbone computer makers into including Windows 95 personal computers, to be shipped for the crucial Christmas shopping season.

The importance of Windows 95 stems from the intricate interrelationship of products and companies in the personal computer sector. Windows 95, in many ways, is the equivalent of a brand-new engine that many new cars will require. In turn, other companies make products akin to doors, tires, frames, windshield wipers, brakes and lights. Dataquest, a market research firm, projects sales of nearly 30 million copies of Windows 95 in the first four months, not to mention an increase in personal-computer purchases.

''It's believed that Windows 95 will increase the number of personal computers sold by a large number, especially in the home, because it makes games and entertainment software more accessible,'' says Irfan Ali, an analyst with Massachusetts Financial Services in Boston. ''There's no question that Windows 95 is the key to another wave of product upgrades in the personal-computer area, and that's key for not only for Microsoft, but for the whole sector.''

Indeed, more than 500 mutual funds own chunks of Microsoft, and are, in a sense, wagering on Windows 95. Among them are such big names as Fidelity Magellan, Janus Twenty and Twentieth Century Ultra, according to recent industry data.

For Microsoft, a successful Windows 95 introduction already is largely reflected in the price of its stock, money managers say. Trading at a whopping 36 times earnings, many investors are already counting on Windows 95 to provide the Redmond, Wash., software company with another leg of explosive growth. Even the unraveling of its bid to purchase Intuit, a maker of popular finance software such as Quicken, has failed to halt Microsoft's stock rise.

But analysts say other areas of the market still represent value to those looking to bet on Window 95. Among them, big semiconductor firms such as Intel, Texas Instruments and Advanced Micro Devices. Also, makers of the computers that would use the new operating system: Compaq Computer, Dell Computer and Gateway 2000.

''As investments, Compaq and other hardware companies don't yet reflect the big surge that is likely if Windows 95 succeeds,'' says Roger McNamee of Integral Capital Partners in Menlo Park, Calif. ''If you want to look at bang-for-your-buck, the hardware area will likely be a better sector.''

Perhaps the largest fear would be any unexpected problems with the new generation operating system. And some money managers, like Oppenheimer's Mr. Doll, concede that Windows 95 could face a modest delay, which the market could swallow. Anything more serious, however, would be a setback.

''Any disappointments could hit the rest of the personal-computer industry, and that could make people rethink the whole technology sector,'' says Neil Hokanson, president of Hokanson Financial Management in

Encinitas, Calif. ''Whatever happens with Windows 95, we're going to see a significant ripple effect throughout the whole market. It will affect the whole food chain.''

One possible stumbling block for Windows 95 is the Justice Department's concern about Windows 95 inclusion of the Microsoft Network, the software maker's own on-line network. Competitors such as America Online complain that Microsoft's inclusion of the on-line network in the operating-system software is anticompetitive. Many analysts think time is too short for the Justice Department to prevent Microsoft from rolling out Windows 95 without the network.

Even if Microsoft shakes the department's inquiry, and does get Windows 95 out in time, that still doesn't guarantee success.

The big ''question is whether people upgrade to Windows 95 immediately, or do it over time,'' says Frederick J. Ruvkun, a money manager at Bessemer Trust in New York. ''It could happen right away, or it may take a little while. But in any case, this product is the key event for the industry, and the market.''

FRIDAY MARKET ACTIVITY

Stocks mustered modest early gains built mostly on trading related to the expiration of options and futures. Equities then settled into a listless session and finished narrowly ahead.

The Standard & Poor's 500-stock index advanced 2.71, or 0.50%, to 539.83. The New York Stock Exchange Composite Index gained 1.20, or 0.42%, to 289.96. The Dow Jones Equity Market Index added 2.55, or 0.50%, to 507.15.

The Nasdaq Composite Index jumped 5.97, or 0.66%, to 908.65, while the American Stock Exchange Market Value Index climbed 0.68, or 0.14%, to 495,40.

For the week, the Dow Jones Industrial Average added 86.80, or 1.96%. The S&P 500 gained 11.89, or 2.25%. The Nasdaq Composite shot up 24.26, or 2.74%.

Many telecommunications and media companies posted gains on enthusiasm for the new telecommunications-deregulation legislation working its way through Congress.

Capital Cities/ABC rose 3¼ to 106, Clear Channel Communications added 4⅝ to 69 and Time Warner gained 1½ to 40⅝%.

Among telecommunications companies, Ameritech advanced ⅞ to 46¼, Bell Atlantic moved up 1½% to 57 and BellSouth climbed 1⅛ to 63⅞.

Microsoft jumped 2⅛ to 87 on Nasdaq after a federal appeals court held that a lower court judge shouldn't have rejected the Justice Department's antitrust settlement with the software maker over software-discounting practices.

Caremark International advanced 1⅞ to 21⅞. The home health-care services provider reached a settlement with criminal investigators that will end an inquiry into kickbacks. The company agreed to plead guilty and pay about $159 million in civil damages and criminal fines. In the wake of the news, Rodman & Renshaw raised its rating on the company to ''buy'' from ''neutral.''.

WHO MAY BENEFIT FROM WINDOWS 95

CompUSA (CPU)—Computer superstore retailer should see a pickup in traffic with customers looking for the Windows 95 upgrade.

Integrated Silicon Solutions (ISS)—As Windows 95 requires more memory, conputer makers will likely be placing orders with this SRAM memory-chip maker.

Symantec (SYMC)—Windows 95 users will need new utilities (such as backup and virus-protection programs) from Symantec, which controls 75% of software-utilities market.

Diamond Multimedia (DIMD)—Graphics-broad and multimedia-chip maker will see more orders as consumers want to take advantage of all of Windows 95 capabilities.

Microcom (MNPI)—More consumers will want high-end modems and communications products for faster on-line service (particularly if Windows 95 comes with Microsoft Network).

WINDOWS 95—SUCCESSFUL LAUNCH WOULD BE A BOON TO DOZENS OF FIRMS

(By Molly Baker)

Microsoft's Windows 95 may create a tidal wave in the technology and financial markets, but investors looking to profit by it should search among the ripples.

Certainly no one should underestimate the significance of the new operating system, scheduled to be shipped on Aug. 24, less than 10 weeks from now.

''This is a broad infrastructure change that will have ramifications not seen before,'' proclaims Chris Galvin, a software analyst with Hambrecht & Quist. ''This is not your normal upgrade cycle; it is a very significant event.''

Obviously, Microsoft has the most to gain or lose from Windows 95 and its price already reflects that. But changes the system will bring—providing, of course, that it is successful—will be a boon to dozens of other companies.

REPLACING PC'S

Consider, for instance, that the new operating system probably will make obsolete many of the personal computers sold in the past decade. The sheer number of people who will be seeking to replace or upgrade their existing PCs suggests that computer retailers like CompUSA will be mobbed.

''With its ease of use, [Windows 95] will also draw new users to computers for the first time. It's likely to be one incredible Christmas season,'' says Shelton Swei, a technology analyst and portfolio manager at Fred Alger Management.

''Because CompUSA is more on the consumer side, they will benefit from the consumers' quick adoption rate,'' says Mr. Swei. ''They'll get traffic from people in the stores getting the upgrade and those people just might pick up a game or two at the same time.''

Wholesale distributors such as Tech Data and Merisel can also expect burgeoning orders for both hardware and software. They are two of the largest middlemen that put computer equipment and supplies from the major manufacturers on the shelves of retailers.

UTILITIES PROGRAMS

Along with Windows 95, consumers will also be snapping up new utilities programs, such as virus protection and hard-drive backup tools, as the old set won't work Windows 95. Many money managers are betting on Symantec, which controls about 75% of the utilities market.

''Our logic with Symantec is real simple. Once [Windows 95] gets released, the utilities upgrades will be pervasive, just like when Windows 3.0 was introduced,'' says Edward Antoian, a portfolio manager with Philadelphia-based Delaware Management.

Than there are the memory makers. Windows 95 will gobble up memory, requiring at least eight megabytes of random-access memory, or RAM, to run its various tools. Most consumers have been buying computers with just four megabytes of RAM and will be turning to the memory providers for upgrades.

''I think eight megabytes of RAM will be underpowered, and most are going to be looking for 16 megabytes,'' predicts Charles F. Boucher, a semiconductor analyst with Hambrecht & Quist.

Although the big RAM makers such as Micron and Texas Instruments are the obvious names, smaller companies could profit from the memory demand.

''When it comes to Windows 95, anyone selling anything remotely related to memory will benefit—because you'll need it,'' comments Lise Buyer, an analyst with T. Rowe Price's Science and Technology Fund.

Integrated Silicon Solutions, which makes the higher performance SRAM memory circuits, is already producing at capacity and orders are expected to increase. The Sunnyvale, Calif., company's shares, which rose ¼ to 51 Friday on the Nasdaq Stock Market, have soared from an initial offering price of 13 in February.

Another 1995 IPO that might ride Windows 95 to bigger gains is Oak Technology, a maker of semiconductors and software specifically for multimedia applications. Multimedia is supposed to be one of Windows 95's especially strong suits. Oak's stock has been rising in tandem with consumer demand for CD-ROM-equipped computers. Shares have more than doubled since Oak's first-quarter IPO at 14 a share to Friday's close of 34¼, up 3¼.

Once armed with the latest turbocharged computers and the new operating system, consumers will turn to software developers to write more advanced multimedia titles to take advantage of that power. To hear and see all of the bells and whistles of the new programs, computer makers and consumers will be loading their PCs with all kinds of graphic accelerator chips and boards.

SOARING SHARES

A number of smaller companies specialize in the graphic chips market, and their stocks have been soaring this year. S3 has more than doubled this year, closing Friday at 34⅝, down 1. Trident Microsystems has gained 64% this year to close at $19.25 a share on Friday, up ½, while Chips & Technologies, which focuses on the portable PC market, has gained 55% since January to end last week at $11.125, up 1.

S3 got an added boost last week when Compaq Computer said it would use an S3-produced multimedia chip package in one of its PC lines. Following the announcement, S3 said it was comfortable with analysts' sales estimates for the year of $300 million, compared with $140 million in 1994.

The second quarter played host to two hot IPOs of companies which make boards combining the various graphics and multimedia chips. Diamond Multimedia Systems and Number Nine Visual Technology should both get a boost from consumers who want to upgrade their capabilities without buying a new computer.

In addition to selling the boards, Number Nine also makes its own high-end 128-bit graphics card—enabling computing to run at near Mach speeds compared with the current 16-bit standard and Windows 95's breakthrough 32-bit capabilities.

''It's a small market right now, but that's where a lot of the growth will be coming from in the next few years,'' says Brad Hoopman, a technology analyst with Philadelphia-based PNC Small Cap Growth Fund.

With increased memory and the speed of the new system, more consumers will be turning to the Internet for entertainment and information. They might need high-performance modems made by Microcom and U.S. Robotics.

One warning from the analysts: Software makers that aren't ready for Windows 95 when it arrives could be in for some hard times. They recommend evaluating software stocks in light of their ability to offer Windows 95 products.

''Clearly it's something that has to be thought of in the overall investment equation,'' advises Fred Alger's Mr. Swei. ''When

considering the technology stocks, you've got to think about whether the product can complete or will it just become irrelevant'' in the post-Windows 95 world.

FRIDAY MARKET ACTIVITY

The week ended with the small-capitalization stock rally intact. On Friday, the Russell 2000 index of small-cap stocks was up 0.51, or 0.18%, at a record 280.80, and the Nasdaq Composite Index, at a record 908.65, rose 5.97, or 0.66%.

The New York Stock Exchange Composite Index rose 1.20, or 0.42%, to a record 289.96, and the Dow Jones Industrial Average, at a record 4510.79, rose 14.52, or 0.32%.

Nasdaq advancing issues led decliners, 1,836 to 1,542, on overall volume of 403.2 million, down from 412.3 million Thursday.

For the week, the Russell 2000 was up 5.59, or 2.03%, and the Nasdaq composite rose 24.26, or 2.74%.

Bird Medical Technologies was up 1¾, or 25%, at 8¾ after the Palm Springs, Calif., respiratory care and infection-control products company received an unsolicited acquisition proposal from Allied Healthcare Products of $9.50 a share, 51% of which would be in stock and 40% in cash.

Earlier this month, Bird Medical signed a letter of intent to be acquired by Thermo Electron that prohibits Bird from engaging in discussions with any third-party bidders for a one-month period ending July 9. But Bird said it isn't precluded from considering other proposals and intends to evaluate the Allied offer seriously.

Medaphis dropped 8¼, or 26%, to 23¾ after the Atlanta-based company, which provides business-management services for doctors and hospitals, disclosed late Thursday that it was the subject of a criminal investigation by federal authorities in California.

Aramed was up 1¼, or 14%, at 10¼ after the San Diego pharmaceuticals-research company agreed to be acquired by Gensia for a combination of cash, stock and contingent value rights. Aramed, which was formed by Gensia in 1991, will become a unit of Gensia, a San Diego biopharmaceuticals company. Gensia was up ⅛, or 3.1% at 4⅛.

Sunshine Jr. Stores (AMEX) added 1¼, or nearly 12%, to 11¾ after the Panama City, Fla., convenience-store operator agreed to be purchased by E–Z Serve for about $20.4 million, or $12 a share.

Hutchinson Technology rose 4, or about 10%, to 42½ on news the Hutchinson, Minn., disk-drive component company entered an agreement with International Business Machines in which the companies will cross-license patents and work to develop certain products. Hutchinson said the combined effects of strong demand and improving manufacturing efficiencies should result in third-quarter earnings of 85 cents a share, doubling the 42 cents it made in the year-earlier period.

Finlay Enterprises added 1⅛, or 9.2%, to 13⅜ after Goldman Sachs raised its rating on the New York City jewelry company to ''trading buy'' from ''moderate outperformer,'' citing the company's strong results so far this year.

Lakehead Pipe Line Partners (NYSE) dropped 5¼, or more than 17%, to 25 following a ruling by the Federal Energy Regulatory Commission that threatens to erode revenue and earnings for pipeline partnerships. The commission said Lakehead can't include in its cost of service an income tax allowance for income attributable to limited partnership interests held by individuals.

[From the Washington Times, June 16, 1995]

SUIT AGAINST MICROSOFT DOESN'T SERVE PUBLIC

(By Jeff Nesbit)

There's a funny little principle missing at the core of the Justice Department's ongoing antitrust wars with Microsoft Corp. It's called the ''public interest.''

Antitrust laws are, allegedly, about the government's job to protect you and me—the ''public''—from big, bad monopolies that charge higher prices for basic goods and annihilate any of their would-be competitors.

The federal government is clearly trying to establish a principle that Microsoft is a ''monopoly''—in the ever-changing computer world.

Justice may still revive its 5-year-old antitrust suit against Microsoft. It killed off Microsoft's bid to acquire Intuit. And the government is scrutinizing Microsoft's entry into on-line services (competing against Vienna-based America Online and others) later this summer.

But there is something very, very wrong about all of this monopoly-busting activity. What's missing is that funny little principle at the heart of the antitrust laws—the need to protect the ''public interest.''

Ignore the Justice Department's—and U.S. District Judge Stanley Sporkin's—cyberspeak nonsense about how Microsoft rules the software world with an iron fist. They don't know what they're talking about.

The truth is that the public is being served—with better products, more of them and cheaper prices—right now in the cutthroat world of software development.

The software industry is exploding with growth, and the consuming public is being served by this. Microsoft is playing a central role in this, to be sure, but not the only role.

IBM is buying Lotus, for crying out loud. That purchase alone tells the world that competition is very much alive in the software industry.

It's IBM, by the way, that controls more of the software market world-wide—not Microsoft. IBM holds 14.6 percent of the global software market, compared with just 6.2 percent for Microsoft. And other computer companies, such as Novell, Oracle, Hewlett-Packard and Digital, own significant software market shares worldwide as well.

No, despite Justice's protests, the software industry is growing and competing right off the charts—and the pubic is being served.

Software is the fastest-growing industry in the United States. It grew by 270 percent between 1982 and 1992. In 1994, $77 billion of software was sold worldwide, an increase of 11 percent over 1993. And it will likely grow another 10 to 15 percent again in 1995.

Is Microsoft responsible for all of this growth? And, in the process, is it pushing players out of the marketplace, dominating competitors, gouging consumers by running up prices and generally skewing software industry practices? Nope.

There are three times as many independent software vendors today as there were five years ago. Eight of the top 10 software industry growth leaders are new to the industry charts this year.

Many of these software companies are experiencing astronomical growth rates. A company called Shapeware, for instance, grew 2,444 percent last year. Others, such as Interplay, MicroHelp and Citrix Systems, grew by more than 100 percent.

But that's the industry. What of consumers? Are they hurt or helped by Microsoft? What's happened to their choices as Microsoft has gotten bigger and better?

The answer is that Microsoft and its thousands of small and large competitors now offer consumers a dizzying array of choices. Today, software is more powerfully, easier to use and costs less than in years past. That trend is the result of fierce competition, not a monopoly.

In 1986, the state-of-the-art microprocessing chip could process information at about 3 ''millions of instruction'' (MIPS) per second. Today, Intel's Pentium chip processes at 100 MIPS.

Multimedia computers cost more than $4,000 several years ago. Today, you can buy a state-of-the-art multimedia computer with a Pentium chip for less than $2,000.

And what about the area where Microsoft has the most direct ''monopoly''—in sales of operating systems? Early versions of the DOS operating system once sold for $100. Today, you can buy Microsoft's vaunted MS-DOS and Windows together for the same price. Consumers are hardly being gouged there.

Are software companies being killed off in this fierce price-cutting atmosphere, which might lead Justice to believe Microsoft is cutting prices to drive competitors away? Nope. Among the top 100 software companies in the United States, the ones with the most competitive consumer prices also saw the greatest revenue growth. As a group, these top 100 grew by 25 percent last year.

And what about choices? Are consumers being denied choices by big, bad Microsoft? Nope. There were fewer than 200 CD-ROM titles available to consumers in 1993. Today, there are more than 2,000 titles. And consumers can choose from about 31,000 packaged software products today. Most of them didn't exist a few years ago.

So never mind all the fireworks and histrionics from competitors and related industries that are worried about Microsoft, and that have persuaded the federal government to target Bill Gates and his vaunted empire. Just ask consumers if the ''public interest'' is being served by antitrust harassment of Microsoft. The answer is clearly ''no.''

[From Upside, July 1995]

BAD BOY

(By Eric Nee)

In the eyes of much of the high-technology community, Bill Gates is well on his way to entering the rogues' gallery. There he will join the ranks of other business executives who have used their power and wealth for evil intent, such as the fictional banker Mr. Potter in the movie ''It's a Wonderful Life'' and Mr. Burns in the TV show ''The Simpsons,'' or the real-life John D. Rockefeller and Michael Milken.

Demonizing successful business executives is part of a long tradition in the United States. As a nation, we have always been schizophrenic in our attitude toward wealth. We pride ourselves on being a nation of risk-takers and entrepreneurs, yet are suspicious of anyone who really succeeds.

If that's all there was to the attacks on Gates, we wouldn't have that much to worry about. As they say, ''It comes with the territory.''

But the attacks on Gates are more insidious. By appealing to the legal powers of the federal government, Microsoft's competitors are trying to stop the company from extending its reach into any new area. If successful, this effort would not only emasculate one of the country's premier high-tech companies, but establish legal precedents that could be used to stop other companies from entering new businesses as well.

The first battle was won by those aligned against Microsoft, when they were able to get the company to drop its attempted acquisition of Intuit. Gates beat a hasty retreat on the issue, hoping to avoid a drawn-

out battle with the Justice Department. But he is likely to find that instead of declaring victory and going home, Justice will pursue him into the next arena, Microsoft Network.

Microsoft's foes argue that the company would have an unfair advantage in on-line services if it is allowed to bundle Microsoft Network with Windows 95. As an alternative, they want Justice to force Microsoft to unbundle the two products or offer other on-line services alongside Network on the operating system.

A central issue in the debate is whether Microsoft's dominance of the PC operating system should prevent it from moving into new markets or from adding functionality to the OS. Those who argue that Microsoft should be restrained, a view championed by Gary Reback's White Paper, claim to be taking a dynamic view of the computer market based on leverage and future change. In fact, they are taking a very static view that projects the present into the future.

Microsoft's opponents believe a fixed line can be drawn between the operating system and other applications, but it is natural and preferable for the OS to absorb new features as they become standard. Technology is not static.

Microsoft opponents also say that the company's dominance of operating systems gives it leverage to move into adjacent markets, such as on-line services, and dominate those as well. Again this is a static view of the industry. On-line services such as CompuServe and America Online may indeed go down in flames, but if they do it is more likely to be because of the growing popularity of the World Wide Web than because of Microsoft bundling Network and Windows 95. In fact, Microsoft Network may be dead on arrival because of the growing popularity of the WWW.

If Microsoft's foes succeed, other companies had better watch out. Intel may be told that it cannot push native signal processing because of its dominance of microprocessors. Novell may be told it cannot offer networking enhancements to its applications suite because of its dominance of LAN OSes. And Netscape may be told to drop its home page because of its dominance of WWW browsers. Let's put our trust in the market, not in illogical, artificial constraints.

[From PC Week, June 5, 1995]

DESPITE APPEARANCES, IS THE DOJ ALL WET?

(By Stan Gibson)

Watching big, bad Microsoft ''lose one'' and the Clinton administration ''win one'' has got to make all those who favor the underdog happy. But it is not clear whether there is more competition today than there was two weeks ago. Further, the Justice Department may have created a precedent of involvement in the computer industry and electronic commerce that will be difficult to sustain.

Wasn't Intuit, with more than 80 percent market share among personal-finance software makers, the real monopolist?

Why wasn't Justice going after it years before Microsoft showed any interest?

Now that Justice has discovered Intuit is dominant in its market and had previously acquired National Payment Clearinghouse Inc., will Anne Bingaman's hordes seek to break it up? Perhaps they should. Microsoft's—almost Novell's—Money has never needed more help competing than it does now.

What about other software makers that gain, for a few years, a stranglehold on a given market? Lotus' 1-2-3 at one time was a near-monopoly. Should Ashton-Tate have been broken up in 1986?

Notes had the groupware arena all to itself until recently. Meantime, Lotus was attempting to leverage one of its monopoly products, Notes, with the E-mail market leader, cc:Mail, which it acquired without complaint.

Now that Lotus has had an embarrassing quarterly loss, does it deserve federal help in restraining its Redmond rival?

Maybe this means it is all right to have a monopoly, as long as you are small, incompetent, or both.

If Intuit is not to be broken up, who could buy it? Could Novell? Would Novell be judged sufficiently incompetent that it could not cobble together any meaningful synergy between its NetWare, WordPerfect, TCP/IP, Unix, and network-management wares?

The big question is whether the Justice Department can practically regulate the software industry, an industry that is vastly different from the big oil, railroads, or even the IBM of the 1970s, that it once grappled with.

The single most apparent fact of the computer industry is that today's market-share leader is tomorrow's loser.

Trying to level the playing field through legal maneuvering is too cumbersome a procedure for today's markets, where innovation and risk-taking can bring about surprising reversals.

Maybe the fact that Microsoft will not own Intuit is for the best. But where will the Justice Department act in the future? It is highly speculative to say that, because a company has been successful in the past, it is likely to dominate a market such as electronic commerce that has barely come into being.

We can't help but think that the Justice Department is trying to create legal order that, like sand castles built near the water's edge, will be gone in the next tide.

PUBLIC SERVICE AND THE RULE OF LAW—GRADUATION ADDRESS BY BILL GOULD

Mr. KENNEDY. Mr. President, last month, Bill Gould, chairman of the National Labor Relations Board, addressed the graduating class of the Ohio State University College of Law. In his address, Chairman Gould speaks eloquently of the important role that public service has played in the Nation's history, from President Franklin Roosevelt's creation of the Civilian Conservation Corps through President Kennedy's creation of the Peace Corps and President Clinton's establishment last year of the National and Community Service Trust.

It is gratifying that so many young men and women in all parts of the country are considering careers in public service. Chairman Gould's address is an excellent contribution to that high purpose and I ask unanimous consent that his address, entitled ''Serving the Public Interest through the Rule of Law: A Trilogy of Values,'' may be printed in the RECORD.

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

SERVING THE PUBLIC INTEREST THROUGH THE RULE OF LAW: A TRILOGY OF VALUES

(Address by William B. Gould IV, Chairman, National Labor Relations Board, Charles A. Beardsley, Professor of Law, Stanford Law School (On Leave); delivered at the Ohio State University College of Law graduation ceremony, May 14, 1995, Mershon Auditorium, the Ohio State University, Columbus, OH)

Ladies and gentlemen. Members of the faculty. Honored guests. I am indeed honored to be with you here today in Columbus and to have the opportunity to address the graduates of this distinguished College of Law School as well as their parents, relatives, and friends on this most significant rite of passage. Looking backward 34 years to June 1961, my own law school graduation day was certainly one of the most important and memorable in my life. It was the beginning of a long involvement in labor and employment law as well as civil rights and international human rights.

But I confess that today I am hardly able to recall any of the wise words of advice that the graduation speaker imparted to us that shining day at Cornell Law School in Ithaca, New York. So, as I address you today I don't have any illusions that what I say is likely to change the course of your lives. But my hope is that my story will provide some context relevant to the professional pathways upon which your are about to embark.

Both governmental service and the furtherance of the rule of law by the legal profession have possessed a centrality and thus constituted abiding themes in my professional life. I hope that my remarks to you here today will induce some of you to consider government as an option at some point in your careers, notwithstanding the anti-government tenor of these times.

The tragedy of Oklahoma City has dramatized the contemporary vulnerability of these values to sustained attack, both verbal and violent. As the New York Times said last month, we must ''confront the reality that over the past few years the language of politics has become infected with violent words and a mindset of animosity toward the institutions of government.'' The columnist Mark Shields has noted that this phenomenon has been fueled by the idea that the ''red scare'' should give way to the ''fed scare.''

My own view is that government does best when it intervenes to help those in genuine need of assistance—but I am aware that those point does not enjoy much popularity in Congress these days. Again Shields, in discussing recent comments of Senator Robert Kerrey of Nebraska, put it well when he characterized the conservative view of the nation's problem: ''The problem with the Poor is that they have too much money; the problem with the Rich is that they have too little.''

Although I cannot recall the Great Depression and its desperate circumstances, a trilogy of values have always made up my inner core. The first of these is the idea that I heard in Long Branch, New Jersey's St. James' Episcopal Church every Sunday, i.e., that it is our duty to live by the Comfortable Words and to help those who ''travail and are heavy laden.'' Fused together with this was a belief, inculcated by my parents, that the average person needs some measure of protection against both the powerful and unexpected adversity. The third was based upon personal exposure to the indignity of racial discrimination which consigned my parents' generation to a most fundamental denial of equal opportunity. It is this trilogy of values which fostered my philosophical allegiance to the New Deal, the New Frontier and the Great Society.

Simply put, I came to the law and Cornell Law School because of my view that law and lawyers can reduce arbitrary inequities and the fact that Chief Justice Earl Warren's May 17, 1954, opinion for a unanimous Supreme Court in Brown v. Board of Education represented an accurate illustration of that point. As you know, the holding was that separate but equal was unconstitutional in public education.

A unanimous Court rendered that historic decision—in some sense a corollary to President Harry Truman's desegregation of the Armed Forces—which possessed sweeping implications for all aspects of American society. The High Court's ruling prompted a new focus upon fair treatment in general and discrimination based upon such arbitrary considerations as sex, age, religion, sexual orientation and disabilities in particular.

As a high school senior reading of NAACP Counsel Thurgood Marshall's courageous efforts throughout the South—and one who was heavily influenced by the Democratic Party's commitment to civil rights platforms in 1948 and 1952, as well as President Truman's insistence upon comprehensive medical insurance—I thought that the legal profession was one in which the moral order of human rights was relevant. The prominence of lawyers in political life, like Adlai Stevenson who ''talked sense'' to the American people, was also a factor in my choice of the law as a career.

More than anything else, though, the struggle in South Africa made me see the connection between the development of the rule of law and dealing with injustice. I watched the United Nations focus its attention upon that country when a young lawyer named Nelson Mandela and so many other brave activists were imprisoned, or, worse yet, tortured or killed for political reasons. My very first publication was a review of Alan Paton's ''Hope for South Africa'' in ''The New Republic'' in September 1959. In the early 1990s I had the privilege to meet Mr. Mandela twice in South Africa—and then to attend President Mandela's inauguration just a year ago in Pretoria.

The Brown ruling, its judicial and legislative progeny and the inspiration of lawyers dedicated to principles and practicality—lawyers like Marshall, Mandela, Stevenson and President Lincoln in the fiery storm of our own Civil War—promoted my belief in the rule of law. And the fact is that my faith in the law as a vehicle for change has been reinforced and realized over these many years through the opportunities that I have had to work in private practice, teaching and government service.

My sense is that there is a great opportunity for lawyers to serve the public good through the public service today—even in this period of government bashing by the 104th Congress. More than three decades ago President John F. Kennedy called upon the sense of a ''greater purpose'' in a speech at the University of Michigan when he advocated the creation of the Peace Corps during the 1960 campaign. President Bill Clinton's National and Community Service Trust Act (AmeriCorps), designed to allow young people tuition reimbursements for community service, echoes the same spirit of commitment set forth by President Kennedy—and at an earlier point by President Franklin D. Roosevelt through the Civilian Conservation Corps.

This sense of idealism and purpose was at work in the New Deal which brought so many bright, public spirited young people to Washington committed and dedicated to the reform of our social, economic and political institutions. The same spirit has been rekindled by both President Kennedy as well as President Bill Clinton since the arrival of this Administration in Washington almost two-and-one-half-years ago.

In a sense, this has come about by virtue of the Clinton Administration's commitment—not only to child immunization initiatives and helping the less financially able to use available education opportunities and to provide a higher minimum wage to those who are in economic distress—but also, most particularly, through the National Service.

You have an unparralleled opportunity in the '90s to serve the public good. Your course offering which includes Social and Environmental Litigation, Right of Privacy, Society, Deviance and the Law, Foreign Relations Law, Employment Discrimination Law and Law of Politics, to mention a few, reflect our times and provide you with a framework that my contemporaries never possessed.

Though most of my words today are focused upon government or public service as a career or part of a career, the fact is that your commitment to the public interest and the rule of law can be realized in a number of forms. It is vital to the public interest that those committed to it are involved in a wide variety of legal, business and social careers—representing, for instance, corporations, unions, as well as public interest organizations.

But our commitment to law and the public interest is made more difficult given the fact that our legal profession is in the midst of a tumultuous and confusing environment. On the one hand, lawyer bashing, sometimes justified and sometimes not, seems to be moving full steam ahead. Part of this phenomenon seems to be attributable to the fear that the production of so many law students will soon result in too many lawyers for a society's own good.

Only two years ago a ''National Law Journal'' poll showed that only five percent of parents, given the choice of several professions, wanted their children to be attorneys. Undoubtedly, this unpopularity is what has fueled a number of the legal initiatives undertaken by the Republican Congress to the effect, for instance, that the loser in litigation should pay all costs, that caps be devised for punitive damages, etc.

A 1993 ABA poll comparing public attitudes toward nine professions ranked lawyers third from the bottom, ranking higher than only stockbrokers and politicians in popularity. In attempting to discover the reasons for the low public opinion of lawyers the poll asked what percentage of lawyers and of five other occupations lack the ethical standards and honesty to serve the public.

The results revealed an appalling ethical image of lawyers. Lawyer ranked well below accountants, doctors and bankers and barely above auto mechanics. According to the ABA poll half of the public thinks one-third or more of lawyers are dishonest, including one in four Americans who believe that a majority of lawyers are dishonest. The pollster concluded that ''the legal profession must do some soul searching about the status quo, resolve to make some sacrifices to ensure a positive future, and, above all, clean up its own house.''

One way for the profession to clean its own house is to find new substitutes for lengthy litigation, frequently both wasteful and unnecessarily acrimonious, such as alternative dispute resolution—particularly in my own area of employment law. More than a decade ago I chaired a Committee of the California State Bar which recommended that new methods be devised for many employment cases, and that where employees could have access to economical and expeditious procedures, it was appropriate to limit or cap damages. But the difficult balance involved is to avoid limitation of the basic rights of ordinary people to sue for the enforcement of consumer and employment related legislation.

Attitudes towards lawyers are inevitably affected by one's view of the law and the legal process. I hope that you will look very seriously at government service as you seek to use your newly acquired skills to better the position of your fellow human being. This is the most basic contribution that lawyers can make to society—and it is obvious that an increased commitment to government or, if you choose private practice or some other area of activity, pro bono work is central to this effort.

I am particularly proud to head an agency which is celebrating its 60th anniversary this summer and which, from the very beginning of its origins in the Great Depression of the 1930s, has contributed to the public good through adherence to a statute which encourages the practice and procedure of collective bargaining—as well as in other portions of our law. Since its inception, the National Labor Relations Board has possessed a culture of commitment to hard work, excellence, and to the promotion of a rule of law which is designed to allow both workers and business to peaceably resolve their difficulties through their own procedures.

Illustrative of this process was the NLRB's prominent role in the baseball dispute. It was not the Board's job to take sides between the players and the owners or to determine whose economic position ought to prevail. Consistent with this approach, it was our job to decide whether there was sufficient merit, as reflected by the facts and law, to proceed into federal district court to obtain an injunction against certain unilateral changes in conditions of employment made by the owners. The Board handled the baseball case as it does any other case.

Nor is it our job to take into account policy arguments arising out of the peculiarities of this industry, the income or status or notoriety of particular individuals on either side. The statute applies—properly in my judgment—to the unskilled and the skilled, to those who make the minimum wage and those who are financially secure.

In the baseball case, the public was able to obtain a brief glimpse of the Board's day-by-day commitment to the rule of law in the workplace. Where parties are involved in an established collective bargaining arrangement, our mandate under the statute is to act in a manner consistent with the fostering of the bargaining process—and I believe that we discharged our duty in baseball in a manner consistent with that objective.

What may have been overlooked in the public view was the fact that the Board was able to proceed through a fast track approach and make the promise of spontaneous and free collective bargaining in the workplace a reality. I hope that the players and owners will now do their part and bargain a new agreement forthwith!

Our March 26 decision to seek an injunction seems to have facilitated the resumption of baseball and thus was a great victory for the public in renewing its contact with the game which, like the Constitution, the Flag, and straight-ahead jazz is so central to the essence of the country. Hopefully, it will have the effect of promoting the collective bargaining process sooner rather than later.

Frequently, the public gains its impressions of lawyers and law from such high visibility cases and from exposure through television rather than books. I can tell you that another factor stimulating my interest in the law was watching the McCarthy-Army hearings in the spring of 1954, that fateful spring when Brown was decided. The hearings focused upon the Wisconsin Senator's investigation of alleged Communist infiltration of Ft. Monmouth, New Jersey, where my

father worked. Because of ideological hysteria, ''guilt'' by association and rank anti-Semitism, many of our closest friends were dismissed—and, indeed, I feared that this would be my father's fate, particularly because of his announced sympathy for Paul Robeson, a hero to so many black people of his generation.

Later I had the opportunity to attend the so-called Watkins Hearings in the following September in Washington which ultimately led to McCarthy's censure. Ft. Monmouth and the McCarthy-Army hearings demonstrated how excessive government authority can trample upon individual civil liberties—and the aftermath of the Watkins Hearings redeemed our country's constitutional protection of individual rights of belief and association.

Since then, I think that televised Congressional hearings, the Watergate hearings for instance, have contributed to the public understanding about the rule of law and its relationship to the preservation of this Republic's principles. Though, regrettably less conclusive, it may be that the Iran-Contra hearings of 1988 and the Hill-Thomas hearings of October 1991 performed a similar function in that the assumption underlying both proceedings was that government, like private individuals, must adhere unwaveringly to the rule of law.

Again, this is to be contrasted with the spectacle of law as show business on television. In my state of California, the O.J. Simpson trial has treated the nation to an episodic soap opera which appears to be more about the business of the money chase than the real substance of law and the legal profession. As Attorney General Janet Reno said about the trial:

''I'm just amazed at the number of people who are watching it. If we put as much energy into watching the O.J. Simpson trial in America . . . into other issues as Americans seem to have done in watching the trial, we might be further down the road.''

A recent Los Angeles Times Mirror poll reported by Peter Jennings last month revealed that only 45 percent of adults surveyed said that they had read a newspaper the previous day, and a quarter of those responding said they spent so much time watching the Simpson trial that they did not have time for the rest of the news. At best, the siren song of sensationalism is a distraction—and, at worst, it reinforces excessively negative perceptions of law and lawyers.

My hope is that many of you will dedicate yourselves as lawyers or in other careers to a concern for the public good. Now, when Oklahoma City has made it clear that the idea of government itself as well as the law is under attack, it is useful to reflect back upon what government, frequently in conjunction with lawyers, has done for us in this century alone in moving toward a more civilized society.

Justice Holmes said, ''Taxes are what we pay for civilized society,''—an axiom often forgotten in the politics of the mid-'90's. What would our society look like without the trust busters of Theodore Roosevelt's era and the Federal Reserve System created by Woodrow Wilson? Regulatory approaches to food and drug administration, the securities market, the licensing of radio and television stations, labor-management relations (with which my agency is concerned) and trade practices are all part of the Roosevelt New Deal legacy which few would disavow in toto.

It should not be forgotten that all three branches of federal government took the lead in the fight against racial discrimination and other forms of arbitrary treatment. And as Judge (now Counsel to the President) Abner Mikva has noted: ''The history of the growth of the franchise is a shining example of why we needed . . . the federal approach.''

Today, the challenge of public service in Washington has never been more exciting or inspirational. As I have indicated, President Clinton's National Public Service echoes anew the similar initiatives undertaken by both Roosevelt and Kennedy.

I urge you to think of the government as a career in which you can use your legal experience in pursuit of the public interest. That does not mean that you have to be a Washington or ''inside the Beltway'' careerist, although that is another way in which to make a contribution. Many of you may choose to serve in your communities throughout the country and, at a point where your career is well-developed, elect to serve through an appointment such as mine.

In particular, if you accept such an appointment consisting of a limited term (in the case of the Board five years), I hope that you will keep in mind President (then-Senator) Kennedy's characterization of eight law makers who were the subject of his book, ''Profiles in Courage.'' Said the junior Senator from Massachusetts:

''His desire to win or maintain a reputation for integrity and courage were stronger than his desire to maintain his office . . . his conscience, his personal standards of ethics, his integrity or morality . . . were stronger than the pressures of public disapproval.''

This is a particularly vexatious problem for those who are appointed and not elected because of the inevitable and appropriate subordination of appointees—even in the arena of independent regulation—to the people's elected representatives. My own view on serving in Washington is to do the very best you can to implement the public interest in the time allocated in your term, with the expectation that you will return to your community, reestablish your roots and feel satisfied that you have—to paraphrase President Kennedy—done your duty notwithstanding some of the immediate ''pressures of public disapproval.''

While I consider the term limits issue to be an entirely different proposition—the people ought always to be able to freely choose their elected leaders amongst the widest possible number of candidates—my view is that the proper standard for those who are subordinate to such leaders is that attributed to Cincinnatus, the Roman general and statesman of the fifth century, who upon discharging his public duty, returned to his community rather than taking the opportunity to seize power and perpetuate himself in office.

The independence of administrative agencies might be enhanced by legislation limiting Board Members or Commissioners to one term of service. The temptation to please elected superiors might decline accordingly.

Of course, all of us cannot win victories within 15 days, like Cincinnatus, and be back on our farms or in our communities so quickly. But true public service involves a self-sacrifice which rises above the immediate pressures. Do the best that you can to serve the public good.

This does not assure success or complete effectiveness. But it allows you to make use of your acquired expertise for the best possible reasons. And this, in turn, puts you in the best position to see it through to the end with a measure of serenity that comes when you have expended your very best effort despite setbacks and criticisms you may endure in the process.

As President Lincoln said:

''If I were to try to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how—the very best I can and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, ten angels swearing I was right would make no difference.''

You graduate from a distinguished institution in the most exciting political period since the reforms undertaken by the Administration of the 1960s. I hope that some of you will be attracted to public service and help advance our society through the rule of law.

As you embark upon the excitement of a new career and challenges in the days ahead, I wish you all good luck and success on whatever path you choose.

Mr. GORTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

MORNING BUSINESS

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, 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.)

REPORT OF THE DISTRICT OF COLUMBIA'S PROPOSED FISCAL YEAR 1996 BUDGET—MESSAGE FROM THE PRESIDENT—PM 59

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs.

To the Congress of the United States:

In accordance with section 446 of the District of Columbia Self-Government and Governmental Reorganization Act, I am transmitting the District of Columbia's Proposed FY 1995 Second Supplemental Budget and Recissions of Authority Request Act and the Proposed FY 1996 Budget Request Act.

The Proposed FY 1996 Budget has not been reviewed or approved by the District of Columbia Financial Responsibility and Management Assistance Authority, created by Public Law 104–8, the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (the ''Act''). It will be subject to such review and approval pursuant to section 208 of the Act.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *June 29, 1995*.

MESSAGES FROM THE HOUSE

At 4:49 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 79. Joint resolution proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States.

The message also announced that House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution (H. Con. Res. 67) setting forth the congressional budget for the United States Government for fiscal years, 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

MEASURES REFERRED

The following joint resolution was read the first and second times by unanimous consent and referred as indicated:

H.J. Res. 79. Joint resolution proposing an amendment to the Constitution of the United States authorizing the Congress and the States to prohibit the physical desecration of the flag of the United States; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC.1136. A communication from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the report of the Securities Investor Protection Corporation for calendar year 1994; to the Committee on Banking, Housing, and Urban Affairs.

EC.1137. A communication from the Secretary of the Federal Trade Commission, transmitting, pursuant to law, a report relative to domestic cigarettes; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, with an amendment:

S. 531. A bill to authorize a circuit judge who has taken part in an en banc hearing of a case to continue to participate in that case after taking senior status, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on Armed Services;

The following named officer for appointment to the grade of general while assigned to a position of importance and responsibility under Title 10, United States Code, Section 601:

To be general

Lt. Gen. Richard E. Hawley, 000–00–0000, United States Air Force.

(The above nomination was reported with the recommendation that they be confirmed.)

By Mr. HATCH, from the Committee on the Judiciary:

Tena Campbell, of Utah, to be United States District Judge for the District of Utah.

George H. King, of California, to be United States District Judge for the Central District of California vice a new position created by Public Law 101–650, approved December 1, 1990.

Robert H. Whaley, of Washington, to be United States District Judge for the Eastern District of Washington.

Diane P. Wood, of Illinois, to be United States Circuit Judge for the Seventh Circuit.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KYL (for himself, Mr. LEAHY, and Mr. GRASSLEY):

S. 982. A bill to protect the national information infrastructure, and for other purposes; to the Committee on the Judiciary.

By Mr. FEINGOLD (for himself and Mr. MCCAIN):

S. 983. A bill to reduce the number of executive branch political appointees; to the Committee on Governmental Affairs.

By Mr. GRASSLEY (for himself, Mr. LOTT, Mr. HELMS, and Mr. COCHRAN):

S. 984. A bill to protect the fundamental right of a parent to direct the upbringing of a child, and for other purposes; to the Committee on the Judiciary.

By Mr. CAMPBELL (for himself and Mr. BROWN):

S. 985. A bill to provide for the exchange of certain lands in Gilpin County, CO; to the Committee on Energy and Natural Resources.

By Mr. D'AMATO (for himself, Mr. MOYNIHAN, Mr. NICKLES, and Mr. INHOFE):

S. 986. A bill to amend the Internal Revenue Code of 1986 to provide that the Federal income tax shall not apply to U.S. citizens who are killed in terroristic actions directed at the United States or to parents of children who are killed in those terroristic actions; to the Committee on Finance.

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 987. A bill to provide for the full settlement of all claims of Swain County, NC, against the United States under the agreement dated July 30, 1943, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HELMS:

S. 988. A bill to direct the Secretary of the Interior to transfer administrative jurisdiction over certain land to the Secretary of the Army to facilitate construction of a jetty and sand transfer system, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. KASSEBAUM (for herself, Mr. COATS, Mr. GORTON, and Mr. HATCH):

S. 989. A bill to limit funding of an executive order that would prohibit Federal contractors from hiring permanent replacements for lawfully striking employees, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DOLE (for himself and Mr. INOUYE):

S. 990. A bill to expand the availability of qualified organizations for frail elderly community projects (Program of All-inclusive Care for the Elderly [PACE], to allow such organizations, following a trial period, to become eligible to be providers under applicable titles of the Social Security Act, and for other purposes; to the Committee on Finance.

By Mr. SIMPSON (by request):

S. 991. A bill to amend title 38, United States Code, and other statutes, to extend VA's authority to operate various programs, collect copayments associated with provision of medical benefits, and obtain reimbursement from insurance companies for care furnished; to the Committee on Veterans Affairs.

S. 992. A bill to amend title 38, United States Code, to increase, effective as of December 1, 1995, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes; to the Committee on Veterans Affairs.

S. 993. A bill to amend title 38, United States Code, to provide for cost-savings in the housing loan program for veterans, to limit cost-of-living expenses for Montgomery GI bill benefits, and for other purposes; to the Committee on Veterans Affairs.

S. 994. A bill to amend title 38, United States Code, to clarify the eligibility of certain minors for burial in national cemeteries; to the Committee on Veterans Affairs.

S. 995. A bill to amend title 38, United States Code, to restrict payment of a clothing allowance to incarcerated veterans and to create a presumption of permanent and total disability for pension purposes for certain veterans who are patients in a nursing home; to the Committee on Veterans Affairs.

S. 996. A bill to amend title 38, United States Code, to change the name of Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance, to merge the Retired Reservists' Servicemembers' Group Life Insurance program into the Veterans' Group Life Insurance program, to extend Veterans' Group Life Insurance coverage to members of the Ready Reserve of a uniformed service who retire with less than 20 years of service, to permit an insured to convert a Veterans' Group Life Insurance policy to an individual policy of life insurance with a commercial insurance company at any time, and to permit an insured to convert a Servicemembers' Group Life Insurance policy to an individual policy of life insurance with a commercial company upon separation from service; to the Committee on Veterans Affairs.

By Mr. D'AMATO:

S. 997. A bill to amend the Internal Revenue Code of 1986 to make permanent the exclusion for amounts received under qualified group legal service plans; to the Committee on Finance.

By Mr. BAUCUS:

S. 998. A bill to require the Secretary of Agriculture to terminate the Far West spearmint marketing order, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mrs. HUTCHISON:

S. 999. A bill to amend the Immigration and Nationality Act and other laws of the

United States relating to border security, illegal immigration, alien eligibility for Federal financial benefits and services, criminal activity by aliens, alien smuggling, fraudulent document use by aliens, asylum, terrorist aliens, and for other purposes; to the Committee on the Judiciary.

By Mr. BURNS (for himself, Mr. NICKLES, Mr. HATCH, Mr. MURKOWSKI, Mr. BREAUX, Mr. D'AMATO, Mr. MACK, Mr. GRAMS, and Mr. INHOFE):

S. 1000. A bill to amend the Internal Revenue Code of 1986 to provide that the depreciation rules which apply for regular tax purposes shall also apply for alternative minimum tax purposes, to allow a portion of the tentative minimum tax to be offset by the minimum tax credit, and for other purposes; to the Committee on Finance.

By Mr. GLENN (for himself, Mr. CHAFEE, Mr. LEVIN, Mr. LIEBERMAN, Mr. COHEN, Mr. PRYOR, Mr. KERRY, Mr. LAUTENBERG, Mr. DASCHLE, Mrs. BOXER, Mr. KOHL, Mr. SIMON, Mrs. MURRAY, Mr. AKAKA, Mr. KENNEDY, Mr. DODD, Mr. DORGAN, Mr. JEFFORDS, and Mr. BIDEN):

S. 1001. A bill to reform regulatory procedures, and for other purposes; to the Committee on Governmental Affairs.

By Mr. CHAFEE (for himself, Mr. GRAHAM, Mr. PRYOR, Mr. JOHNSTON, and Mr. SIMON):

S. 1002. A bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence; to the Committee on Finance.

By Mr. PRESSLER:

S. 1003. A bill to suspend temporarily the duty on certain motorcycles brought into the United States by participants in the Sturgis Motorcycle Rally and Races, and for other purposes; to the Committee on Finance.

By Mr. STEVENS (for himself, Mr. PRESSLER, Mr. HOLLINGS, and Mr. KERRY):

S. 1004. A bill to authorize appropriations for the U.S. Coast Guard, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BAUCUS:

S. 1005. A bill to amend the Public Buildings Act of 1959 to improve the process of constructing, altering, purchasing, and acquiring public buildings, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DASCHLE (for himself, MR. DOLE, MR. FORD, MR. LOTT, MR. BYRD, MR. THURMOND, MR. ABRAHAM, MR. AKAKA, MR. ASHCROFT, MR. BAUCUS, MR. BENNETT, MR. BIDEN, MR. BINGAMAN, MR. BOND, MRS. BOXER, MR. BRADLEY, MR. BREAUX, MR. BROWN, MR. BRYAN, MR. BUMPERS, MR. BURNS, MR. CAMPBELL, MR. CHAFEE, MR. COATS, MR. COCHRAN, MR. COHEN, MR. CONRAD, MR. COVERDELL, MR. CRAIG, MR. D'AMATO, MR. DEWINE, MR. DODD, MR. DOMENICI, MR. DORGAN, MR. EXON, MR. FAIRCLOTH, MR. FEINGOLD, MRS. FEINSTEIN, MR. FRIST, MR. GLENN, MR. GORTON, MR. GRAHAM, MR. GRAMM, MR. GRAMS, MR. GRASSLEY, MR. GREGG, MR. HARKIN, MR. HATCH, MR. HATFIELD, MR. HEFLIN, MR. HELMS, MR. HOLLINGS, MRS. HUTCHISON, MR. INHOFE, MR. INOUYE, MR. JEFFORDS, MR. JOHNSTON, MRS. KASSEBAUM, MR. KEMPTHORNE, MR. KENNEDY, MR. KERREY, MR. KERRY, MR. KOHL, MR. KYL, MR. LAUTENBERG, MR. LEAHY, MR. LEVIN, MR. LIEBERMAN, MR. LUGAR, MR. MACK, MR. MCCAIN, MR. MCCONNELL, MS. MIKULSKI, MS. MOSELEY-BRAUN, MR. MOYNIHAN, MR. MURKOWSKI, MRS. MURRAY, MR. NICKLES, MR. NUNN, MR. PACKWOOD, MR. PELL, MR. PRESSLER, MR. PRYOR, MR. REID, MR. ROBB, MR. ROCKEFELLER, MR. ROTH, MR. SANTORUM, MR. SARBANES, MR. SHELBY, MR. SIMON, MR. SIMPSON, MR. SMITH, MS. SNOWE, MR. SPECTER, MR. STEVENS, MR. THOMAS, MR. THOMPSON, MR. WARNER, and MR. WELLSTONE):

S. Res. 143. A resolution commending C. Abbot Saffold (Abby) for her long, faithful, and exemplary service to the U.S. Senate; considered and agreed to.

By Mr. WELLSTONE (for himself and Mr. FEINGOLD):

S. Res. 144. A resolution to express the sense of the Senate that, by the end of the 104th Congress, the Senate should pass health care legislation to provide all Americans with coverage that is at least as good as the Senate provides for itself; to the Committee on Labor and Human Resources.

By Mr. DASCHLE:

S. Res. 145. A resolution to elect Martin P. Paone secretary for the minority; considered and agreed to.

By Mr. DOLE:

S. Con. Res. 20. A concurrent resolution providing for a conditional recess or adjournment of the Senate on Thursday, June 29, 1995, or Friday, June 30, 1995, until Monday, July 10, 1995, and a conditional adjournment of the House on the legislative day of Friday, June 30, 1995, until Monday, July 10, 1995; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KYL (for himself, Mr. LEAHY, and Mr. GRASSLEY):

S. 982. A bill to protect the national information infrastructure, and for other purposes; to the Committee on the Judiciary.

THE NATIONAL INFORMATION INFRASTRUCTURE PROTECTION ACT OF 1995

• Mr. KYL. Mr. President, I introduce the Kyl-Leahy National Information Infrastructure Protection Act of 1995. I thank Senator LEAHY for his sponsorship of this bill, and his leadership in combating computer crime. I am pleased to introduce this bill, which will strengthen current public law on computer crime and protect the national information infrastructure. My fear is that our national infrastructure—the information that bonds all Americans—is not adequately protected. I addressed this issue in the terrorism bill and I offer this bill as a protection to one of America's greatest commodities—information.

Although there has never been an accurate nationwide reporting system for computer crime, specific reports suggest that computer crime is rising. For example, the computer emergency and response team [CERT] a Carnegie-Mellon University reports that computer intrusions have increased from 132 in 1989 to 2,341 last year. A June 14 Wall Street Journal article stated that a Rand Corp. study reported 1,172 hacking incidents occurred during the first 6 months of last year. A report commissioned last year by the Department of Defense and the CIA stated that ''[a]ttacks against information systems are becoming more aggressive, not only seeking access to confidential information, but also stealing and degrading service and destroying data.'' Clearly there is a need to reform the current criminal statutes covering computers.

Many computer offenses have found their origin in our new technologies. For example, the horrific damage caused by inserting a virus into a global computer network cannot be prosecuted adequately by relying on common law criminal mischief statutes. The need to reevalute our computer statues on a continual basis is inevitable; and protecting our nation's information is vital. I, therefore, introduce the National Information Infrastructure Protection of 1995.

Mr. President, the Internet is a worldwide system of computers and computer networks that enables users to communicate and share information. The system is comparable to the worldwide telephone network. According to a Time magazine article, the Internet connects over 4.8 million host systems, including educational institutions, government facilities, military bases, and commercial businesses. Millions of private individuals are connected to the Internet through their personal computers and modems.

Computer criminals have quickly recognized the Internet as a haven for criminal possibilities. During the 1980's, the development and broadbased appeal of the personal computer sparked a period of dramatic technological growth. This has raised the stakes in the battle over control of the Internet and all computer systems. Computer criminals know all the ways to exploit the Internet's easy access, open nature, and global scope. From the safety of a telephone in a discrete location, the computer criminal can anonymously access personal, business, and government files. And because these criminals can easily gain access without disclosing their identities, it is extremely difficult to apprehend and prosecute them successfully.

Prosecution of computer criminals is complicated further by continually changing technology, lack of precedence, and weak or nonexistent State and Federal laws. And the costs are passed on to service providers, the judicial system, and most importantly—the victims.

Because computers are the nerve centers of the world's information and communication system, there are catastrophic possibilities. Imagine an international terrorist penetrating the Federal Reserve System and bringing

to a halt every Federal financial transaction. Or worse yet, imagine a terrorist who gains access to the Department of Defense, and gains control over NORAD. The June 14 Wall Street Journal article reported that security experts were used to hack into 12,000 Defense Department computer systems connected to the Internet. The results are astounding. The experts hacked their way into 88 percent of the systems, and 4 percent of the attacks went undetected.

An example of the pending threat is illustrated in the Wednesday, May 10 headline from the Hill entitled ''Hired Hackers Crack House Computers.'' Auditors from Price Waterhouse managed to break into House Members' computer systems. According to the article, the auditors' report stated that they could have changed documents, passwords, and other sensitive information in those systems. What is to stop international terrorists from gaining similar access, and obtaining secret information relating to our national security?

In a September 1994 Los Angeles Times article about computer intrusion, Scott Charney, chief of the computer crime unit for the U.S. Department of Justice, stated, ''the threat is an increasing threat,'' and ''[i]t could be a 16-year-old kid out for fun or it could be someone who is actively working to get information from the United States.''

He added, there is a ''growing new breed of digital outlaws who threaten national security and public safety.'' For example, the Lo Angeles Times article reported that, in Los Angeles alone, there are at least four outlaw computer hackers who, in recent years, have demonstrated they can seize control of telephones and break into government computers.

The article also mentioned that government reports further reveal that foreign intelligence agencies and mercenary computer hackers have been breaking into military computers. For example, a hacker is awaiting trial in San Francisco on espionage charges for cracking an Army computer system and accessing files on an FBI investigation of former Philippine President Ferdinand Marcos. According to the 1993 Department of Defense report, such a threat is very real: ''The nature of this changing motivation makes computer intruders' skills high-interest targets for criminal elements and hostile adversaries.''

Mr. President, the September 1993 Department of Defense report added that, if hired by terrorists, these hackers could cripple the Nation's telephone system, ''create significant public health and safety problems, and cause serious economic shocks.'' The hackers could bring an entire city to a standstill. The report states that, as the world becomes wired for computer networks, there is a greater threat the networks will be used for spying and terrorism. In a 1992 report, the President's National Security Telecommunications Advisory Committee warned, ''known individuals in the hacker community have ties with adversary organizations. Hackers frequently have international ties.''

A 1991 Chicago Tribune article detailed the criminal activity of a group of Dutch teenagers who were able to hack into Defense Department computers which contained sensitive national security information, including one system which directly supported Operation Desert Storm. According to the article, Jack L. Brock, former Director of Government Information for the General Accounting Office, said that ''this type of information could be very useful to a foreign intelligence operation.''

These startling examples illustrate the necessity for action. Mr. President, that is why I am here today—to take action. I would, at this time, like to highlight a few provisions of the bill. This bill strengthens the language currently in section 1030 of title 18 of the United States Code. I would eliminate the ambiguity surrounding the definition of ''trespassing'' in a government computer. This bill toughens penalties in current law to ensure that felony level sanctions apply when unauthorized use of the computer is significant. Current law does not adequately address the act of trespassing into a computer. But a breach of a computer security system alone can have a significant impact. For example, an intruder may trespass into a computer system and view information —without stealing or destroying it. The administrator of the system will spend time, money, and resources to restore security to the system. Damage occurs simply by trespassing. We can no longer accept mere trespass into computers, and regard these intrusions as incidental.

This bill redefines a protected computer to include those computers used in foreign communications. The best known international case of computer intrusion is detailed in the book, ''The Cuckoo's Egg.'' In March 1989, West German authorities arrested computer hackers and charged them with a series of intrusions into United States computer systems through the University of California at Berkeley. Eastern bloc intelligence agencies had sponsored the activities of the hackers beginning in May 1986. The only punishment the hackers were given was probation.

This bill deters criminal activity by strengthening the penalties on computer crime. It will elevate to felony status, the reckless damage of computer trespassers and it will criminalize computer trespassers who cause negligent damage. A new subsection is added in section 1030 of title 18, United States Code to respond to the interstate transmission of threats directed against computers and computer networks. In certain cases, according to the Department of Justice, individuals have threatened to crash a computer system unless they are granted access to the system and given an account. The provision will protect the data and programs of computers and computer networks against any interstate or international transmission of threats. The statutory language will be changed to ensure that anyone who is convicted twice of committing a computer offense will be subject to enhanced penalties. This bill will make the criminals think twice before illegally accessing computer files.

Everybody recognizes that it is wrong for an intruder to enter a home and wander around; it doesn't make sense to view a criminal who breaks into a computer system differently. We have a national antistalking law to protect citizens on the street, but it doesn't cover stalking on the communications network. We should not treat these criminals differently simply because they possess new weapons.

These new technologies, which so many Americans enjoy, were developed over many years. I understand that policy can't catch up with technology overnight, but we can start filling in the gaps created by these tremendous advancements. We cannot allow complicated technology to paralyze us into inactivity. It is vital that we protect the information and infrastructure of this country.

Because not everyone is computer literate, there is a tendency to view those who are computer literate as somewhat magical and that the normal rules don't apply. Hackers have developed a cult following with their computer antics, which are regarded with awe. These criminals disregard computer security and authority. In 1990, a hacker cracked the NASA computer system and gained access to 68 computer systems linked by the Space Analysis Network. He even came across the log on screen for the U.S. Controller of the Currency. After being caught, the hacker's comment about NASA officials was, ''I still think they're bozos,'' and he added ''[i]f they had done a halfway competent job, this wouldn't have happened.''

Mr. President, the Kyl-Leahy National Information Infrastructure Protection Act of 1995 will deter criminal activity and protect our Nation's infrastructure. I urge my colleagues to support this bill.●

Mr. LEAHY. Mr. President, I am pleased to introduce with Senators KYL and GRASSLEY the ''National Information Infrastructure Protection Act of 1995'' [NIIPA]. This bill will increase protection for both government and private computers, and the information on those computers, from the growing threat of computer crime.

We increasingly depend on the availability, integrity, and confidentiality of computer systems and information to conduct our business, communicate with our friends and families, and even to be entertained. With a modem and a

computer, a business person can communicate with his or her office, a student can access an on-line encyclopedia at home, or researcher can get weather information from Australia over the Internet. Unfortunately, computer criminals can also use this technology to pry into our secrets, steal confidential Government information, and damage important telecommunications systems. With the advances in global communication, these criminals can do this virtually anywhere in the world.

The facts speak for themselves—computer crime is on the rise. The computer emergency and response team at Carnegie–Mellon University reports that, since 1991, there has been a 498 percent increase in the number of computer intrusions, and a 702 percent rise in the number of sites affected. About 40,000 Internet computers were attacked in 2,460 incidents in 1994 alone. We need to increase protection for this vital information infrastructure to stem the online crime epidemic.

The NII Protection Act seeks to improve the Computer Fraud and Abuse Act by providing more protection to computerized information and systems, by designating new computer crimes, and by extending protection to computer systems used in foreign or interstate commerce or communications. The bill closes a number of gaps in our current laws to strengthen law enforcement's hands in fighting crimes targeted at computers, computer systems, and computer information.

First, the bill would bring the protection for classified national defense or foreign relations information maintained on computers in line with our other espionage laws. While existing espionage laws prohibit the theft and peddling of Government secrets to foreign agents, the bill would specifically target those persons who deliberately break into a computer to obtain the Government secrets that they then try to peddle.

Second, the bill would increase protection for the privacy and confidentiality of computer information. Recently, computer hackers have accessed sensitive data regarding Operation Desert Storm, penetrated NASA computers, and broken into Federal courthouse computer systems containing confidential records. Others have abused their privileges on Government computers by snooping through confidential tax returns, or selling confidential criminal history information from the National Crime Information Center.

The bill would criminalize these activities by making all those who misuse computers to obtain Government information and, where appropriate, information held by the private sector, subject to prosecution. The harshest penalties would be reserved for those who obtain classified information that could be used to injur the United States or assist a foreign state. Those who break into a computer system, or insiders who intentionally abuse their computer access privileges, to secret information off a computer system for commercial advantage, private financial gain or to commit any criminal or tortious act would also be subject to felony prosecution. Individuals who intentionally break into, or abuse their authority to use, a computer and thereby obtain information of minimal value, would be subject to a misdemeanor penalty.

Third, the bill would protect against damage to computers caused by either outside hackers or malicious insiders. Computer crime does not just put information is at risk, but also the computer networks themselves. Hackers, or malicious insiders, can destroy crucial information with a carefully placed code or command. Hackers, like Robert Morris, can bring the Internet to its knees with computer ''viruses'' or ''worms.'' This bill would protect our Nation's computer systems from such intentional damage, regardless of whether the perpetrator was an insider or outside hacker.

Under the bill, insiders, who are authorized to access a computer, face criminal liability only if they intend to cause damage to the computer, not for recklessly or negligently causing damage. By contrast, hackers who break into a computer could be punished for any intentional, reckless, or negligent damages they cause by their trespass.

Fourth, the bill would expand the protection of the Computer Fraud and Abuse Act to cover those computers used in interstate or foreign commerce or communications. The law already gives special protection to the computer systems of financial institutions and consumer reporting agencies, because of their significance to the economy of our Nation and the privacy of our citizens. Yet, increasingly computer systems provide the vital backbone to many other industries, such as the telecommunications network.

Current law falls short of protecting this infrastructure. Generally, hacker intrusions that do not cross State lines are not Federal offenses. The NII Protection Act would change that limitation and extend Federal protection to computers or computer systems used in interstate or foreign commerce or communications.

Fifth, this bill addresses a new and emerging problem of computer-age blackmail. In a recent case, an individual threatened to crash a computer system unless he was granted access to the system and given an account. The bill adds a new provision to the law that would ensure law enforcement's ability to prosecute these modern day blackmailers, who threaten to harm or shut down computer networks unless their extortionate demands are met.

Finally, the statutory scheme provided in this bill will provide a better understanding of the computer crime problem. By consolidating computer crimes in one section of title 18, reliable crime statistics can be generated. Moreover, by centralizing computer crimes under one statute, we may better measure existing harms, anticipate trends, and determine the need for legislative reform. Additionally, as new computer technologies are introduced, and new computer crimes follow, reformers need only look to section 1030 to update our criminal laws, without parsing through the entire United States Code.

The Kyl-Leahy NII Protection Act would provide much needed protection for our Nation's important information infrastructure. It will help ensure the confidentiality of sensitive information and protect computer networks from those who would seek to damage these networks.

I commend the Department of Justice for their diligent work on this bill, and their continued assistance in addressing this critical area of our criminal law. I look forward to working with my colleagues on refining and improving this bill, as necessary.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

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

NATIONAL INFORMATION INFRASTRUCTURE PROTECTION ACT OF 1995—SECTION-BY-SECTION ANALYSIS

The National Information Infrastructure Protection Act of 1995 amends the Computer Fraud and Abuse Act, 18 U.S.C. §1030, to increase protection for the confidentiality, integrity and security of computer systems and the information on such systems.

Sec. 1. Short Title. The Act may be cited as the ''National Information Infrastructure Protection Act of 1995.''

Sec. 2. Computer Crime. (1) The bill amends five of the prohibited acts in, and adds a new prohibited act to, 18 U.S.C. §1030(a).

(A) Subsection 1030(a)(1)—Protection of Classified Government Information.

The bill amends 18 U.S.C. §1030(a)(1) to increase protection for computerized classified data. The statute currently provides that anyone who knowingly accesses a computer without, or in excess of, authorization and obtains classified information ''with the intent or reason to believe that such information so obtained is to be used to the injury of the United States, or to the advantage of any foreign nation'' is subject to a fine or a maximum of ten years' imprisonment. The amendment would modify the scienter requirement to conform to the knowledge requirement in 18 U.S.C. §793(e), which provides a maximum penalty of ten years' imprisonment for obtaining from any source information connected with the national defense. Unlike §793(e), however, §1030(a)(1) would require proof that the individual knowingly used a computer without, or in excess of, authority in obtaining the classified information.

As amended, §1030(a)(1) would prohibit anyone from knowingly accessing a computer, without, or in excess of, authorization, and obtaining classified national defense, foreign relations information, or restricted data under the Atomic Energy Act, with reason to believe the information could be used to the injury of the United States or the advantage of a foreign country, and willfully communicating, delivering or transmitting, or causing the same, or willfully retaining the information and failing to deliver it

to the appropriate government agent. The amendment specifically covers the conduct of a person who deliberately breaks into a computer without authority, or an insider who exceeds authorized access, and thereby obtains classified information and then communicates the information to another person, or retains it without delivering it to the proper authorities.

(B) Subsection 1030(a)(2)—Protection of Financial, Government and Other Computer Information.

The bill amends 18 U.S.C. §1030(a)(2) to further protect the confidentiality of computer data by extending the protection for computerized financial records in current law to protecting information from any department and agency of the United States and on computers subject to unauthorized access involving interstate or foreign communications.

This amendment is designed to protect against the interstate or foreign theft of information by computer. This provision is necessary in light of United States v. Brown, 925 F.2d 1301, 1308 (10th Cir. 1991), where the court held that purely intangible intellectual property, such as computer programs, cannot constitute goods, wares, merchandise, securities, or monies which have been stolen, converted, or taken within the meaning of 18 U.S.C. §2314.

The seriousness of a breach in confidentiality depends on the value of the information taken or on what is planned for the information after it is obtained. The statutory penalties are structured to reflect these considerations. Specifically, first-time offenses for obtaining, without or in excess of authorization, information of minimal value from government or protected computers is a misdemeanor. The crime becomes a felony, subject to a fine and up to five years' imprisonment, if the offense was committed for purposes of commercial advantage or private financial gain, for the purpose of committing any criminal or tortious act in violation of the Constitution or laws of the United States or of any State, or if the value of the information obtained exceeds $5,000.

(C) Subsection 1030(a)(3)—Protection for Government Computer Systems.

The bill would make two changes to §1030(a)(3), which currently prohibits intentionally accessing, without authorization, computers used by or for any department or agency of the United States and thereby ''adversely'' affecting ''the use of the Government's operation of such computer.'' First, the amendment would delete the word ''adversely'' since this term suggests, inappropriately, that trespassing in a government computer may be benign. Second, the amendment would replace the phrase ''the use of the Government's operation of such computer'' with the term ''that use by or for the Government.'' When a computer is used for the government, the government is not necessarily the operator, and the old phrase may lead to confusion. The amendment would make a similar change to the definition of ''protected computer'' in §1030(e)(2)(A).

(D) Subsection 1030(a)(4)—Increased Penalties for Significant Unauthorized Use of Computers.

The bill amends 18 U.S.C. §1030(a)(4) to insure that felony level sanctions apply when the fraudulent use of a computer without, or in excess of, authority is significant. The current statute penalizes, with fines and up to five years' imprisonment, knowingly and with intent to defraud, accessing a computer without, or in excess of, authorization to further the fraud or obtain anything of value, unless the object of the fraud and the thing obtained is only the use of the computer. The blanket exception for computer use is too broad since trespassing in a computer and using computer time may cause large expense to the victim. Hackers, for example, have broken into Cray supercomputers for the purpose of running password cracking programs, sometimes amassing computer time worth far more than $5,000. The amendment would restrict the exception for trespassing, in which only computer use is obtained, to cases involving less than $5,000 during any one-year period.

(E) Subsection 1030(a)(5)—Protection from Damage to Computers.

The bill amends 18 U.S.C. §1030(a)(5) to further protect computers and computer systems covered by the statute from damage both by outsiders, who gain access to a computer without authorization, and by insiders, who intentionally damage a computer. Subsection 1030(a)(5)(A) of the bill would penalize with a fine and up to five years' imprisonment anyone who knowingly causes the transmission of a program, information, code or command and intentionally causes damage without authorization to a protected computer. This would cover anyone who intentionally damages a computer, regardless of whether they were authorized to access the computer.

Subsection 1030(a)(5)(B) of the bill would penalize with a fine and up to five years' imprisonment anyone who intentionally accesses a protected computer without authorization and, as a result of that trespass, recklessly causes damage.

Finally, subsection 1030(a)(5)(C) of the bill would impose a misdemeanor penalty of a fine and no more than one year imprisonment for intentionally accessing a protected computer without authorization and, as a result of that trespass, causing damage.

The bill would punish anyone who knowingly invades a computer system without authority and causes significant losses to the victim, even when the damage caused is not intentional. In such cases, it is the intentional act of computer trespass that makes the conduct criminal. Otherwise, hackers could break into computers or computer systems, safe in the knowledge that no matter how much damage they cause, it is no crime unless the damage was intentional or reckless. By contrast, persons who are authorized to access the computer are criminally liable only if they intend to cause damage to the computer without authority, not for recklessly or negligently causing damage.

As discussed more fully below, the bill adds a definition of ''damage'' to encompass significant financial loss of more than $5,000 during any one year period, potential impact on medical treatment, physical injury to any person, and threats to public health and safety.

(F) Subsection 1030(a)(7)—Protection from Threats Directed Against Computers.

The bill adds a new section to 18 U.S.C. §1030(a) to provide penalties for the interstate transmission of threats directed against computers and computer systems. It is not clear that such threats would be covered under existing laws, such as the Hobbs Act, 18 U.S.C. §1951 (interference with commerce by extortion), or 18 U.S.C. §875(d) (interstate communication of threat to injure the property of another). The ''property'' protected under these statutes does not clearly include the operation of a computer, the data or programs stored in a computer or its peripheral equipment, or the decoding keys to encrypted data.

The new subsection (a)(7) covers any interstate or international transmission of threats against computers, computer systems, and their data and programs, whether the threat is received by mail, telephone, electronic mail, or through a computerized messaging service. Unlawful threats could include interference in any way with the normal operation of the computer or system in question, such as denying access to authorized users, erasing or corrupting data or programs, slowing down the operation of the computer or system, or encrypting data and then demanding money for the key.

(2) Subsection 1030(c)—Increased Penalties for Recidivists and Other Sentencing Changes. The bill amends 18 U.S.C. 1030(c) to increase penalties for those who have previously violated any subsection of §1030. The current statute subjects recidivists to enhanced penalties only if they violated the same subsection twice. For example, a person who violates the current statute by committing fraud by computer under §1030(a)(4) and later commits another computer crime offense by intentionally destroying medical records under §1030(a)(5), is not treated as a recidivist because his conduct violated two separate subsections of §1030. The amendment would provide that anyone who is convicted twice of committing a computer offense under §1030 would be subjected to enhanced penalties.

The penalty provisions in §1030(c) are also changed to reflect modifications to the prohibited acts, as discussed above.

(3) Subsection 1030(d)—Jurisdiction of Secret Service. The bill amends 18 U.S.C. §1030(d) to grant the United States Secret Service authority to investigate offenses only under subsections (a)(2) (A) and (B), (a)(3), (a)(4), (a)(5) and (a)(6). The current statute grants the Secret Service authority to investigate any offense under §1030, subject to agreement between the Attorney General and the Secretary of the Treasury. The new crimes proposed in the bill, however, do not fall under the Secret Service's traditional jurisdiction. Specifically, proposed §1030(a)(2)(C) addresses gaps in 18 U.S.C. §2314 (interstate transportation of stolen property), and proposed §1030(a)(7) addresses gaps in 18 U.S.C. §§1951 (the Hobbs Act) and 875 (interstate threats). These statutes are within the jurisdiction of the FBI, which should retain exclusive jurisdiction over these types of offenses, even when they are committed by computer.

(4) Subsection 1030(e)—Definitions. The bill contains three new definitions for ''protected computer,'' ''damage,'' and ''government entity.''

The term ''protected computer'' would replace the term ''federal interest computer'' used currently in §1030. The new definition of ''protected computer'' would slightly modify the current description in §1030(e)(2)(A) of computers used by financial institutions or the United States Government, to make it clear that if the computers are not exclusively used by those entities, the computers are protected if the offending conduct affects the use by or for a financial institution or the Government.

The new definition of ''protected computer'' would also replace the current description in §1030(e)(2)(B) of a covered computer being ''one of two or more computers used in committing the offense, not all of which are located in the same State.'' Instead, ''protected computer'' would include computers ''in interstate or foreign commerce or communication.'' Thus, hackers who attack computers in their own State would be subject to this law, if the requisite damage threshold is met and the computer is used in interstate commerce or foreign commerce or communications.

The tern ''damage,'' as used in new §1030(a)(5), would mean any impairment to the integrity or availability of data, information, program or system which (A) causes loss of more than $5,000 during any one-year period; (B) modifies or impairs the medical examination, diagnosis or treatment of a

person; (C) causes physical injury to any person; or (D) threatens the public health or safety. Computers are increasingly being used for access to critical services, such as emergency response systems and air traffic control. ''Damage'' is therefore broadly defined to encompass the types of harms against which people should be protected from any computer hacker or those insiders who intentionally cause harm.

The term ''government entity,'' as used in new §1030(a)(7), would be defined to include the United States government, any State or political subdivision thereof, any foreign country, and any state, provincial, municipal or other political subdivision of a foreign country.

(5) Subsection 1030(g)—Civil Actions. The bill amends the civil penalty provision in §1030(g) to reflect the proposed changes in §1030(a)(5). The 1994 amendments to the Act authorized victims of certain computer abuse to maintain civil actions against violators to obtain compensatory damages, injunctive relief, or other equitable relief, with damages limited to economic damages, unless the violator modified or impaired the medical examination, diagnosis or treatment of a person.

Under the bill, damages recoverable in civil actions would be limited to economic losses for violations causing losses of $5,000 or more during any one-year period. No limit on damages would be imposed for violations that modified or impaired the medical examination, diagnosis or treatment of a person; caused physical injury to any person; or threatened the public health or safety.

By Mr. FEINGOLD (for himself and Mr. MCCAIN):

S. 983. A bill to reduce the number of executive branch political appointees; to the Committee on Governmental Affairs.

EXECUTIVE BRANCH POLITICAL APPOINTEES LEGISLATION

Mr. FEINGOLD. Mr. President, along with my good friend the senior Senator from Arizona [Mr. MCCAIN], I am introducing legislation today to reduce the number of political employees who are appointed by the President. Specifically, the bill caps the number of political appointees at 2,000. The Congressional Budget Office [CBO] estimates the current number averages 2,800. Thus an estimated 800 of these positions would be saved. The measure, based on one of the options outlined by the CBO in its publication ''Reducing the Deficit: Spending and Revenue Options,'' is estimated to save $363 million over the next 5 years. The savings for fiscal year 1996 is estimated to be $45 million.

Mr. President, this proposal is consistent with the recommendations of the Vice President's National Performance Review, which called for reduction in the number of Federal managers and supervisors, arguing that ''over-control and micromanagement'' not only ''stifle the creativity of line managers and workers, they consume billions per year in salary, benefits, and administrative costs.''

That argument may be particularly true will respect to political appointees, whose numbers grew by over 17 percent between 1980 and 1992, over three times as fast as the total number of executive branch employees. And if we look back further, to 1960, the growth is even more dramatic. In his recently published book, ''Thickening Government: Federal Government and the Diffusion of Accountability,'' author Paul Light reports a startling 430-percent increase in the number of political appointees and senior executives in Federal Government between 1960 and 1992.

The sentiments expressed in the National Performance Review were also reflected in the 1989 report of the National Commission on the Public Service, chaired by former Federal Reserve Board Chairman Paul Volcker. Arguing that the growing number of Presidential appointees may ''actually undermine effective Presidential control of the executive branch,'' the Volcker Commission recommended limiting the number of political appointees to 2,000, as this legislation does. Mr. President, it is essential that any administration be able to implement the policies that brought it into office in the first place. Government must be responsive to the priorities of the electorate. But as the Volcker Commission noted, the great increase in the number of political appointees in recent years has not made Government more effective or more responsive to political leadership.

The Commission report cited three reasons. First, it noted that the large number of Presidential appointees simply cannot be managed effectively by any President or White House. This lack of control is aggravated by the often competing political agendas and constituencies that some appointees might bring with them to their new positions. Altogether, the Commission argued that this lack of control and political focus ''may actually dilute the President's ability to develop and enforce a coherent, coordinated program and to hold cabinet secretaries accountable.''

Second, the report argued that the excessive number of appointees are a barrier to critical expertise, distancing the President and his principal assistants from the most experienced career officials. Though bureaucracies can certainly impede needed reforms, they can also be a source of unbiased analysis. Adding organizational layers of political appointees can restrict access to important resources, while doing nothing to reduce bureaucratic impediments.

Author Paul Light says, ''As this sediment has thickened over the decades, presidents have grown increasingly distant from the lines of government, and the front lines from them.'' Light adds that ''Presidential leadership, therefore, may reside in stripping government of the barriers to doing its job effectively . . .''

Finally, the Volcker Commission asserted that this thickening barrier of temporary appointees between the President and career officials can undermine development of a proficient civil service by discouraging talented individuals from remaining in Government service or even pursuing a career in Government in the first place.

Mr. President, former Attorney General Elliot Richardson put it well when he noted:

> But a White House personnel assistant sees the position of deputy assistant secretary as a fourth-echelon slot. In his eyes that makes it an ideal reward for a fourth-echelon political type—a campaign advance man, or a regional political organizer. For a senior civil servant, it's irksome to see a position one has spent 20 or 30 years preparing for preempted by an outsider who doesn't know the difference between an audit exception and an authorizing bill.

Mr. President, many will recall the difficulties the current administration has had in filling even some of the more visible political appointments.

A story in the National Journal in November 1993, focusing upon the delays in the Clinton administration in filling political positions, noted that in Great Britain, the transition to a new government is finished a week after it begins, once 40 or so political appointments are made. That certainly is not the case in the United States, recognizing, of course, that we have a quite different system of government from the British Parliament form of government.

Nevertheless, there is little doubt that the vast number of political appointments that are currently made creates a somewhat cumbersome process, even in the best of circumstances. The long delays and logjams created in filling these positions under the Clinton administration simply illustrates another reason why the number of positions should be cut back.

The consequences of having so many critical positions unfilled when an administration changes can be serious. In the first 2 years of the Clinton administration, there were a number of stories of problems created by delays in making these appointments. From strained relationships with foreign allies over failures to make ambassadorship appointments to the 2-year vacancy at the top of the National Archives, the record is replete with examples of agencies left drifting while a political appointment was delayed. Obviously, there are a number of situations were the delays were caused by circumstances beyond control of the administration. The current case involving the position of Surgeon General of the United States is a clear example.

Nonetheless, it is clear that with a reduced number of political appointments to fill, the process of selecting and appointing individuals to key positions in a new administration is likely to be enhanced.

Mr. President, let me also stress that the problem is not simply the initial filling of a political appointment, but keeping someone in that position over time. In a report released last year, the General Accounting Office reviewed a portion of these positions for the period of 1981 to 1991, and found high levels of turnover—7 appointees in 10

years for one position—as well as delays, usually of months but sometimes years, in filling vacancies.

Mr. President, I recognize that this legislative proposal is not likely to be popular with many people, both within this administration and perhaps among members of the other party who hope to win back the White House in the next election.

I want to stress that I do not view efforts to reduce the number of political appointees to be a partisan issue. Indeed, I think it adds to the credibility and merits of this proposal that a Democratic Senator is proposing to cut back these appointments at a time when there is a Democratic administration in place.

The legislation has been drafted to take effect as of October 1, 1995. It provides for reduction in force procedures to accomplish this goal. In other words, this administration would be required to reduce the number of political appointees to comply with this legislation. It would obviously apply to any further administration as well.

The sacrifices that deficit reduction efforts require must be spread among all of us. This measure requires us to bite the bullet and impose limitations upon political appointments that both parties may well wish to retain. The test of commitment to deficit reduction, however, is not simply to propose measures that impact someone else.

As we move forward to implement the NPR recommendations to reduce the number of Government employees, streamline agencies, and make Government more responsive, we should also right size the number of political appointees, ensuring a sufficient number to implement the policies of any administration without burdening the Federal budget with unnecessary, possibly counterproductive political jobs.

Mr. President, when I ran for the U.S. Senate in 1992, I developed an 82-point plan to reduce the Federal deficit and achieve a balanced budget. Since that time, I have continued to work toward enactment of many of the provisions of that plan and have added new provisions on a regular basis.

The legislation I am introducing today reflects one of the points included on the original 82-point plan calling for streamlining various Federal agencies and reducing agency overhead costs. I am pleased to have this opportunity to continue to work toward implementation of the elements of the deficit reduction plan.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 983

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDUCTION IN NUMBER OF POLITICAL APPOINTEES.

(a) DEFINITION.—For purposes of this section the term ''political appointee'' means any individual who—

(1) is employed in a position on the executive schedule under sections 5312 through 5316 of title 5, United States Code;

(2) is a limited term appointee, limited emergency appointee, or noncareer appointee in the senior executive service as defined under section 3232(a) (5), (6), and (7) of title 5, United States Code, respectively; or

(3) is employed in a position in the executive branch of the Government of a confidential or policy-determining character under Schedule C of subpart C of part 213 of title 5 of the Code of Federal Regulations.

(b) LIMITATION.—The President, acting through the Office of Management and Budget and the Office of Personnel Management, shall take such actions as necessary (including reduction in force actions under procedures established under section 3595 of title 5, United States Code) to ensure that the total number of political appointees shall not exceed 2,000.

(c) EFFECTIVE DATE.—This section shall take effect on October 1, 1995.

By Mr. GRASSLEY (for himself, Mr. LOTT, Mr. HELMS, and Mr. COCHRAN):

S. 984. A bill to protect the fundamental right of a parent to direct the upbringing of a child, and for other purposes; to the Committee on the Judiciary.

THE PARENTAL RIGHTS AND RESPONSIBILITIES ACT OF 1995

Mr. GRASSLEY. Mr. President, today I am introducing the Parental Rights and Responsibilities Act of 1995 to reaffirm the right of parents to direct the upbringing of their children. While most parents assume this right is protected, some lower courts and Government bureaucrats have acted to limit this basic freedom. The bill I am introducing will protect the family from unwarranted intrusions by the Government. Congressmen STEVE LARGENT and MIKE PARKER have joined me to pursue this initiative.

While the Constitution does not explicitly address the parent-child relationship, the Supreme Court clearly regards the right of parents to direct the upbringing of their children as a fundamental right under the 14th amendment to the Constitution. Fundamental rights, such as freedom of speech and religion receive the highest legal protection.

Two cases in the 1920's affirmed the Court's high regard for the integrity of the parent-child relationship. In Meyer versus Nebraska, the Court declared that the 14th amendment,

> [W]ithout doubt, . . . denotes not merely freedom from bodily restraint but also the right of the individual to . . . marry, establish a home and bring up children, to worship God according to the dictates of his own conscience. . . .

The second important case was Pierce versus. Society of Sisters. In this case, the Court declared that:

> [In] this day and under our civilization, the child of man is his parent's child and not the state's . . . It is not seriously debatable that the parental right to guide one's child intellectually and religiously is a most substantial part of the liberty and freedom of the parent.

The Court went on to hold that parents are chiefly responsible for the education and upbringing of their children.

While the Supreme Court's intent to protect parental rights is unquestionable, lower courts have not always followed this high standard to protect the parent-child relationship. The recent lower court assault on the rights of parents to direct their children's education, health care decisions, and discipline is unprecedented.

Several examples of lower court cases will demonstrate the need for this bill. A group of parents in Chelmsford, MA, sued when their children were required to sit through a 90-minute AIDS awareness presentation by ''Hot, Sexy, and Safer Productions, Inc.'' In this so-called group sexual experience students were instructed to engage in activities which some parents considered outrageous and pornographic. When the parents challenged the propriety of the school's actions, the court held that the parents, who were never told about the presentation, did not have a right to know and consent to this sexually explicit program before their children were required to attend.

The Washington State Supreme Court ruled that it was not a violation of parents' rights to remove an eighth-grade child from her family because she objected to the ground rules established in the home. The parents in this case grounded their daughter because she wanted to smoke marijuana and sleep with her boyfriend. She objected, and the courts removed her from the home. Most parents would consider these rules imminently reasonable. But the court held that although the family structure is a fundamental institution of our society, and parental prerogatives are entitled to considerable legal deference, they are not absolute and must yield to fundamental rights of the child or important interests of the state.

Recent news accounts reported of a father who was accused of child abuse because he publicly spanked his 4-year-old daughter. When she deliberately slammed the car door on her brother's hand, her father acted promptly to discipline her by a reasonably administered spanking. A passer-by called the police and the father had to defend against the charge of child abuse. While the father won his case, it is amazing to most parents that they could be dragged into court against their will to defend against such an outrageous charge as child abuse for disciplining their child for open rebellion.

Unfortunately, these cases are only a few of the many examples of parents' rights being violated when trying to direct the training and nurturing of their children. Recent public debate has also contributed to the movement to violate parental rights.

Dr. Jack Westman of the University of Wisconsin-Madison proposes that the State license parents as a means of conveying the seriousness of the parental responsibility. While there is no question of the awesome responsibility to raise and nurture a child, the proposal to have the State license potential parents for the right to have children raises many serious questions. Who will decide what will be the appropriate standards for parenthood? These and other questions stretch the imagination of freedom loving American parents.

With recent lower court cases and the flow of public debate around ''Parental licensing'', it is easy to see the need for the Parental Rights Act of 1995.

The goal of the PRA is to reaffirm the parental right to direct the upbringing of their children in four major areas: First, Directing or providing for the education of the child; two, making health care decisions for the child; three, disciplining the child, including reasonable corporal discipline; and four, directing or providing for the religious teaching of the child.

The PRA accomplishes this goal by simply clarifying for lower courts and administrative tribunals that the proper standard to use in disputes between the Government and parents is the highest legal standard available. This standard, known as ''The Compelling Interest Standard'' means that before the Government can interfere in the parent-child relationship, it must demonstrate that there is a compelling interest to protect and that the means the Government is using to protect this interest is the least restrictive means available.

Practically speaking, this means that the law in question is not so broad in application that it sweeps in more than is necessary to protect the interest in question.

An example will help to clarify this point. Unfortunately, there are parents who abuse and neglect their children. Clearly, protecting children from abuse and neglect would fit into any reasonable person's definition of a compelling interest of the State. One of the stated purposes of the PRA is to protect children from abuse and neglect.

Another stated goal is to recognize that protecting children in these circumstances is a compelling Government interest. Abusing or neglecting your child has never been considered a protected parental right.

Using the least restrictive means available to protect children from abuse and neglect means that a parents who are appropriately meeting their child's needs could not fall victim to an overzealous State law. The law would be written in such a way that it would cover parents who are abusing or neglecting their children but it would not cover parents who are not.

If the law is written so poorly that even good, loving parents could be accused of child abuse, it would not pass the test of being the least restrictive means available and would have to be modified.

You might ask, ''How is the PRA going to work?'' It uses the traditional four-step process to evaluate fundamental rights which balances the interests of parents, children and the Government. First, parents are required to demonstrate that the actions being questioned are within their fundamental right to direct the upbringing of their child.

Second, they must show that the Government interfered with this right. If the parents are able to prove these two things, then the burden shifts to the Government to show that the interference was essential to accomplish a compelling Government interest and that the Government's method of interfering was the least restrictive means to accomplish its goal.

In these cases, the court would balance the parents' right to make decisions on behalf of their children against the Government's right to intervene in the family relationship and decide what was the proper balance.

While it would be better if lower courts and administrative agencies would use the appropriate legal standard outlined by the Supreme Court without Congress having to clarify the standard, the history shows this is not likely to occur. My bill will clarify this standard with finality.

Two specific concerns were raised that I want to address. The first is from child abuse prosecutors and advocates. As we moved through discussions on the early drafts of this bill, I made clear that I firmly believed child abuse and neglect is a compelling Government interest.

With this in mind, I incorporated suggestions from prosecutors and advocates on this issue. I am comfortable that the changes made address their concerns.

The second issue was infanticide and abortion. The National Right to Life Committee was concerned that the bill would overturn the baby doe laws protecting handicapped children after birth. After consultation with other attorneys who agreed that this was a concern, I changed my draft to clarify that the PRA could not be used in this way.

The second point that NRL raised was that the PRA would somehow empower parents to coerce a young woman to have an abortion against her wishes. This is because the PRA allows parents to make health care decisions for their child unless the parents' neglect or refusal to act will risk the life of the child or risk serious physical injury to the child. I have consulted with other pro-life organizations and advocates who do not share this concern and have endorsed the bill.

I urge my colleagues to support this bill. It is critical to the proper balance of parents' rights against the Government's actions. Without the PRA, lower courts, Government bureaucrats, and administrative tribunals will continue to interfere needlessly in the parent-child relationship.

By Mr. CAMPBELL (for himself and Mr. BROWN):

S. 985. A bill to provide for the exchange of certain lands in Gilpin County, CO; to the Committee on Energy and Natural Resources.

THE GILPIN LAND EXCHANGE ACT

• Mr. CAMPBELL. Mr. President, I, and my colleague, Senator BROWN, are introducing legislation to exchange approximately 300 acres of fragmented Bureau of Land Management lands near Black Hawk, CO, for approximately 4,000 acres that will be added to Rocky Mountain National Park and to other Department of the Interior holdings in Colorado, while dedicating any remaining equalization funds to the purchase of land and water rights for the Blanca Wetlands Management Area near Alamosa, CO.

This legislation is supported by local governments, environmental groups, and land developers in Colorado. More specifically, the bill: Will enable Rocky Mountain National Park to obtain an adjacent 40-acre parcel known as the Circle C Ranch. The Park Service has long sought to acquire the ranch to avoid its subdivision and development; will result in the public acquisition of approximately 4,000 acres of elk winter range and other important wildlife habitat at the headwaters of La Jara Canyon and Fox Creek, approximately 10 miles from Antonito, CO; and will create a fund from cash equalization moneys that may be paid to the United States as a result of the exchange, with the fund to be used to augment fish and wildlife habitat in the BLM's Blanca Wetlands Management Area. The BLM has wanted funds for these purposes for many years.

In exchange for picking up over 4,000 acres of land, 130 parcels of highly fragmented BLM land totalling about 300 acres will be made available for private acquisition. Of these 130 parcels, 88 are less than 1 acre in size. The BLM, through its established land use planning process, has already identified these lands as appropriate for disposal.

I hope my colleagues will support this effort, and I ask unanimous consent that the text of the bill, along with letters of support from the city of Central, the city of Blackhawk, the Gilpin County Board of County Commissioners, and the Huerfano County Board of County Commissioners be printed in the RECORD.

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

S. 985

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) certain scattered parcels of Federal land in Gilpin County, Colorado, are administered by the Secretary of the Interior as

part of the Royal Gorge Resource Area, Canon City District, Bureau of Land Management;

(2) these land parcels, which comprises approximately 133 separate tracts of land, and range in size from approximately 38 acres to much less than an acre have been identified as suitable for disposal by the Bureau of Land Management through its resource management planning process and are appropriate for disposal; and

(3) even though the Federal land parcels in Gilpin County, Colorado, are scattered and small in size, they nevertheless by virtue of their proximity to existing communities appear to have a fair market value which may be used by the Federal Government to exchange for lands which will better lend themselves to Federal management and have higher values for future public access, use and enjoyment, recreation, the protection and enhancement of fish and wildlife and fish and wildlife habitat, and the protection of riparian lands, wetlands, scenic beauty and other public values.

(b) PURPOSE.—It is the purpose of this Act to authorize, direct, facilitate and expedite the land exchange set forth herein in order to further the public interest by disposing of Federal lands with limited public utility and acquire in exchange therefor lands with important values for permanent public management and protection.

SEC. 2. LAND EXCHANGE.

(a) IN GENERAL.—The exchange directed by this Act shall be consummated if within 90 days after enactment of this Act, Lake Gulch, Inc., a Colorado Corporation (as defined in section 4 of this Act) offers to transfer to the United States pursuant to the provisions of this Act the offered lands or interests in land described herein.

(b) CONVEYANCE BY LAKE GULCH.—Subject to the provisions of section 3 of this Act, Lake Gulch shall convey to the Secretary of the Interior all right, title, and interest in and to the following offered lands—

(1) certain lands comprising approximately 40 acres with improvements thereon located in Larimer County, Colorado, and lying within the boundaries of Rocky Mountain National Park as generally depicted on a map entitled ''Circle C Church Camp'', dated August 1994, which shall upon their acquisition by the United States and without further action by the Secretary of the Interior be incorporated into Rocky Mountain National Park and thereafter be administered in accordance with the laws, rules and regulations generally applicable to the National Park System and Rocky Mountain National Park;

(2) certain lands located within and adjacent to the United States Bureau of Land Management San Luis Resource Area in Conejos County, Colorado, which comprise approximately 3,993 acres and are generally depicted on a map entitled ''Quinlan Ranches Tract'', dated August 1994; and

(3) certain lands located within the United States Bureau of Land Management Royal Gorge Resource Area in Huerfano County, Colorado, which comprise approximately 4,700 acres and are generally depicted on a map entitled ''Bonham Ranch-Cucharas Canyon'', dated June 1995: *Provided, however,* That it is the intention of Congress that such lands may remain available for the grazing of livestock as determined appropriate by the Secretary in accordance with applicable laws, rules, and regulations: *Provided further,* That if the Secretary determines that certain of the lands acquired adjacent to Cucharas Canyon hereunder are not needed for public purposes they may be sold in accordance with the provisions of section 203 of the Federal Land Policy and Management Act of 1976 and other applicable law.

(c) SUBSTITUTION OF LANDS.—If one or more of the precise offered land parcels identified above is unable to be conveyed to the United States due to appraisal or other problems, Lake Gulch and the Secretary may mutually agree to substitute therefor alternative offered lands acceptable to the Secretary.

(d) CONVEYANCE BY THE UNITED STATES.—(1) Upon receipt of title to the lands identified in subsection (a) the Secretary shall simultaneously convey to Lake Gulch all right, title, and interest of the United States, subject to valid existing rights, in and to the following selected lands—

(A) certain surveyed lands located in Gilpin County, Colorado, Township 3 South, Range 72 West, Sixth Principal Meridian, Section 18, Lots 118–220, which comprise approximately 195 acres and are intended to include all federally owned lands in section 18, as generally depicted on a map entitled ''Lake Gulch Selected Lands'', dated July 1994;

(B) certain surveyed lands located in Gilpin County, Colorado, Township 3 South, Range 72 West, Sixth Principal Meridian, Section 17, Lots 37, 38, 39, 40, 52, 53, and 54, which comprise approximately 96 acres, as generally depicted on a map entitled ''Lake Gulch Selected Lands'', dated July 1994; and

(C) certain unsurveyed lands located in Gilpin County, Colorado, Township 3 South, Range 73 West, Sixth Principal Meridian, Section 13, which comprise approximately 11 acres, and are generally depicted as parcels 302–304, 306, and 308–326 on a map entitled ''Lake Gulch Selected Lands'', dated July 1994: *Provided, however,* That a parcel or parcels of land in section 13 shall not be transferred to Lake Gulch if at the time of the proposed transfer the parcel or parcels are under formal application for transfer to a qualified unit of local government. Due to the small and unsurveyed nature of such parcels proposed for transfer to Lake Gulch in section 13, and the high cost of surveying such small parcels, the Secretary is authorized to transfer such section 13 lands to Lake Gulch without survey based on such legal or other description as the Secretary determines appropriate to carry out the basic intent of the map cited in this subparagraph.

(2) If the Secretary and Lake Gulch mutually agree, and the Secretary determines it is in the public interest, the Secretary may utilize the authority and direction of this Act to transfer to Lake Gulch lands in sections 17 and 13 that are in addition to those precise selected lands shown on the map cited herein, and which are not under formal application for transfer to a qualified unit of local government, upon transfer to the Secretary of additional offered lands acceptable to the Secretary or upon payment to the Secretary by Lake Gulch of cash equalization money amounting to the full appraised fair market value of any such additional lands. If any such additional lands are located in section 13 they may be transferred to Lake Gulch without survey based on such legal or other description as the Secretary determines appropriate as long as the Secretary determines that the boundaries of any adjacent lands not owned by Lake Gulch can be properly identified so as to avoid possible future boundary conflicts or disputes. If the Secretary determines surveys are necessary to convey any such additional lands to Lake Gulch, the costs of such surveys shall be paid by Lake Gulch but shall not be eligible for any adjustment in the value of such additional lands pursuant to section 206(f)(2) of the Federal Land Policy and Management Act of 1976 (as amended by the Federal Land Exchange Facilitation Act of 1988) (43 U.S.C. 1716(f)(2)).

(3) Prior to transferring out of public ownership pursuant to this Act or other authority of law any lands which are contiguous to North Clear Creek southeast of the City of Black Hawk, Colorado in the County of Gilpin, Colorado, the Secretary shall notify and consult with the County and City and afford such units of local government an opportunity to acquire or reserve pursuant to the Federal Land Policy and Management Act of 1976 or other applicable law, such easements or rights-of-way parallel to North Clear Creek as may be necessary to serve public utility line or recreation path needs: *Provided, however,* That any survey or other costs associated with the acquisition or reservation of such easements or rights-of-way shall be paid for by the unit or units of local government concerned.

SEC. 3. TERMS AND CONDITIONS OF EXCHANGE.

(a) EQUALIZATION OF VALUES.—(1) The values of the lands to be exchanged pursuant to this Act shall be equal as determined by the Secretary of the Interior utilizing nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law.

(2) In the event any cash equalization or land sale moneys are received by the United States pursuant to this Act, any such moneys shall be retained by the Secretary of the Interior and may be utilized by the Secretary until fully expended to purchase from willing sellers land or water rights, or a combination thereof, to augment wildlife habitat and protect and restore wetlands in the Bureau of Land Management's Blanca Wetlands, Alamosa County, Colorado.

(3) Any water rights acquired by the United States pursuant to this section shall be obtained by the Secretary of the Interior in accordance with all applicable provisions of Colorado law, including the requirement to change the time, place, and type of use of said water rights through the appropriate State legal proceedings, and to comply with any terms, conditions, or other provisions contained in an applicable decree of the Colorado Water Court. The use of any water rights acquired pursuant to this section shall be limited to water that can be used or exchanged for water that can be used on the Blanca Wetlands. Any requirement or proposal to utilize facilities of the San Luis Valley Project, Closed Basin Diversion, in order to effectuate the use of any such water rights shall be subject to prior approval of the Rio Grande Water Conservation District.

(b) RESTRICTIONS ON SELECTED LANDS.—(1) Conveyance of the selected lands to Lake Gulch pursuant to this Act shall be contingent upon Lake Gulch executing an agreement with the United States prior to such conveyance, the terms of which are acceptable to the Secretary of the Interior, and which—

(A) grant the United States a covenant that none of the selected lands (which currently lie outside the legally approved gaming area) shall ever be used for purposes of gaming should the current legal gaming area ever be expanded by the State of Colorado; and

(B) permanently hold the United States harmless for liability and indemnify the United States against all costs arising from any activities, operations (including the storing, handling, and dumping of hazardous materials or substances) or other acts conducted by Lake Gulch or its employees, agents, successors or assigns on the selected lands after their transfer to Lake Gulch: *Provided, however,* That nothing in this Act shall be construed as either diminishing or increasing any responsibility or liability of the

United States based on the condition of the selected lands prior to or on the date of their transfer to Lake Gulch.

(2) Conveyance of the selected lands to Lake Gulch pursuant to this Act shall be subject to the existing easement for Gilpin County Road 6.

(3) The above terms and restrictions of this subsection shall not be considered in determining, or result in any diminution in, the fair market value of the selected land for purposes of the appraisals of the selected land required pursuant to section 3 of this Act.

(c) REVOCATION OF WITHDRAWAL.—The public Water Reserve established by Executive order dated April 17, 1926 (Public Water Reserve 107), Serial Number Colorado 17321, is hereby revoked insofar as it affects the NW¼SW¼ of Section 17, Township 3 South, Range 72 West, Sixth Principal Meridian, which covers a portion of the selected lands identified in this Act.

SEC. 4. MISCELLANEOUS PROVISIONS.

(a) DEFINITIONS.—As used in this Act:

(1) The term ''Secretary'' means the Secretary of the Interior.

(2) The term ''Lake Gulch'' means Lake Gulch, Inc., a Colorado corporation, or its successors, heirs or assigns.

(3) The term ''offered land'' means lands to be conveyed to the United States pursuant to this Act.

(4) The term ''selected land'' means lands to be transferred to Lake Gulch, Inc., or its successors, heirs or assigns pursuant to this Act.

(5) The term ''Blanca Wetlands'' means an area of land comprising approximately 9,290 acres, as generally depicted on a map entitled ''Blanca Wetlands'', dated August 1994, or such land as the Secretary may add thereto by purchase from willing sellers after the date of enactment of this Act utilizing funds provided by this Act or such other moneys as Congress may appropriate.

(b) TIME REQUIREMENT FOR COMPLETING TRANSFER.—It is the intent of Congress that unless the Secretary and Lake Gulch mutually agree otherwise the exchange of lands authorized and directed by this Act shall be completed not later than 6 months after the date of enactment of this Act. In the event the exchange cannot be consummated within such 6-month-time period, the Secretary, upon application by Lake Gulch, is directed to sell to Lake Gulch at appraised fair market value any or all of the parcels (comprising a total of approximately 11 acres) identified in section 2(d)(1)(C) of this Act as long as the parcel or parcels applied for are not under formal application for transfer to a qualified unit of local government.

(c) ADMINISTRATION OF LANDS ACQUIRED BY UNITED STATES.—In accordance with the provisions of section 206(c) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(c)), all lands acquired by the United States pursuant to this Act shall upon acceptance of title by the United States and without further action by the Secretary concerned become part of and be managed as part of the administrative unit or area within which they are located.

CITY OF BLACK HAWK, CO.
May 24, 1995.

Senator BEN NIGHTHORSE CAMPBELL,
Russell State Office Building,
Washington, DC.

DEAR SENATOR CAMPBELL: This letter is to reaffirm the City of Black Hawk's support for the land exchange proposal between Lake Gulch, Inc. and the U.S. Bureau of Land Management which you sponsored last year. We support the proposal and hope that you will see fit to seek its reintroduction before the Congress.

As our letter to you last August indicated, the lands which Lake Gulch Inc. is seeking to acquire through the exchange are scattered parcels ranging from 38 acres in size to as little as one-one hundredth of an acre. Because they are mostly interspersed with private lands which are owned or under option to Lake Gulch and its affiliates, it is our belief that there is little rationale for the BLM to retain them, but common sense logic supporting Lake Gulch's acquisition.

We feel the proposed acquisition by Lake Gulch will benefit our area by consolidating land that can be used for future residential and non-gaming purposes. As you may be aware, real estate prices within our existing city limits have escalated so rapidly since the advent of gaming that little land is realistically available at the present time for uses other than gaming and its ancillary facilities such as parking, lodging and restaurants. Therefore, we view it is highly desirable to see additional land consolidation into private ownership in our community so that there will be increased opportunities for the location of affordable housing, stores, gas stations, and other needed services.

We finally note that the legislation which you sponsored last year contained a provision in Section 2(d)(3) giving us the right to acquire easements or rights-of-way through the lands to be conveyed to Lake Gulch as might be necessary to serve future utility line or recreation path needs. We would request that this provision be included in the legislation again this year.

Thank you for your sponsorship of the legislation last year. We hope you will be able to lend your assistance again this year.

Sincerely,

KATHRYN ECCKER,
Mayor.

CITY OF CENTRAL,
Central City, CO., May 25, 1995

Senator BEN NIGHTHORSE CAMPBELL,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR NIGHTHORSE CAMPBELL: I am writing to reaffirm the City of Central's support, as first expressed to you in our letter of August 5, 1994, for the proposed Gilpin County land exchanged as embodied in bills S. 2470 and H.R. 5016 introduced in Congress last year. It is our understanding that Lake Gulch Inc. and its associates will be seeking reintroduction of the legislation this year, and we are supportive of their efforts provided that the legislation contains, as it did last year, a provision prohibiting the transfer to Lake Gulch of any lands in Section 13 for which we have submitted a formal transfer application.

We have re-examined the proposed land exchange boundaries with representatives of Lake Gulch Inc. and have reached agreement with them that the proposal will exclude the lands known as parcels 310, 305, and 307. The City of Central is currently seeking a land use permit and possible future purchase for those three tracts. With this exclusion, there should be no overlap between their proposal and our current application.

Please let us know if we can provide any assistance in this matter. We hope that the legislation can be reintroduced and moved forward expeditiously.

Yours Truly,

DAVID C. STAHL
Interim City Manager

BOARD OF COUNTY COMMISSIONERS,
GILPIN COUNTY,
Central City, CO., June 6, 1995.

Senator HANK BROWN,
Hart Senate Office Building,
Senator BEN NIGHTHORSE CAMPBELL,
Russell Senate Office Building,
Congressman SCOTT MCINNIS,
Cannon House Office Bldg.,
Congressman DAVID SKAGGS,
Longworth House Office Bldg.,
Washington, D.C.

DEAR CONGRESSMEN AND SENATORS: Last August we contacted your offices indicating the County's support of the proposed land exchange between the U.S. Bureau of Land Management and the Lake Gulch Organization, provided that the conveyance of the BLM lands to Lake Gulch would be subject to the existing easement for Gilpin County Road 6. We understand that the legislation failed due to Congress' adjournment last fall, but that Lake Gulch will be requesting its reintroduction in this Congress.

As we indicated last year, Gilpin County is supportive of the idea of taking any steps that would allow consolidation into private ownership of the land holdings involved in this land exchange. Given the extremely scattered nature of the BLM lands, we do not believe any purpose is served by their continued public ownership under BLM control whereas our County has the need for additional private land near the rapidly expanding communities in Black Hawk and Central City. Lake Gulch and its affiliates have represented that they own or control most of the private land surrounding the land they are seeking to acquire from the BLM, hence the requested land consolidation appears logical.

While we have no detailed knowledge of the principals, resources or objectives associated with Lake Gulch, we agree with the idea of taking any steps that would allow consolidation of land holdings in this area, including the transfer of BLM lands to Lake Gulch or some other entity that could demonstrate an ability to assemble a significant amount of privately held tracts in this area. Without knowing more about the company or its principals, we cannot say whether Lake Gulch is or is not the best entity to accomplish this goal.

Although the proposed bill reserves a right-of-way for County Rd. 6, which now runs through this area, no width is specified. We would expect the recipients of the public lands to recognize a no less than 60 foot right-of-way for County Road 6, in an alignment acceptable to the county.

While the county believes that the type of transfer contemplated in the proposed legislation is appropriate for the BLM lands in question, we also feel that other BLM lands in Gilpin County should be investigated for possible transfer to the county or other public or quasi-public entities for preservation and other uses which could directly benefit the residents of the county and surrounding areas. We look forward to a continuation of the ongoing discussion with BLM representatives on this matter.

Thanking you in advance for your attention to this important matter. Please do not hesitate to contact us if we can be of any assistance to you in your deliberations.

Sincerely,

RALPH H. KNULL,
Chairman

HUERFANO COUNTY BOARD OF COUNTY COMMISSIONERS,
Walsenburg, CO., June 7, 1995.

Senator BEN NIGHTHORSE CAMPBELL,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR CAMPBELL: We understand that you may shortly be considering a land exchange proposal which would involve up to 4700 acres of land in Huerfano County currently belonging to Mr. Orville Bonham being exchanged to the Bureau of Land Management.

Our Board is familiar with the land in question and is aware of BLM's ongoing interest in acquiring all or a portion of Mr. Bonham's land to protect Cucharas Canyon for future public uses such as hunting, fishing and other outdoor recreation. We are also aware that Mr. Bonham is willing to sell or exchange his lands to BLM. We, therefore, believe that public interest, as well as the interests of our County, would be well served by making such an exchange in Cucharas Canyon.

Thank you for your attention to this matter. Cucharas Canyon is a beautiful place where land ownership consolidation is logical to round out BLM's existing holdings.

Sincerely,

WILLIAM REINETS,
Chairman.
XAVIER E. SANDOVAL,
Commissioner.
NEAL J. COCCO,
Commissioner.●

By Mr. D'AMATO (for himself, Mr. MOYNIHAN, Mr. NICKLES, and Mr. INHOFE):

S. 986. A bill to amend the Internal Revenue Code of 1986 to provide that the Federal income tax shall not apply to United States citizens who are killed in terroristic actions directed at the United States or to parents of children who are killed in those terroristic actions; to the Committee on Finance.

THE TERRORISM VICTIMS TAX RELIEF ACT OF 1995

● Mr. D'AMATO. Mr. President, today I am introducing the Terrorism Victims Tax Relief Act of 1995, a bill that was prompted by the recent Oklahoma City bombing, and the 1993 World Trade Center bombing. I am pleased that my distinguished colleagues, Senators MOYNIHAN, INHOFE, and NICKLES join me in introducing legislation that we believe will provide some relief to families of Americans who fall victim to domestic terrorism directed against the U.S. Government.

Mr. President, of February 26, 1993, Americans were shocked when we experienced the most dramatic terrorist attack in our history. On that fateful day, the bombing of the World Trade Center brought international terrorism to this country. It was a heinous act that killed 6 people and injured over 1,000. This bombing was, in part, responsible for legislation recently passed that will provide our Federal law enforcement officials with more effective ways of fighting both domestic and international terrorism.

A little more than 2 years later, on April 19, 1995, in America's heartland, Oklahoma City was the scene of something far more heinous and devastating, the bombing of the Alfred P. Murrah Federal Building. This cold and calculated act ultimately killed 168 Americans, including 19 innocent children. The images of that day will remain with us forever, but most of all, the lives of family members will be forever changed.

Mr. President, it is for this reason that we introduce this legislation today. We believe it is our duty to do what we can, no matter how small, to lessen the emotional and financial burden on the families of the victims of these two horrible tragedies. This legislation would amend Internal Revenue Code section 692(c), which exempts from taxation the wages of military and civilian employees of the United States who die as a result of wounds or injury incurred outside the United States in a terroristic or military action.

This proposed legislation would amend the law to extend the provisions of section 692(c) to U.S. citizens, including the parents of children, who fall victim to either domestic or international terrorism. To take into consideration those American who died in the World Trade Center bombing, the effective date of this legislation would be for tax years beginning after December 31, 1992.

Mr. President, although we in Congress can do nothing to fill the void left by these tragedies, it is our belief that this legislation will help relieve the heavy burden felt by those who lost their husbands, wives and children. I hope that our colleagues on both sides of the aisle will join us in sponsoring this important legislation.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCOME TAX NOT TO APPLY TO UNITED STATES CITIZENS KILLED BY TERRORISTIC ACTIONS AGAINST THE UNITED STATES OR THEIR PARENTS IN THE CASE OF MINOR CHILDREN.

(a) APPLICATION TO ALL UNITED STATES CITIZENS AND PARENTS OF MINOR CHILDREN.—Section 692(c) of the Internal Revenue Code of 1986 (relating to taxation of the United States employees dying as a result of injuries sustained overseas) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4) and by inserting after paragraph (1) the following new paragraph:

''(2) EXTENSION TO ALL CITIZENS AND PARENTS OF MINOR CHILDREN.—Paragraph (1) shall also apply to—

''(A) a citizen of the United States who dies as a result of wounds or injury incurred in a terroristic action described in paragraph (3)(A) in which the individual was not a participant, and

''(B) if the individual described in subparagraph (A) has not attained the age of 19 prior to death, the parent of the individual, but only for the taxable year of the parent in which the individual died and only if the parent is allowed a deduction under section 151 for the individual for the taxable year (without regard to this subsection).''

(b) EXTENSION TO ACTIONS WITHIN THE UNITED STATES.—Paragraph (1) of section 692(c) of the Internal Revenue Code of 1986 (relating to taxation of United States employees dying as a result of injuries sustained overseas) is amended by striking ''outside the United States''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (4) of section 692(c) of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended by striking ''paragraph (2)'' and inserting ''paragraph (3)''.

(2) The heading for section 692(c) of such Code is amended to read as follows:

''(c) CERTAIN INDIVIDUALS DYING AS A RESULT OF TERRORISTIC OR MILITARY ACTIONS.—''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals dying after December 31, 1992.●

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 987. A bill to provide for the full settlement of all claims of Swain County, NC, against the United States under the agreement dated July 30, 1943, and for other purposes; to the Committee on Energy and Natural Resources.

THE SWAIN COUNTY SETTLEMENT ACT OF 1995

Mr. HELMS. Mr. President, today I introduce the Swain County Settlement Act of 1995, fulfilling a promise I made to the people of tiny Swain County, NC, two decades ago when I promised that I would do everything in my power to require the Federal Government to keep a commitment it made in writing to them back in 1943, more than a half-century ago.

This is the third time this legislation has been introduced. On October 22, 1991, I introduced the Swain County Settlement Act of 1991, and on January 26, 1993, I reintroduced this legislation as the Swain County Settlement Act of 1993. Unfortunately, the Senate did not pass this legislation in the 102d and 103d Congresses.

For those unfamiliar with this legislation, it merely directs the Secretary of the Interior and the Secretary of the Treasury to honor the 1943 contract between the people of western North Carolina and the Federal Government.

Mr. President, at the outset I make this point: At issue here is whether the U.S. Government will keep its word, and live up to a very clear commitment it made in writing 52 years ago in exchange for the right to flood thousands of acres of Swain County to create the Fontana Lake. By what we do, or fail to do, the integrity of the Federal Government, and those of us who serve in Congress today, will be decided in the minds of people who have been waiting for 52 years.

Specifically, the Helms legislation proposes three things: First, it orders the Secretary of the Interior to begin construction of the road promised by the Federal Government in 1943; second, it directs the Secretary of the Treasury to pay Swain County, North Carolina the sum of $16 million to compensate the county for the destruction of North Carolina Highway No. 288; and third, it orders the Park Service to

erect a historical marker at Soco Gap to honor the contributions of the Cherokee Nation to the people of North Carolina and to the United States.

Senators should be aware of what happened 52 years ago to understand why I so vigorously support full settlement of this matter. In 1943, the Federal Government and the Tennessee Valley Authority decided that in order to generate hydroelectric power they needed to flood land taken from the farmers in Swain County. Literally thousands of Swain County residents packed up and left their homes because the Federal Government needed their land. The Government did not relocate them, nor did the Government give North Carolina families additional land. The Government merely offered a few dollars for the land, buy many Swain County citizens never received even one dime for their land.

I don't have to remind Senators, Mr. President, that in 1943, World War II was raging in Europe and the Pacific. Many of the men from the Swain County area were overseas fighting for our freedom—at the very time their land back home was being seized by the Federal Government.

When the Government took the 44,400 acres of land north of Fontana Lake, it agreed: First, to reimburse Swain County for an existing highway that was flooded in order to create Fontana Lake; and second, to build an around-the-park road to, among other things, provide access to gravesites left behind when the people were forced off the land.

In case any Senator cares to see it, I have a copy of the North Shore Road contract signed by FDR's Interior Secretary Harold Ickes and North Carolina's Gov. J. Melville Broughton.

In July 1943, shortly after the agreement was signed, a Tennessee Valley Authority supervisor wrote the families about gravesite removal. The letter stated:

> The construction of Fontana Dam necessitates the flooding of the road leading to the Proctor Cemetery located in Swain County, North Carolina, and to reach this cemetery in the future [it] will be necessary to walk a considerable distance until a road is constructed in the vicinity of the cemetery, which is proposed to be completed after the war has ended. We are informed that you are the nearest surviving relative of a deceased who is buried in this cemetery.

Because of the understanding mentioned in this letter—that the road would be completed shortly after the war—families in Swain County agreed to leave their deceased relatives on the land taken by the Federal Government.

Mr. President, documents dating back to 1943 show that the Government did fulfill its promise to pay for Highway No. 288. In 1943 the Government paid to the State of North Carolina approximately $400,000, an amount which represents the principal which Swain County owed on outstanding bonds.

According to my information, the Federal Government paid that amount to the State of North Carolina as trustee. A letter dated November 22, 1943, from the Treasurer of the Tennessee Valley Authority to the Treasurer of the State of North Carolina confirms that payment was indeed made.

The full payment never reached Swain County because it went into the State's general highway fund account and the Federal Government never fulfilled its obligation to build the road. There were a few false starts. In 1963, the Federal Government built 2.5 miles of the road; in 1965, it built 2.1 miles; and in 1969 it built 1 additional mile and a 1,200-foot tunnel. Then the environmentalists got into the act and the project was shut down.

Now, Mr. President, you can visit one of western North Carolina's best-known sites, the ''Road to Nowhere.'' It is a travesty—a monument to a broken promise by the U.S. Government.

The payment of $16 million to Swain County, which is to compensate the county for the destruction of North Carolina Highway No. 288 in 1943, will certainly help this economically poor county. However, it will never be able to cover all the economic distress that Swain County and most of western North Carolina have suffered because of the increasing amount of land in western North Carolina being acquired by the Federal Government and taken off the tax rolls.

Over the years, people in western North Carolina have watched the Federal Government seize their land for one purpose or another. They have very little industry. They have little tax base. The unemployment rate is high.

No one can fully appreciate how the Government has crippled the economy in western North Carolina until he or she looks at how much land the Federal Government has already seized. In Swain County alone, out of 345,715 acres, the Federal Government has taken 276,577 acres. Nearby Graham County has the same problem. Of the 193,216 acres in that county, the Federal Government has taken 138,813 acres. Of the 353,452 acres in Haywood County, the Federal Government has taken 131,111 acres.

I mention all this to emphasize the frustration in western North Carolina. Meanwhile, in the four Tennessee counties bordering the Great Smoky Mountains National Park for instance, the Federal Government owns less than two fifths of the land. I have no quarrel with our friends in Tennessee, but facts are facts.

Although the Great Smoky Mountains National Park is the most visited national park in the country, few tourists who travel through the Smokies have a place to pause on the North Carolina side of the park. The road in Swain County, promised over 52 years ago, would change that. It would attract industry and tourists—not to the detriment of the scenic beauty of the Smokies but for the betterment of the citizens of western North Carolina. In fact, I would like the road to become a part of the Blue Ridge Parkway system.

The Helms legislation takes care of Department of the Interior regulations and so-called environmental guidelines that would prevent the construction of the road because it orders, notwithstanding any other provision of law, the Secretary of the Interior to build the road.

As Paul Harvey put it, ''Now you know the rest of the story.'' And as I stated at the outset, I made a commitment to the people of western North Carolina years ago. I promised to fight for their interests. If I lose, the Federal Government will lose the respect and confidence of thousands of North Carolinians.

Mr. President, I ask unanimous consent that the full text of S. 987 be printed in the RECORD.

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

S. 987

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 ''Swain County Settlement Act of 1995''.

SEC. 2. SETTLEMENT OF CLAIMS.

(a) FINDINGS.—Congress finds that—

(1) Swain County, North Carolina, claims certain rights acquired pursuant to an agreement dated July 30, 1943, between the Secretary of the Interior, the State of North Carolina, the Tennessee Valley Authority, and Swain County, North Carolina (referred to in this Act as the ''1943 Agreement'');

(2) the 1943 Agreement provided that the Department of the Interior would construct a road along the north shore of the Fontana Reservoir to replace a road flooded by the construction of Fontana Dam and the filling of the reservoir; and

(3) the road has not been completed.

(b) PURPOSE.—The purpose of this section is to settle and quiet all claims arising out of the 1943 Agreement.

(c) SETTLEMENT.—

(1) COMPLETION OF ROAD.—Notwithstanding any other provision of law, the Secretary of the Interior shall complete the road along the north shore of the Fontana Reservoir according to the terms of the 1943 Agreement.

(2) PAYMENT TO SWAIN COUNTY.—

(A) IN GENERAL.—After completion of the road under paragraph (1), the Secretary of the Treasury shall pay Swain County, North Carolina, the sum of $16,000,000, which shall be deposited in an account in accordance with the rules and regulations established by the North Carolina Local Government Commission.

(B) EXPENDITURE.—

(i) PRINCIPAL.—The principal of the sum may be expended by Swain County only under a resolution approved by an affirmative vote of two-thirds of the registered voters of the county.

(ii) INTEREST.—Interest earned on the unexpended principal of the sum may be expended only by a majority vote of the duly elected governing commission of Swain County.

(d) RESTRICTION ON USE OF FUNDS.—Money made available pursuant to this section may not be paid to or received by an agent or attorney on account of services rendered in connection with the claims settled by this section.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such

sums as are necessary to carry out this section.

SEC. 3. CHEROKEE HISTORICAL MARKER.

The Secretary of the Interior shall allocate the funds and personnel necessary to place a suitable historical marker at or near the approach to the Cherokee Qualls Reservation at Soco Gap, North Carolina, in recognition of the historical importance of Soco Gap and the contribution of the Cherokee Nation to the State of North Carolina and the United States.

By Mr. HELMS:

S. 988. A bill to direct the Secretary of the Interior to transfer administrative jurisdiction over certain land to the Secretary of the Army to facilitate construction of a jetty and sand transfer systems, and for other purposes; to the Committee on Environment and Public Works.

THE OREGON INLET PROTECTION ACT OF 1995

Mr. HELMS. Mr. President, in offering the Oregon Inlet Protection Act of 1995, I would emphasize that this is legislation of vital importance to thousands of citizens of both North Carolina and other States and especially the citizens of the Outer Banks along the northeastern coast of my State. The commercial and recreational fishermen who risk their lives each day attempting to navigate the hazardous waters of Oregon Inlet have been pleading for this legislation for decades. It is, in fact, a matter of life or death for them.

On December 30, 1992, a 31-foot commercial fishing vessel sank in Oregon Inlet—the 20th ship to go down in those waters since 1961. Fortunately, both crewmen were rescued, but the Coast Guard has never found the wreckage. At last count, 20 fisherman have lost their lives in Oregon Inlet in the past 30 years.

This legislation proposes to spend no money, nor authorize new expenditures nor new projects. It requires the Secretary of the Interior to transfer two small parcels of Interior Department land to the Department of the Army so that the Corps of Engineers may begin work on a too long-delayed project authorized by the Congress in 1970, 25 years ago.

This legislation transfers 100 acres of land, adjacent to Oregon Inlet in Dare County, NC, to the Department of Army.

Mr. President, in October 1992, then Interior Secretary Manuel Lujan issued conditional permits for the Corps of Engineers to begin the construction process. However, the Clinton administration revoked those permits. The bill I am offering today serves notice to the self-proclaimed environmentalists who have stalled this project that I will continue to do everything I can to protect the lives and livelihoods of the countless commercial and recreational fisherman who have been denied greater economic opportunities because of the obstinacy of the federal government.

A brief review of the history of this problem may be in order:

In 1970, Congress authorized the stabilization of a 400-foot wide, 20-foot deep channel through Oregon Inlet, and the installation of a system of jetties with a sand-by-pass system. The U.S. Army Corps of Engineers was authorized to design and build the jetties.

Ever since 1970, however, the project has been repeatedly and deliberately delayed by bureaucratic roadblocks contrived by the fringe elements of the environmental movement. As a result, many lives and livelihoods have been lost. North Carolina's once thriving fishing industry has deteriorated, and access to the Pea Island National Wildlife Refuge and the Cape Hatteras National Seashore has been threatened.

Throughout the past 25 years critics of this project have claimed more studies were needed and more time was essential to determine the impact the jetties will have on the Outer Banks. Pure stalling tactics, Mr. President, while men died and livelihoods were lost. Twenty-five years of studies. Is this not enough of bureaucratic stalling?

Mr. President, the proposed Oregon Inlet project surely is the most overstudied project in the history of the Corps of Engineers and the Department of the Interior. Since 1969, the Federal Government has conducted 97 major studies and three full blown environmental impact statements but, of course, the environmentalists demand more. As for the cost/benefit factor, the Office of Management and Budget found—as recently as March 14, 1991—the project to be economically justified. Then, in December 1991, a joint committee of the Corps of Engineers and the Department of the Interior recommended to then Interior Secretary Lujan and then Assistant Secretary of the Army for Civil Works Page that the jetties be built. But the people of the Outer Banks, NC are still waiting.

The time has come to get off the dime. Too many lives have been lost and the very existence of the Outer Banks is now in question because nothing has been done to manage the flow of sand from one end of the coastal islands to the other. If very much more time is wasted, the environmentalists won't have to worry about turtles or birds on Cape Hatteras, because a few short years hence, Oregon Inlet will have disappeared.

To understand why this project has become one of the Interior Department's most studied and controversial and to see how out of touch these environmental extremists are, the October 1992, edition of the Smithsonian magazine is highly instructive. In an article entitled, ''The beach boy sings a song developers don't want to hear,'' the magazine chronicles the adventures of a professor at a major North Carolina university who has made his living organizing opposition to all coastal engineering projects on the Outer Banks—Oregon Inlet in particular. The article further relates how, when confronted by an angry Oregon Inlet fisherman—a man who works for a living made more hazardous by the failure to keep a safe channel at Oregon Inlet open—this professor retorted that he and his radical friends will not be satisfied until ''all the houses are taken off the shore to leave it the way it was before.''

Mr. President, this from a professor whose home occupies a large plot of land 200 miles west in the middle of North Carolina. Yet, the professor is all too ready to deprive other North Carolinians of their rights to live and prosper.

That is not environmental activism. It is environmental hypocrisy.

As the poet said, ''that does not even make good nonsense''.

Mr. President, the issue is clear. The time for delay is over. It is time to put these long-neglected citizens of North Carolina first. This legislation should mark the beginning of the end of the jetty debate on the Outer Banks.

Mr. President, I ask unanimous consent that the full text of S. 988, the Oregon Inlet Protection Act of 1995 be printed in the RECORD.

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

S. 988

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 ''Oregon Inlet Protection Act of 1995''.

SEC. 2. FLOOD CONTROL IMPROVEMENTS.

(a) IN GENERAL.—

(1) JOINT DESIGNATION.—Not later than 60 days after the date of enactment of this Act, the Secretary of the Interior and the Secretary of the Army, acting through the Chief of Engineers of the Army Corps of Engineers, shall jointly designate the tracts of land for the jetty and sand transfer system for the Oregon Inlet on the Coast of North Carolina, approximately 85 miles south of Cape Henry and 45 miles north of Cape Hatteras (as described on page 12 of the Report of the House of Representatives numbered 91–1665), authorized under the River and Harbor Act of 1970 and the Flood Control Act of 1970 (Public Law 91–611; 84 Stat. 1818), and the Secretary of the Interior shall transfer administrative jurisdiction over those tracts to the Secretary of the Army.

(2) FAILURE TO JOINTLY DESIGNATE.—If the Secretary of the Interior and the Secretary of the Army fail to jointly designate the tracts of land by the date that is 60 days after the date of enactment of this Act, the Secretary of the Army shall designate the tracts of land pursuant to a description prepared by the Secretary of the Army, in consultation with the Chief of Engineers, and shall notify the Secretary of the Interior of the designation, who shall transfer administrative jurisdiction over those tracts to the Secretary of the Army.

(b) SIZE.—

(1) LIMITS.—Except as provided in paragraph (2), the quantity of acreage in the tracts referred to in subsection (a) shall not exceed—

(A) with respect to the tract in the Cape Hatteras National Seashore Recreational Area, 65 acres; and

(B) with respect to the tract in the Pea Island National Wildlife Refuge, 35 acres.

(2) EXCEPTION.—If the Secretary of the Army and the Secretary of the Interior

jointly designate the tracts of land pursuant to subsection (a)(1), the area of each tract may exceed the acreage specified for the tract in paragraph (1).

(c) MODIFICATION.—Notwithstanding subsection (b)(1), if, after designating the tracts of land pursuant to subsection (a)(2), the Secretary of the Army determines that any tract is inadequate for the construction, operation, and maintenance of a jetty and sand transfer system for the Oregon Inlet, the Secretary of the Army may designate, not earlier than 60 days after providing notice of a designation to the Secretary of the Interior under subsection (a)(2), an additional tract of land adjacent to the inadequate tract.

By Mrs. KASSEBAUM (for herself, Mr. COATS, Mr. GORTON, and Mr. HATCH):

S. 989. A bill to limit funding of an Executive order that would prohibit Federal contractors from hiring permanent replacements for lawfully striking employees, and for other purposes; to the Committee on Labor and Human Services.

STRIKER REPLACEMENT LEGISLATION

Mrs. KASSEBAUM. Mr. President, I rise today to introduce, along with Senators COATS, GORTON, and HATCH, the Fairness in Federal Contracting Act, a bill to prohibit the administration from using any appropriated funds to administer its striker replacement Executive order. I encourage my colleagues to join with me in supporting this important legislation.

Mr. President, I have been involved with this issue for the last 4 years. Quite frankly, I had hoped that this whole matter of hiring permanent replacements for striking workers had been put to rest. Apparently, I was mistaken.

As my colleagues may know, for over 60 years, Federal labor law has permitted workers to strike and employers to continue to operate during a strike, if necessary with the assistance of permanent replacements. During the 102d and 103d Congresses, the Senate debated whether to prohibit permanent striker replacements. Ultimately, however, we did not amend Federal labor law.

Members may disagree on whether we made the right decision over the last two sessions of Congress, but everyone will agree that the matter was properly before us. The Congress of the United States should decide important matters of national labor policy.

That changed on March 8, 1995, when the President issued an Executive order permitting the administration to cancel Federal contracts with companies that have hired permanent striker replacements. Through the Executive order, the President attempted to change our Federal labor laws.

Mr. President, we cannot allow our system of Government to be undermined. The Congress makes the laws, and the executive branch enforces them.

The legislation I propose today will reassert congressional authority over Federal labor policy by the only means that we now have, which is the power of the purse. This bill will prohibit the administration from spending any appropriated funds to implement or enforce the striker replacement executive order.

I hope that my colleagues, whatever their view of the striker replacement issue, will recognize the fundamental, constitutional principle at stake here and will support this legislation.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 989

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 ''Fairness in Federal Contracting Act of 1995''.

SEC. 2. FINDINGS AND PURPOSES.

(a) FUNDINGS.—Congress finds that—

(1) it is the role of Congress, as the representative body of the people, to decide the policy of the United States with respect to relations between management and labor; and

(2) the executive branch should not use the Federal procurement process to initiate major changes in the labor-management relations of the United States.

(b) PURPOSE.—The purpose of this Act is to ensure that the Congress decides important labor-management relations policy by prohibiting the executive branch from spending any appropriated funds for the purpose of implementing an executive order that would debar or in any way limit the right of Federal contractors under common law to use permanent replacements for lawfully striking employees.

SEC. 3. LIMIT ON APPROPRIATED FUNDS.

None of the funds made available under any appropriations Act for fiscal year 1995 may be used to issue, implement, administer, or enforce any executive order, or other rule, regulation, or order, that limits, restricts, or otherwise affects the ability of any existing or potential Federal contractor, subcontractor, or vendor to hire permanent replacements for lawfully striking employees.

By Mr. DOLE (for himself and Mr. INOUYE):

S. 990. A bill to expand the availability of qualified organizations for frail elderly community projects (Program of All-inclusive Care for the Elderly) [PACE], to allow such organizations, following a trial period, to become eligible to be providers under applicable titles of the Social Security Act, and for other purposes; to the Committee on Finance.

THE PACE PROVIDER ACT OF 1995

Mr. DOLE. Mr. President, I am pleased to introduce today, along with the distinguished Senator from Hawaii, Senator INOUYE, the PACE Provider Act of 1995. PACE—the Program of All-inclusive Care for the Elderly—is a cost-effective managed care system pioneered by On Lok Senior Health Services in San Francisco.

PACE programs provide a comprehensive package of primary acute and long-term care services. All services, including primary and specialty medical care, adult day care, home care, nursing, social work services, physical and occupational therapies, prescription drugs, hospital and nursing home care are coordinated and administered by PACE program staff.

Mr. President, PACE programs are cost effective in that they are reimbursed on a capitated basis, at rates that provide payers savings relative to their expenditures in the traditional Medicare, Medicaid, and private pay systems.

The PACE Provider Act does not expand the number of individuals eligible for benefits in any way. Rather, it makes available to individuals already eligible for nursing home care, because of their poor health status, a preferable, and less costly alternative.

Specifically, the act would increase the number of PACE programs authorized from 15 to 30 in 1995; to 40 in 1996; to 50 in 1997; and to an unlimited number in 1998.

Mr. President, today, 11 PACE programs provide services to 2,200 individuals in eight States—California, Colorado, Massachusetts, New York, Oregon, South Carolina, Texas, and Wisconsin. At least 45 other organizations are actively working to develop PACE in many other States.

By expanding the availability of community-based long-term care services, On Lok's success of providing high quality care with an emphasis on preventive and supportive services, can be replicated throughout the country. PACE programs have substantially reduced utilization of high-cost inpatient services. In turn, dollars that would have been spent on hospital and nursing home services are used to expand the availability of community-based long-term care.

Mr. President, analyses of costs for individuals enrolled in PACE show a 5- to 15-percent reduction in Medicare and Medicaid spending relative to a comparably frail population in the traditional Medicare and Medicaid systems.

States have voluntarily joined together with community organizations to develop PACE programs out of their commitment to developing viable alternatives to institutionalization. This is particularly relevant as the demand and responsibility for long-term care expands.

Mr. President, as our population ages, we must continue to place a high priority on long-term care services. Giving our seniors alternatives to nursing home care and expanding the choices available, is not only cost effective, but will also improve the quality of life for older Americans.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 990

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 ''PACE Provider Act of 1995''.

SEC. 2. WAIVER AUTHORITY AND PROVIDER ELIGIBILITY FOR PACE PROJECTS.

(a) TRIAL PERIODS.—

(1) IN GENERAL.—The Secretary of Health and Human Services (hereafter for purposes of this Act referred to as the 'Secretary') shall grant waivers of certain requirements of titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq., 42 U.S.C. 1396 et seq.), or of any other applicable title of such Act, to public or nonprofit community-based organizations for a trial period to enable such organizations to demonstrate their capacity to provide comprehensive health care services of proper quality on a cost-effective capitated basis to frail elderly patients at risk of institutionalization. An organization shall be eligible to be a provider under such titles if the organization successfully completes the trial period described in the preceding sentence.

(2) APPROVAL OF APPLICATIONS.—An appropriately completed application for a waiver under this Act is deemed approved unless the Secretary specifically disapproves it in writing—

(A) not later than 90 days after the date the completed application is filed in proper form; or

(B) not later than 90 days after the date additional information is provided to the Secretary if the Secretary requests reasonable and substantial additional information during the 90-day period described in subparagraph (A).

(3) SOLE AUTHORITY.—The Secretary shall have sole authority to approve or disapprove the eligibility of an organization for a waiver under this Act and shall make such determinations in a timely manner.

(4) CONSIDERATION OF EXISTING SITES.—In reviewing an application for a waiver under this Act, the Secretary shall—

(A) consider whether any existing organization already operates under a waiver granted under this Act in the proposed service area identified in the application; and

(B) if the Secretary determines that such an organization exists, assure that the potential population of eligible individuals to be served under the proposed waiver is reasonably sufficient to sustain an additional organization without jeopardizing the economic or service viability of any other organization operating in that service area.

(b) TERMS AND CONDITIONS FOR WAIVERS.—

(1) IN GENERAL.—Except as otherwise provided by law or regulation, the terms and conditions of a waiver granted pursuant to this Act shall be substantially equivalent to—

(A) the terms and conditions of the On Lok waiver (referred to in section 603(c) of the Social Security Amendments of 1983 and extended by section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985), including permitting the organization to assume the full financial risk progressively over the initial 3-year period of the waiver; and

(B) the terms and conditions provided under the Protocol for the Program of All-inclusive Care for the Elderly (PACE), as published by On Lok, Inc. as of April 14, 1995, and made generally available.

(2) NOT CONDITIONED ON INFORMATION.—

(A) IN GENERAL.—The Secretary's approval of a waiver for a trial period shall not be conditioned upon an organization collecting information for purposes other than operational purposes, including monitoring of cost and quality of care provided.

(B) RESEARCH.—The Secretary may require information from an organization operating under a waiver under this Act for purposes of general research or general evaluation, but only if an organization agrees to participate in such research or evaluation and is appropriately compensated for any expenses incurred, or where such research is undertaken entirely at the expense of the Secretary.

(3) 3-YEAR WAIVER LIMIT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a waiver granted under this Act shall be for a trial period not to exceed 3 years.

(B) EXCEPTION.—The Secretary may extend a waiver granted under this Act beyond the 3-year period during the consideration of an application from an organization under subsection (c).

(4) NUMBER OF ORGANIZATIONS AUTHORIZED.—

(A) PRIOR TO JULY 1, 1998.—

(i) IN GENERAL.—The Secretary shall grant waivers under this Act to not more than—

(I) 30 organizations before July 1, 1996;

(II) 40 organizations before July 1, 1997, and after July 1, 1996; or

(III) 50 organizations before July 1, 1998, and after July 1, 1997.

(ii) SECTION 9412(B) AND ON LOK WAIVERS INCLUDED.—For purposes of clause (i), the number of organizations specified in such clause shall include any organization established and operating under a waiver granted under section 603(c) of the Social Security Amendments of 1983 or any organization established and operating under a waiver granted under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 (as such sections were in effect on the day before the date of the enactment of this Act).

(B) ON AND AFTER JULY 1, 1998.—On and after July 1, 1998, the number of organizations operating under a waiver under this Act shall no longer be limited.

(c) ELIGIBILITY TO BE A PROVIDER.—

(1) IN GENERAL.—Upon successful completion of the trial period established under this Act, an organization which continues to meet the requirements of this Act shall be eligible to be a provider under any applicable title of the Social Security Act, including under titles XVIII and XIX of such Act (42 U.S.C. 1395 et seq.; 42 U.S.C. 1396 et seq.), and may apply to be recognized as such in accordance with regulations promulgated by the Secretary.

(2) REQUIREMENTS.—No organization may be eligible to be a provider under any applicable title of the Social Security Act if—

(A) the Secretary specifically and formally finds that projected reimbursement for such organization would not, without any reimbursement modifications specified in the Secretary's finding, result in payments below the projected costs for a comparable population under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and the medicaid program under title XIX of such Act (42 U.S.C. 1396 et seq.), or under any other applicable title of such Act, or that the care provided by such organization is significantly deficient; and

(B) such projected reimbursement costs or significant deficiencies in quality of care are not appropriately adjusted or corrected on a timely basis (as determined by the Secretary) in accordance with the specific recommendations for reimbursement adjustments or corrections in the quality of service included in the Secretary's formal finding under subparagraph (A).

(3) NOT CONDITIONED ON INFORMATION.—The provisions of subsection (b)(2) shall apply to an organization eligible to be a provider under any applicable title of the Social Security Act after successfully completing a trial period under this Act.

(d) REIMBURSEMENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, and except as provided in paragraph (2), an organization that is granted a waiver under this Act, or that is eligible to be a provider under any applicable title of the Social Security Act as a result of this Act, shall ordinarily be reimbursed on a capitation basis. Any such organization may provide additional services as deemed appropriate by the organization for qualified participants without regard to whether such services are specifically reimbursable through capitation payments. To the extent such services, in terms of type or frequency, are not reimbursable, no payments for such services may be required of participants.

(2) EXCEPTION.—In the case of an organization receiving an initial waiver under this Act on or after October 1, 1995, the Secretary (at the request of the organization) shall not require the organization to provide services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) on a capitated or other risk basis during the first or second year of the waiver, in order to allow such an organization to progressively assume the financial risk and to acquire experience with such a payment method.

(e) APPLICATION TO ON LOK WAIVERS.—The provisions of this Act also shall apply to an organization operating under the On Lok waiver described in subsection (b)(1)(A).

(f) APPLICATION OF INCOME AND RESOURCES STANDARDS FOR CERTAIN INSTITUTIONALIZED SPOUSES.—Section 1924 of the Social Security Act (42 U.S.C. 1396r–5) (relating to the treatment of income and resources for certain institutionalized spouses) shall apply to any individual receiving services from an organization operating—

(1) under a waiver under this Act; or

(2) as a provider under title XIX of such Act, after a determination that the organization has successfully completed a trial period under this Act.

(g) PROMOTION OF ADDITIONAL APPLICATIONS.—The Secretary shall institute an ongoing effort to promote the development of organizations to acquire eligibility, through participation in a trial period under this Act, to become providers under any applicable title of the Social Security Act.

(h) PROVISION OF SERVICES TO ADDITIONAL POPULATIONS.—Nothing in this Act shall prevent any participating organization from independently developing distinct programs to provide appropriate services to frail populations other than the elderly under any provision of law other than this Act, except where the Secretary finds that the provision of such services impairs the ability of the organization to provide services required for the elderly.

(i) DEFINITION OF PROVIDER.—The term ''provider'' means a provider of services which—

(1) has filed an agreement with the Secretary under section 1866 of the Social Security Act (42 U.S.C. 1395cc);

(2) is eligible to participate in a State plan approved under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.); or

(3) is eligible to receive payment for such services under any other applicable title of the Social Security Act.

SEC. 3. APPLICATION OF SPOUSAL IMPOVERISHMENT RULES.

Section 1924(a)(5) of the Social Security Act (42 U.S.C. 1396r–5(a)(5)) is amended to read as follows:

''(5) APPLICATION TO INDIVIDUALS RECEIVING SERVICES FROM CERTAIN ORGANIZATIONS.—This section applies to individuals receiving institutional or noninstitutional services from any organization—

''(A) operating under a waiver under—

''(i) section 603(c) of the Social Security Amendments of 1983 (as in effect on the day

before the date of the enactment of the PACE Provider Act of 1995);

''(ii) section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 (as so in effect); or

''(iii) the PACE Provider Act of 1995; or

''(B) which has become a provider under this title after a determination that the organization has successfully completed a trial period under the PACE Provider Act of 1995.''.

SEC. 4. REPEALS; EFFECTIVE DATE AND APPLICATION TO EXISTING WAIVERS.

(a) REPEALS.—Section 603(c) of the Social Security Amendments of 1983, section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985, and section 9412(b) of the Omnibus Budget Reconciliation Act of 1986 are repealed.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the provisions of subsection (a) shall be effective on the date of the enactment of this Act.

(2) APPLICATION TO EXISTING WAIVERS.—

(A) IN GENERAL.—To the extent that any organization is operating on the date of the enactment of this Act under the On Lok waiver (referred to in section 603(c) of the Social Security Amendments of 1983 and extended by section 9220 of the Consolidated Omnibus Budget Reconciliation Act of 1985), or a waiver granted under section 9412(b) of the Omnibus Budget Reconciliation Act of 1986, the provisions of such sections (as in effect before the date of the enactment of this Act) shall continue to apply with respect to such waiver until—

(i) the organization is eligible to be a provider under this Act;

(ii) the Secretary issues and implements the regulations referred to in section 2(c)(1); and

(iii) the organization has had a reasonable opportunity to apply to be recognized as a provider, such application has been formally considered by the Secretary, and a final determination on the application has been made.

(B) CONTINUATION OF WAIVER UNTIL EFFECTIVE DATE.—The waiver authority of any organization applying for recognition under subparagraph (A) shall continue until—

(i) the date that the Secretary determines that such organization is eligible to be and can actually serve as a provider under this Act; or

(ii) if the Secretary determines that the organization is not eligible to be a provider under this Act, the expiration of the waiver.

(C) CONSIDERATION OF PERIODS OF OPERATION PRIOR TO THIS ACT.—In determining whether an organization is eligible to be a provider under subparagraph (A), the Secretary—

(i) in determining whether the organization has successfully completed a trial period under this Act, shall consider any period before the date of the enactment of this Act during which an organization was operating under a waiver described in subparagraph (A); and

(ii) shall treat the organization as eligible to be a provider under this Act for periods after the date of the enactment of this Act and before such determination if the organization meets the requirements of the regulations issued under section 2(c)(1) during such periods.

By Mr. SIMPSON (by request):

S. 991. A bill to amend title 38, United States Code, and other statutes, to extend VA's authority to operate various programs, collect copayments associated with provision of medical benefits, and obtain reimbursement from insurance companies for care furnished; to the Committee on Veterans' Affairs.

VETERANS' LEGISLATION

• Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 991, a bill to amend title 38, United States Code, and other statutes to extend VA's authority to operate various programs, collect copayments associated with provision of medical benefits, and obtain reimbursement from insurance companies for care furnished. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated March 3, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter and the enclosed analysis of the draft legislation.

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

S 991

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. Section 1720A(e) is amended by striking ''1995'' and inserting in lieu thereof ''1997''.

SEC. 3. Section 1720C(a) is amended by striking ''1995'' and inserting in lieu thereof ''1996''.

SEC. 4. Section 1722A(c) is amended by striking ''1998'' and inserting in lieu thereof ''2000''.

SEC. 5. (a) Section 1732 is amended—

(1) in the heading by striking ''and grants'';

(2) by striking subsection (b) and redesignating subsections (c) and (d) as (b) and (c);

(3) in subsection (b) as redesignated by striking ''or grant'' both places it appears;

(4) in subsection (c) as redesignated by striking ''and to make grants''.

(b) The table of sections at the beginning of chapter 17 is amended by revising the item relating to section 1732 to read as follows:

''1732. Contracts to provide for the care and treatment of United States veterans by the Veterans Memorial Medical Center''.

SEC. 6. Section 3735(c) is amended by striking ''1995'' and inserting in lieu thereof ''1997''.

SEC. 7. Section 7451(d)(3)(C)(iii) is amended by striking ''1995'' and inserting in lieu thereof ''1999''.

SEC. 8. Section 7618 is amended by striking ''1995'' and inserting in lieu thereof ''1999''.

SEC. 9. Section 8169 is amended by striking ''1995'' and inserting in lieu thereof ''1997''.

SEC. 10. Section 115(d) of the Veterans' Benefits and Services Act of 1988, Public Law 100–322, is amended by striking ''1995'' and inserting in lieu thereof ''1998''.

SEC. 11. Section 7(a) of Public Law 102–54 is amended by striking ''1995'' and inserting in lieu thereof ''1998''.

SEC. 12. Section 8013(e) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is amended by striking ''1998'' and inserting in lieu thereof ''2000''.

SEC. 13. The Secretary of Veterans Affairs may carry out the major medical facility projects for the Department of Veterans Affairs, and may carry out the major medical facility leases for that Department, for which funds are requested in the budget of the President for Fiscal Year 1996, and authorization is required under section 8104(a)(2) of title 38, United States Code.

SEC. 14. (a) There are authorized to be appropriated to the Secretary of Veterans Affairs for Fiscal Year 1996—

(1) $224,800,000 for the major medical facility projects authorized in section 13; and

(2) $2,790,000 of the major medical facility leases authorized in section 13.

(b) The projects authorized in section 13 may only be carried out using—

(1) funds appropriated for fiscal year 1996 pursuant to the authorization of appropriations in subsection (a);

(2) funds appropriated for Construction, Major Projects for any fiscal year that remain available for obligation; and

(3) funds appropriated for Construction, Major Projects for any fiscal year for a category of activity not specific to a project.

SEC. 15. Section 1710(e)(3) is amended to read as follows:

''(3) Hospital and nursing home care and medical services may not be provided under or by virtue of subsection (a)(1)(G) of this section—

(A) after December 31, 1996 in the case of a veteran described in paragraph (1)(A);

(B) after September 30, 1997 in the case of a veteran described in paragraph (1)(C).''

SEC. 16. Section 1712(a)(1)(D) is amended by striking out ''December 31, 1995'' and inserting in lieu thereof ''September 30, 1997''.

SEC. 17. Section 1729(a)(2)(E) is amended by striking ''1988'' and inserting in lieu thereof ''2000''.

SECTION-BY-SECTION ANALYSIS

Section 2: Section 2 would amend 38 U.S.C. §1720A to extend through December 31, 1997, VA's authority to contract for care, treatment, and rehabilitative services for eligible veterans suffering from alcohol or drug dependence or abuse disabilities. Section 1720A specifically authorizes VA to contract for the appropriate care with halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities. Before October 1, 1997, the Department will complete an evaluation of this program's effectiveness to determine whether it should be permanently authorized. Under existing law, authority to enter into such contracts expires on December 31, 1995.

Section 3: Section 3 would amend 38 U.S.C. §1720C(a) to extend through September 30, 1996, VA's authority to conduct its Pilot Program for Noninstitutional Alternatives to Nursing Home Care. Under existing law, authority for this recently implemented pilot program will expire on September 30, 1995. The program allows VA to contract for provision of home-based care, and other noninstitutional care for veterans who are either receiving nursing home care or who are in need of nursing home care. Extension of the authority will allow VA to fully assess the cost-effectiveness of the program as an

inexpensive alternative to costly nursing home care.

Section 4: Section 1722A of title 38, United States Code, requires VA to charge a $2 copayment for each 30 day supply of medication furnished to veterans, except service-connected veterans rated at least 50 percent, veterans receiving the medication for a service-connected disability, and nonservice-connected veterans with low incomes. Subsection (c) of section 1722A provides that the copayment requirement will expire on September 30, 1998. Section 4 of this proposal would extend the authority to collect the copayments through September 30, 2000.

Section 5: Section 5 would amend section 1732 of title 38, United States Code, to delete all provisions pertaining to authorization of appropriations for VA to make certain grants to the Veterans Memorial Medical Center (VMMC) in the Philippines. For a number of years, section 1732(b) authorized appropriations for VA to make grants to assist the Philippines in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of the VMMC. Although the authorization of appropriations expired on September 30, 1990, Congress has continued to appropriate funds for the grants in VA's annual appropriation Act. No funds for the grants are being sought in the President's budget for Fiscal Year 1996. There is no reason to retain the provisions in section 1732, and section 5 would therefore delete them.

Section 6: Section 6 would amend 38 U.S.C. §3735(c) to extend through December 31, 1997, VA's authority to sell, lease, or donate certain real property for use by homeless veterans. The law permits VA to convey real property acquired under the Department's home loan guaranty program to nonprofit organizations, states, and local governments which agree to use the property solely as a shelter primarily for homeless veterans and their families. Under existing law, authority for the program will expire on December 31, 1995.

Section 7: Section 7 would amend 38 U.S.C. §7451(d)(3)(C) to extend through April 1, 1999, the authority of VA medical center directors to use nurse anesthetist contract agency compensation data to adjust locality-based nurse anesthetist pay rates where a VA locality survey provides insufficient data. A medical center may use this authority only if, after exhaustion of all available administrative authority, it is unsuccessful in conducting a VA local survey.

Section 8: Section 8 would amend 38 U.S.C. §7618 to extend through fiscal year 1999, VA's authority to award scholarships under VA's Health Professional Scholarship Program. The program assists VA in recruiting and retaining various health professionals, most notably nurses, physical therapists, occupational therapists, nurse anesthetists, and respiratory therapists. VA furnishes students in the above professions with scholarships during the final year or two of their educational program. In return, the student agrees to work for VA for a specified period of obligated service. Under existing law, authority for the scholarship program will expire on December 31, 1995.

Section 9: Section 9 would amend 38 U.S.C. §8169 to extend through December 31, 1997, authority for VA's enhanced-use leasing program. Under the program, the Secretary may enter into long-term leases of VA real property and in return, obtain goods and services from the lessee with little or no expenditure of appropriated funds. For example, VA might lease real property to a 3rd party who constructs a nursing home on the property, and agrees to provide VA with a certain number of nursing home beds at a discount rate. During the next two fiscal years, VA will complete a report evaluating the cost effectiveness of this program. Under existing law, authority for the enhanced-use leasing program will expire on December 31, 1995.

Section 10: Section 10 would amend section 115(d) of Public Law 100–322 to extend through September 30, 1998, authority for VA's pilot program to assist homeless chronically mentally ill veterans. Under this widely recognized program, VA conducts outreach among homeless veterans, and furnishes residential care to those who are chronically mentally ill. Care is primarily furnished on a contract basis. Under existing law, authority for the program will expire September 30, 1995.

Section 11: Section 11 would amend section (7)(a) of Public Law 102–54 to extend through September 30, 1998, authority for VA's compensated Work Therapy/Therapeutic Residence Program. This program permits VA to operate transitional housing for veterans who are participating in VA's compensated work therapy program. It serves many veterans who are homeless or at risk of becoming homeless, and who suffer from substance abuse disabilities. Under existing law, authority for the program will expire September 30, 1995.

Section 12: Section 8013 of Public Law 101–508 amended 38 U.S.C. §1710 to expand the categories of veterans required to agree to pay copayments in order to receive VA health-care benefits. That law also imposed additional new copayments on certain veterans amounting to $10 per day for hospital care, and $5 per day for nursing home care. Subsection (e) of section 8013 originally provided that the changes made by the section would expire on September 30, 1991, but that date has subsequently been extended several times. Most recently, section 12002 of Public Law 103–66 extended the provisions to September 30, 1998. Section 12 of the draft bill would extend the provision for two years to September 30, 2000.

Section 13: Section 13 would authorize the VA to undertake the major medical facility construction and leasing projects requested in the President's Fiscal Year 1996 budget.

Section 14: Section 14 would authorize appropriations of $224,800,000 to carry out the major medical facility construction projects authorized in section 13, and $2,790,000 for the leases authorized in section 13.

Section 15: Section 15 would extend the expiration dates for the authority provided in 38 U.S.C. §1710(a)(1)(G). Section 1710(a)(1)(G) requires VA to furnish needed hospital and nursing home care in three unique situations described in section 1710(e). First, VA must furnish such care for disorders possibly associated with exposure to ionizing radiation from nuclear testing, or from participation in the American occupation of Hiroshima and Nagasaki at the end of World War II. Second, VA must provide care to Vietnam veterans for disabilities which may be associated with exposure to dioxin or a toxic substance found in herbicides used in Vietnam. Third, subsection (e) provides that VA shall furnish hospital and nursing home care to Persian Gulf veterans for disabilities possibly related to exposure to a toxic substance or environmental hazard during Gulf service.

The authority to provide care for disorders possibly associated with exposure to ionizing radiation will expire on June 30, 1995. Section 2 would make permanent the requirement that VA furnish such care. The authority to provide care for disorders associated with exposure to dioxin or a toxic substance found in a herbicide will expire on June 30, 1995. Section 15 would extend that authority through December 31, 1995. Finally, the requirement that VA provide care to Persian Gulf veterans exposed to a toxic substance or environmental hazard expires on September 30, 1995. Section 15 would extend the authority through September 30, 1997.

Section 16: Section 16 would extend provisions of 38 U.S.C. §1712 which require VA to provide priority outpatient care to Persian Gulf veterans for disabilities possibly related to exposure to a toxic substance or environmental hazard during Gulf service. Under current law, the authority to furnish such priority care will expire on September 30, 1995. Section 16 would extend the authority for two years through September 30, 1997.

Section 17: Section 1729 of title 38, United States Code, authorizes VA to recover or collect from insurance companies, the reasonable cost of care it furnishes to a veteran for a nonservice-connected disability. VA may collect or recover to the extent the veteran would be eligible to receive payment for such care from the insurance company. VA may not collect for care furnished for a service-connected disability. If the veteran has a service-connected disability, and receives care for a nonservice-connected disability, section 1729 authorizes VA to recover from the insurance company, but that authority currently exists only through September 30, 1998. Section 17 would extend that authority for two additional years through September 30, 2000.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC, March 3, 1995.

Hon. Al Gore, Jr.,
President, U.S. Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill, ''To amend title 38, United States Code, and other statutes, to extend VA's authority to operate various programs, collect copayments associated with provision of medical benefits, and obtain reimbursement from insurance companies for care furnished.'' We request that it be referred to the appropriate committee for prompt consideration and enactment.

Authority for a number of important VA health care programs are time limited and will soon expire. Some of the programs provide veterans with needed benefits; others provide mechanisms by which the Government obtains funding to help defray the cost of providing nonservice-connected health care benefits. The Department has assessed the continuing need for these programs and authorities in the development of the President's budget for fiscal year 1996, and has determined that extensions of the expiring authorities are warranted. Also included in the draft bill are the Administration's proposals for major medical facility construction projects and leases. We urge that Congress act favorably on this measure.

COST-SAVING PROVISIONS

In 1986, Congress first authorized VA to begin collecting funds from insurance companies for the cost of care furnished to nonservice-connected veterans who have health insurance. The law permits VA to recover to the extent the veteran would otherwise be eligible to recover. In 1990, Congress extended the authority to collect to insured service-connected veterans who receive care for nonservice-connected conditions. However, that authority will expire on September 30, 1998.

Similarly in 1990, laws were enacted requiring VA to impose certain new copayments on veterans to help defray the cost of delivering care. VA is required to charge a $2 copayment for each 30 day supply of medication furnished to veterans, except service-connected veterans rated at least 50 percent disabled, veterans receiving the medication for a service-connected disability, and nonservice-connected veterans with low incomes. Additionally, the law requires veterans with relatively higher incomes, who have

no service-connected disabilities, to pay copayments amounting to $10 per day for hospital care, and $5 per day for nursing home care. These copayment requirements will expire on September 30, 1998.

The draft bill would extend the foregoing authorities through Fiscal Year 2000.

Extension of the 3rd party insurance recovery provision would result in saving of $312.5 million in Fiscal Year 1999, and $318.8 million in Fiscal Year 2000. Extension of the copayment provisions would result in savings of $39.4 million in both Fiscal Year 1999, and Fiscal Year 2000.

SPECIAL TREATMENT AUTHORITIES

The draft bill would also continue VA's special authority to provide hospital and nursing home care in three unique situations. First, it would permanently authorize treatment for disorders which may be associated with exposure to ionizing radiation following the detonation of the two bombs in Japan, and during subsequent nuclear weapons testing. It would extend through December 3, 1996, the authority to treat Vietnam veterans for disabilities which may be associated with exposure to Agent Orange. It would extend through September 30, 1997, the authority to treat Persian Gulf veterans for disorders which may be associated with exposure to environmental contaminants during service in the Gulf.

In 1981, Congress first authorized VA to provide treatment for disorders possibly associated with exposure to ionizing radiation from nuclear testing, or from participation in the American occupation of Hiroshima and Nagasaki at the end of World War II. Congress initially authorized treatment while scientific studies took place to more clearly determine the effects of exposure. The authority has been extended several times. Over the years, scientific evidence has been amassed linking various cancers to exposure to radiation. Given the current state of knowledge about diseases related to exposure to radiation, permanent treatment authority is warranted, as provided in the draft bill.

In 1981, Congress also first authorized VA to treat Vietnam veterans for disabilities which may be associated with exposure to dioxin or a toxic substance found in herbicides used in Vietnam. The authority was time limited, but has been extended on several occasions as scientific work has continued regarding disorders which may be associated with exposure. For some time, the National Academy of Sciences (NAS) has been conducting a study of the matter. The NAS released preliminary findings of its work in 1993, and is scheduled to provide a further report to VA in late 1995. That report may provide VA with information to better tie the treatment authority to specific disorders that may have resulted from exposure. Until that time, it is appropriate to extend the blanket treatment authority. The draft bill would extend the existing authority through December 31, 1996, a period sufficient to allow VA officials time to receive and assess the NAS report, and determine what further legislative action is needed.

In 1993, Congress authorized the Secretary to provide care to Persian Gulf veterans for disabilities possibly related to exposure to a toxic substance or environmental hazard during Gulf service. The authority is needed to care for veterans while the scientific community seeks answers to questions about what might be causing illnesses and conditions experienced by some Persian Gulf veterans. At this time research is continuing. Until further work is completed, VA's authority to provide priority care to effected veterans should be extended. The draft bill would extend the authority for two years. The estimated cost of this provision is $36 million for Fiscal Year 1996.

NONINSTITUTIONAL CARE AND PROGRAMS FOR THE HOMELESS

The draft bill would extend five separate programs which provide noninstitutional care or facilitate care of the homeless and those suffering from substance abuse disabilities. Since 1980, VA has had authority to contract for care, treatment and rehabilitative services for eligible veterans suffering from alcohol or drug dependence disabilities. The Department contracts for these services with halfway houses, therapeutic communities, psychiatric residential treatment centers, and other community-based treatment facilities. Begun as a time limited pilot program, the contract authority has been extended several times. The draft bill would extend this program through December 31, 1997. By that date, VA will have completed a study evaluating the effectiveness of this program to determine whether it should be permanently authorized. The estimated costs of this provision are $9.5 million in Fiscal Year 1996.

The draft bill would also extend, through Fiscal Year 1996, authority for a pilot program which allows VA to contract for provision of home-based care for veterans who are receiving nursing home care or are in need of nursing home care. Continued authority is needed to allow VA to fully assess the cost effectiveness of the program as an alternative to expensive nursing home care. The Department will complete a report evaluating the effectiveness of this program. The estimated costs of this provision are $17.3 million in Fiscal Year 1996.

Authority for VA's two most prominent programs to assist homeless veterans will expire in 1995 and must be extended. Under the well known Homeless Chronically Mentally Ill Veterans (HCMI) Program, VA outreach teams work with veterans in the streets, and assist those who are eligible to enter into a contract residential treatment program. The estimated cost of this program is $28 million in Fiscal Year 1996, and $88.2 million over three fiscal years. Under the Compensated Work Therapy/Therapeutic Residence (CWT/TR) Program, VA operates transitional housing for veterans who participate in VA's compensated work therapy programs during the day. Participants work in the community pursuant to contracts VA has with private entities, and use their earnings to pay rent for the transitional housing. The estimated operating cost of this program is $6.9 million in Fiscal Year 1996, and $21.5 million over three fiscal years. The draft bill would extend authority for both programs through September 30, 1998.

The bill would also extend through December 31, 1997, VA's authority to sell, lease, or donate certain real property for use by homeless veterans. The authority permits VA to convey real property acquired under the Department's home loan guaranty program to nonprofit organizations, states, and local governments which agree to use the property solely as shelter primarily for homeless veterans and their families.

ADMINISTRATIVE PROVISIONS

The draft bill would extend for two more years, VA's enhanced-use leasing program. The program permits the Secretary to enter into long-term leases of VA real property and in return, obtain goods and services from the lessee with little or no expenditure of appropriated funds. For example, VA might lease real property to a 3rd party who constructs a nursing home on the property, and agrees to provide VA with a certain number of nursing home beds at a discount rate. During the next two years, the Department will complete a study evaluating the cost-effectiveness of this program to determine whether it should be continued beyond Fiscal Year 1997. Enactment of the measure will not result in new costs.

VA also proposes extension of the Health Professional Scholarship Program. The program assists in recruiting and retaining various health professionals, most notably nurses, physical therapists, occupational therapists, nurse anesthetists, and respiratory therapists. VA furnishes students in the above professions with scholarships during the final year or two of their educational program. In return, the student agrees to work for VA for a specified period of obligated service. The estimated costs of the extension are $10.4 million in Fiscal Year 1996, and $41.6 million for the four year extension.

Finally, the bill would extend for four more years a sunset provision in VA's authority to use nurse anesthetist contract data in adjusting VA locality nurse anesthetist salaries. There would be no additional costs associated with this measure.

PHILIPPINES.

The draft bill includes provisions to repeal statutory language authorizing appropriations for grants to the Philippine government for upgrading equipment and making improvements at the Veterans Memorial Medial Center (VMMC). VA has long made grants to the Philippine-run hospital which has served both Filipino veterans and those Filipinos who are United States veterans. The law authorizing appropriations for the grants expired in 1990. Subsequent to that, grants were made because Congress continued to appropriate funds for the grants. United States veteran admissions to the VMMC have been suspended due to many problems and deficiencies in the physical plant and equipment. Therefore, no funds are being sought in the President's 1996 budget, and there is no reason to retain the authorization language in the law.

CONSTRUCTION AND LEASES

As a final matter, the draft bill includes language that would authorize those major medical construction projects and leases proposed in the President's Fiscal Year 1996 budget that must be specifically authorized by law. It would authorize $224.8 million for six construction projects, and $2.79 million for two leases. The six construction projects are construction of a new medical center and nursing home in Brevard County, Florida, renovation of nursing home units in Lebanon, Pennsylvania, environmental improvements in Marion, Illinois and Salisbury, North Carolina and replacement or renovation of psychiatric beds in Marion, Indiana, and Perry Point, Maryland. The two leases are for a satellite outpatient clinic in Bay Pines, Florida, and a footwear center in New York City.

The estimated costs for the various programs being extended have been provided to the extent they are available. Extension of the programs will not result in new costs. Sections 4 and 12 of the draft bill—provisions extending certain copayments for veterans medical services—would increase receipts. Therefore, the draft bill is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The copayment provisions would result in pay-as-you-go savings of $39.4 million in each of Fiscal Years 1999–2000. In addition, sections 6 and 9—provisions extending certain leasing authorities—are also subject to the pay-as-you-go requirement of OBRA because they affect both direct spending and receipts. In total, the pay-as-you-go effect of the leasing provisions in zero.

We have been advised by the Office of Management and Budget that there is no objection to the submission of the draft bill to

Congress and that its enactment would be in accord with the program of the President.

Sincerely yours,

JESSE BROWN.●

By Mr. SIMPSON (by request):

S. 992. A bill to amend title 38, United States Code, to increase, effective as of December 1, 1995, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes; to the Committee on Veterans' Affairs.

THE VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT ACT OF 1995

● Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 992, a bill entitled the ''Veterans' Compensation Cost-of-Living Adjustment Act of 1995,'' to amend title 38, United States Code, to increase, effective as of December 1, 1995, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated March 1, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter and the enclosed analysis of the draft legislation.

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

S. 992

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

(a) SHORT TITLE.—This Act may be cited as the ''Veterans' Compensation Cost-of-Living Adjustment Act of 1995.''

SEC. 2. INCREASE IN COMPENSATION RATES AND LIMITATIONS.

(a) IN GENERAL.—The Secretary of Veterans Affairs shall, as provided in paragraph (2), increase, effective December 1, 1995, the rates of and limitations on Department of Veterans Affairs disability compensation and dependency and indemnity compensation.

(2)(A) The Secretary shall increase each of the rates and limitations in sections 1114, 1115(1), 1162, 1311, 1313, and 1314 of title 38, United States Code, that were increased by the amendments made by the Veterans' Compensation Cost-of-Living Adjustment Act of 1994 (Public Law No. 103–418; 108 Stat. 4336). This increase shall be made in such rates and limitations as in effect on November 30, 1995, and except as provided in subparagraph (B) shall be by the same percentage that benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 1995, as a result of a determination under section 215(I) of such Act (42 U.S.C. 415(I)).

(B) For purposes of this subsection, as well as for purposes of any cost-of-living adjustment in rates of dependency and indemnity compensation enacted for fiscal years 1997 through 2000, the amount of any increase in the rates of dependency and indemnity compensation in effect under section 1311(a)(3) of title 38, United States Code, will be equal to 50 percent of the amount (rounded down, if not an even dollar amount, to the next lower dollar) by which the rate of dependency and indemnity compensation in effect under section 1311(a)(1) increases.

(C) In the computation of increased rates and limitations pursuant to subparagraph (A), and for purposes of computing any cost-of-living adjustment in such rates and limitations enacted for fiscal years 1997 through 2000, any amount which as so computed is not an even multiple of $1 shall be rounded down to the next lower whole-dollar amount.

(b) SPECIAL RULE.—The Secretary may adjust administratively, consistent with the increases made under subsection (a)(2)(A) and (C), the rates of disability compensation payable to persons within the purview of section 10 of Public Law No. 85–857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(c) PUBLICATION REQUIREMENT.—At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(I) of such Act during fiscal year 1995, the Secretary shall publish in the Federal Register the rates and limitations referred to in subsection (a)(2)(A) as increased under this section.

SEC. 3. EXTENSION OF LIMITATION ON PENSION FOR CERTAIN RECIPIENTS OF MEDICAID-COVERED NURSING-HOME CARE.

Section 5503(f)(7) of title 38, United States Code, is amended by striking out ''September 30, 1998'' and inserting in lieu thereof ''September 30, 2000''.

SEC. 4. EXTENSION OF "SUNSET" LIMITATION.

(a) Subsection (g) of section 5317 of Title 38, United States Code, is amended by striking out ''1998'' and inserting ''2000'' in lieu thereof.

(b) Subparagraph (D) of section 6103(1)(7) of the Internal Revenue Code of 1986 is amended by deleting ''1998'' in the penultimate sentence and inserting ''2000'' in lieu thereof.

SECTION-BY-SECTION ANALYSIS

Section 1. This section contains the short title of the bill, the ''Veterans' Compensation Cost-of-Living Act of 1995.''

Section 2. This section authorizes a December 1, 1995 COLA in disability compensation and DIC rates for surviving spouses and children. Most rates would increase by the same percentage as Social Security rates will effective the same date. The only exception is for ''grandfathered'' DIC recipients, i.e. certain surviving spouses of veterans who died before 1993. These rates would increase by one-half the dollar amount of the increase in the basic DIC rate for survivors of veterans whose deaths occurred during or after 1993. All rate computations would be rounded down to even-dollar amounts. Provisions for rounding down the COLA computations and limiting to one-half the COLA for certain DIC recipients would also be made to apply to any FY 1997–2000 COLA's in these rates.

Section 3. This provision extends for 2 years, until September 30, 2000, the provision in law (38 U.S.C. §5503(f)) which limits to $90 the payment of VA pension to patients receiving Medicaid-covered nursing-home care who have no dependents.

Section 4. This provision would extend for 2 years, until September 30, 2000, the authority of VA to access unearned income information from the Internal Revenue Service (IRS) and wage and self-employment income information from the Social Security Administration (SSA) for purposes of income verification in determining eligibility for VA means-tested benefits such as pension and medical care.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC., March 1, 1995.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill to authorize an FY 1996 cost-of-living adjustment in the rates of disability compensation and dependency and indemnity compensation, and for other purposes. I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Section 2 of this bill would provide a cost-of-living increase, effective December 1, 1995, in the rates of compensation for service-disabled veterans and of dependency and indemnity compensation (DIC) for the survivors of veterans who die as a result of service. The rate of increase would in most respects be the same as the cost-of-living adjustment (COLA) that will be provided under current law to veterans' pension and Social Security recipients, currently estimated to be 3.1 percent.

Compensation under title 38, United States Code, is payable only for disabilities resulting from injuries or diseases incurred or aggravated during active service. Payments are based upon a statutory schedule of rates which vary with the degree of disability assigned by the Department of Veterans Affairs (VA), and additional amounts are payable to veterans with spouses and children if the veteran's disability is rated 30-percent or more disabling. DIC benefits are payable at statutorily directed rates to the surviving spouses or children of veterans who die of service-connected causes, or who die of other causes if they suffered service-connected total disability for prescribed periods immediately preceding their deaths. This proposed cost-of-living increase will protect these benefits against the eroding effects of inflation.

Two features of this COLA proposal, as outlined in the President's FY 1996 budget request, would substantially reduce its cost. First, we propose that the dollar increase in rates of DIC payable for certain pre-1993 deaths, i.e., those rates which exceed the rate payable for deaths occurring during and after 1993, be only 50% of the dollar increase in the rate for the later-occurring deaths. Such a limitation, which was also a feature of the December 1, 1993 COLA, would lessen the disparities in rates payable to these two categories of beneficiaries. Second, under our proposal, in computing the higher compensation and DIC rates, VA would be required to round down to the next lower whole dollar any computations which yielded amounts not evenly divisible by $1. This polity is consistent with both the 1993 and 1994 COLA's.

The two limiting features would be effective for each year's COLA beginning in FY 1996 through 2000. Our proposal would reduce FY 1996 costs by $29 million and five-year (FY 1996–2000) costs by $582 million. Net costs of the FY 1996 COLA would be an estimated

$340 million in FY 1996 and $1.969 billion over five years.

Section 3 of our bill would extend, through FY 2000, the $90 limitation on monthly VA pension payments that may be made to beneficiaries, without dependents, who are receiving Medicaid-covered nursing-home care. The current payment limitation, which is due to expire at the end of FY 1998, works to the advantage of these nursing-home residents because it permits them to keep the $90 to apply toward personal expenses rather than have it ''pass through'' the homes to the Medicaid program. We estimate this two-year extension would result in VA savings of $497.2 million in FY 1999 and a total of $1 billion during FY's 1999 and 2000.

The final provision in our bill, Section 4, would amend titles 26 and 38, United States Code, to extend certain income verification provisions of the Omnibus Budget Reconciliation Act of 1990.

This section would extend he current September 30, 1998, ''sunset'' limitation on VA access to Internal Revenue Service (IRS) and Social Security Administration (SSA) income information until September 30, 2000. Experience has shown that authority to match unearned income information from IRS and wage and self-employment income information from SSA with VA data for purposes of income verification in determining eligibility for or the proper amount of VA means-tested benefits has been an effective savings measure.

The amendment would permit VA to continue its proven techniques. In the compensation and pension category of VA means-tested benefits, savings are estimated to total $89.4 million in FY 1999 and FY 2000.

The ability to match income information improves integrity in the pension program by reducing overpayments that occur when self-reported income is the only information used to verify eligibility. In this regard, we note that authority to match income information with IRS and SSA has had a significant program-abuse deterrent effect.

Certain medical-care eligibility is also means tested. Continuation of authority to match income information in that program would allow VA to more effectively identify and collect copayments from higher income veterans. The combined savings in FY 1999 and FY 2000 are estimated to total $88.1 million. Combining the VA means-tested benefits categories of medical care and compensation and pension, it is estimated that a total of $177.5 million could be saved in FY 1999 and FY 2000 with the extension of the ''sunset'' limitation.

The bills' provisions to round down benefits, provide a half COLA for certain DIC recipients, limit pensions for certain veterans in nursing homes, and the income verification proposals would result in pay-as-you-go savings as noted above.

We have been advised by the Office of Management and Budget that there is no objection to the transmittal of this draft bill to Congress and that its enactment would be in accord with the program of the President.

Sincerely yours,

JESSE BROWN.●

By Mr. SIMPSON (by request):

S. 993. A bill to amend title 38, United States Code, to provide for cost-savings in the housing loan program for veterans, to limit cost-of-living increases for Montgomery GI bill benefits, and for other purposes; to the Committee on Veterans' Affairs.

THE VETERANS' HOUSING LOAN PROGRAM AND MONTGOMERY GI BILL COST-REDUCTION ACT OF 1995

● Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans' Affairs, S. 993, a bill entitled the ''Veterans' Housing Loan Program and Montgomery GI Bill Cost-Reduction Act of 1995,'' to amend title 38, United States Code, to provide for cost-savings in the housing loan program for veterans, to limit cost-of-living increases for Montgomery GI Bill benefits, and for other purposes. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated March 2, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter.

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

S. 993

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the ''Veterans' Housing Loan Program and Montgomery GI Bill Cost-Reduction Act of 1995''.

TITLE I—HOUSING LOANS

SEC. 101. REPEAL OF LOAN DEBT COLLECTION RESTRICTIONS.

(a) Subchapter III of chapter 37 of title 38, United States Code, is amended by striking out section 3726 in its entirety.

(b) The table of sections for such subchapter is amended by striking out:

''3726. Withholding of payments, benefits, etc.''

and inserting in lieu thereof:

''[3726. Repealed.]''.

SEC. 102. MANUFACTURED HOME LOAN DOWNPAYMENT AND FEE.

(a) Section 3712(c)(5) of title 38, United States Code, is amended by striking out ''95'' and inserting in lieu thereof ''90''.

(b) Section 3729(a)(2)(A) of title 38, United States Code, is amended by:

(1) inserting ''(i)'' immediately after ''(A)'';

(2) striking out ''of this title or for any purpose specified in section 3712 (other than section 3712(a)(1)(F))'';

(3) inserting ''or'' immediately after ''amount;''; and

(4) inserting at the end thereof the following new clause.

''(ii) in the case of a loan made for any purpose specified in section 3712 (other than section 3712(a)(1)(F)) of this title, the amount of the fee shall be two percent of the total loan amount;''.

(c) Section 3729(a)(2)(D)(ii) of title 38, United States Code, is amended by striking out ''one'' and inserting in lieu thereof ''two''.

(d) The amendments made by this section shall apply to all loans closed on or after October 1, 1995.

SEC. 103. EXTENSION OF LOAN FEE INCREASE.

Section 3729(a)(4) of title 38, United States Code, is amended by striking out ''1998,'' and inserting in lieu thereof ''2000,''.

SEC. 104. EXTENSION OF FEE FOR MULTIPLE USE OF LOAN ENTITLEMENT.

Section 3729(a)(5)(C) of title 38, United States Code, is amended by striking out ''1998.'' and inserting in lieu thereof ''2000.''.

SEC. 105. EXTENSION OF NO-BID FORMULA.

Section 3732(c)(11) of title 38, United States Code, is amended by striking out ''1998.'' and inserting in lieu thereof ''2000.''.

Title II—MONTGOMERY GI BILL

SEC. 201. LIMITATION REGARDING COST-OF-LIVING ADJUSTMENTS FOR MONTGOMERY GI BILL BENEFITS.

For Fiscal Year 1996 and each subsequent fiscal year through 2000, the cost-of-living adjustments in the rates of educational assistance payable under chapter 30 of title 38, United States Code, and under chapter 1606 of title 10, United States Code, shall be the percentage equal to 50 percent of the percentage by which such assistance would be increased under section 3015(g) of title 38, and under section 1631(b)(2) of title 10, United States Code, respectively, but for this section.

SECTION-BY-SECTION ANALYSIS

TITLE I—HOUSING LOANS

Section 101. Repeal of Loan Debt Collection Restrictions: Subsection (a) would repeal 38 U.S.C. §3726. Section 3726 currently prohibits VA, in most cases, from offsetting against Federal payments, other than VA benefits, debts owed to the Government resulting from the foreclosure of VA guaranteed or direct housing loans. This provision would permit VA to collect these debts by offsetting Federal salaries and income tax refunds as permitted by other Federal debt collection laws. Veterans would have the right to challenge the existence and amount of the debt through VA's normal administrative process, including review by the Court of Veterans Appeals, prior to such offset. Veterans would also be able to seek waiver of the debt if collection would be against equity and good conscience under current law.

Subsection (b) would make a conforming change to the table of sections.

Section 102. Manufactured Home Loan Downpayment and Fee: Subsection (a) would amend 38 U.S.C. §3712(c)(5) to require a 10 percent downpayment on VA guaranteed loans for the purchase of a manufactured home. Current law requires a 5 percent downpayment.

Subsection (b) would amend 38 U.S.C. §3729(a)(2)(A) to increase the fee most veterans must pay to VA for obtaining a VA guaranteed loans for the purchase of a manufactured home to 2 percent of the loan amount. The current fee for such a loan is 1 percent. This amendment would not affect the exemption from the fee current law grants to certain disabled veterans and surviving spouses.

Subsection (c) would amend 38 U.S.C. §3729(a)(2)(D) to increase the fee veterans whose only qualifying service was in the Selected Reserve must pay to VA for obtaining a VA guaranteed loan for the purchase of a manufactured home to 2 percent of the loan amount. The current fee for such a loan is 1 percent. This amendment would not affect the exemption from the fee current law grants to certain disabled veterans and surviving spouses.

Subsection (d) would make these amendments apply to all manufactured home loans closed on or after October 1, 1995.

Section 103. Extension of Loan Fee Increase: Would extend for 2 years the sunset of the temporary VA loan fee increase. Section 12007(a) of the Omnibus Budget Reconciliation Act of 1993 increased by 75 basis

points, or 0.75 percent of the loan amount, the fee that veterans must pay to VA for most VA guaranteed housing loans. This increase is now set to expire on September 30, 1998. This amendment would continue the increased fees for all loans closed through the end of Fiscal Year 2000.

Section 104. Extension of Fee for Multiple Use of Loan Entitlement: Would extend for 2 years the sunset of the fee for multiple use of VA housing loan benefits. Section 12007(b) of the Omnibus Budget Reconciliation Act of 1993 imposed a fee of 3 percent of the loan on veterans who had previously obtained a VA home loan. This fee does not apply to certain refinancing loans or to loans where veterans make a downpayment of 5 percent of more. The multiple use fee is now set to expire on September 30, 1998. This amendment would continue this fee for all loans closed through the end of Fiscal Year 2000.

Section 105. Extension of No-Bid Formula: Would extend for 2 years the sunset of the VA ''no-bid formula'' contained in 38 U.S.C. §3732(c). This formula determines VA's liability to a loan holder under the guaranty and whether or not the holder would have the election to convey the property to the VA following the foreclosure. As amended by section 12006 of the Omnibus Budget Reconciliation Act of 1993, the no-bid formula requires VA to consider, in addition to other costs, VA's loss on the resale of the property. The no-bid formula applies to all loans closed before October 1, 1998, regardless of the date the loan is terminated. This amendment would make the formula apply to all loans closed before October 1, 2000.

TITLE II—MONTGOMERY GI BILL

Section 201. Limitation Regarding Cost-of-Living Adjustments for Montgomery GI Bill Benefits: Would limit by half the annual cost-of-living adjustment (COLA) payable to participants in the Montgomery GI Bill (MGIB) (chapter 30 of title 38 and chapter 1606 of title 10, United States Code) for Fiscal Years 1996 through 2000. The MGIB currently provides that the monthly rate of basic educational assistance shall be subject to an annual COLA based on the Consumer Price Index. Section 12009 of the Veterans' Reconciliation Act of 1993 limited the MGIB COLA for Fiscal Year 1995 to 50 percent of the otherwise mandated adjustment (i.e., increase). This section would continue that 50 percent reduction of the annual COLA through Fiscal Year 2000.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, March 2, 1995.

Hon. AL GORE,
President of the Senate, Washington, DC.

DEAR MR. PRESIDENT: Transmitted herewith is a draft bill ''To amend title 38, United States Code, to provide for cost-savings in the housing loan program for veterans, to limit cost-of-living increases for Montgomery GI Bill benefits, and for other purposes.'' This bill would implement several cost-savings proposals contained in the President's budget for Fiscal Year 1996. I request that this measure be referred to the appropriate committee and promptly enacted.

Title I of this draft bill, entitled the ''Veterans' Housing Loan Program and Montgomery GI Bill Cost-Reduction Act of 1995,'' would make amendments to the Department of Veterans Affairs (VA) housing loan guaranty program to reduce the costs of this program, while continuing to provide eligibility for all veterans. In brief, the bill would extend for 2 years; i.e., until September 30, 2000, three cost-savings measures enacted by the Omnibus Budget Reconciliation Act of 1993 and increase the downpayment and fee required for VA guaranteed manufactured housing loans. In addition, this bill would repeal a restriction on the collection of debts owed to the Government arising from the loan program.

The VA home loan program has been and continues to be of great importance to present and former members of the Nation's Armed Forces who seek to become homeowners. We are mindful that the cost to the taxpayers of operating the program and paying claims on loans resulting in foreclosure are significant. Since the loan guaranty program provides a unique benefit for a select group of beneficiaries, we believe the measures proposed are reasonable, and are necessary to preserve this important benefit.

Title II of the draft bill would continue through Fiscal Year 2000 the limitation on cost-of-living adjustments under the Montgomery GI Bill enacted by the Omnibus Budget Reconciliation Act of 1993.

A detailed section-by-section analysis of the draft bill is enclosed. We are also enclosing an analysis of changes proposed to be made in existing law by title I of the draft bill (title II of the bill does not amend any current provision of the United States Code).

VA estimates that enactment of title I of this bill would produce a savings of approximately $0.02 million of budget authority and $89.64 million in outlays in Fiscal Year 1996, and a 5-year savings of approximately $372.02 million in budget authority and $461.64 million in outlays. The 5-year savings includes a saving of $371.90 million in the Guaranty and Indemnity Program subsidy (which includes the interactive effects of the extension of the three sunsets) and $0.12 million in the Loan Guaranty Program subsidy.

Enactment of title II would produce savings in Fiscal Year 1996 of approximately $12.55 million, and a 5-year savings of $202.17 million.

The bill's provisions affecting VA's home loan program and title II's limitation on cost-of-living adjustments under the Montgomery GI Bill would result in pay-as-you-go savings as noted above.

We have been advised by the Office of Management and Budget that there is no objection to the transmittal of the draft bill to Congress and that its enactment would be in accord with the program of the President.

Sincerely yours,

JESSE BROWN.●

By Mr. SIMPSON (by request):

S. 994. A bill to amend title 38, United States Code, to clarify the eligibility of certain minors for burial in national cemeteries; to the Committee on Veterans' Affairs.

VETERANS' LEGISLATION

● Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 994, a bill to clarify the eligibility of certain minors for burial in national cemeteries. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated May 10, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter.

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

S. 994

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. That paragraph (5) of section 2402, title 38, United States Code, is amended by adding the following at the end thereof: ''For purposes of this paragraph, a 'minor child' is a child under 21 years of age, or under 23 years of age if pursuing a course of instruction at an approved educational institution.''

THE SECRETARY OF VETERANS AFFAIRS,
Washington, May 10, 1995.

Hon. ALBERT GORE,
President of the Senate, Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill to clarify the eligibility of veteran's children for burial in our national cemeteries. I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Among those eligible for interment in the National Cemetery System under section 2402 of title 38, United States Code, are the minor children of veterans and certain others eligible for national cemetery burial. The term ''minor child'' is not defined in the statute.

When Congress enacted the National Cemeteries Act of 1973, transferring from the Department of the Army to the Department of Veterans Affairs (VA) the responsibility for operating national cemeteries, it reenacted without change the prior title 24 provisions regarding eligibility. The Department of the Army, in exercising its authority, had interpreted title 24's ''minor child'' provision as including children under age 21. Because Congress indicated an intent that similar eligibility rules should apply under VA's management of the cemetery system, this Department's regulation at 38 C.F.R. §1.620(g) governing burial eligibility generally defines a minor child as being under 21 years of age. In keeping with the general definition of a ''child'' for title 38 purposes, the age limit is 23 if the individual was pursuing a course of instruction at an approved educational institution.

The present situation occasionally results in confusion since the general title 38 definition of a ''child'' is in one significant respect more restrictive than the regulatory definition of ''minor child'' for purposes of burial eligibility. Under section 101(4) of title 38, an individual is generally not considered a ''child'' after reaching age 18 unless, as indicated above, the individual is pursuing an education. We do not believe Congress intended to restrict burial eligibility in this manner. Accordingly, we are proposing to amend statute governing burial elibility to incorporate the regulatory definition of ''minor child.''

Because enactment of our proposal would affect only technical clarification of the law as currently being applied, there would be no attendant costs or savings.

We have been advised by the Office of Management and Budget that there is no objection to the submission of the draft bill to Congress from the standpoint of the Administration's program.

Sincerely yours,

JESSE BROWN.●

By Mr. SIMPSON (by request):

S. 995. A bill to amend title 38, United States Code, to restrict payment of a clothing allowance to incarcerated veterans and to create a presumption of permanent and total disability for pension purposes for certain veterans who are patients in a nursing home; to the Committee on Veterans' Affairs.

THE VETERANS' BENEFITS REFORM ACT OF 1995

• Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 995, a bill entitled the ''Veterans' Benefits Reform Act of 1995,'' to amend title 38, United States Code, to restrict payment of a clothing allowance to incarcerated veterans and to create a presumption of permanent and total disability for pension purposes for certain veterans who are patients in a nursing home. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated May 10, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter.

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

S. 995

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 ''Veterans' Benefits Reform Act of 1995.''

SEC. 2. CLOTHING ALLOWANCE FOR INCARCERATED VETERANS.

(a) IN GENERAL.—Chapter 53 of title 38, United States Code, is amended by inserting after section 5313 the following new section:

''SEC. 5313A. LIMITATION ON PAYMENT OF CLOTHING ALLOWANCE TO INCARCERATED VETERANS.

''In the case of a veteran incarcerated in a Federal, State, or local penal institution for a period in excess of sixty days and furnished clothing without charge by the institution, the amount of any clothing allowance payable to such veteran under section 1162 of this title shall be reduced on a pro rata basis for each day on which the veteran was so incarcerated during the twelve-month period preceding the date on which payment of the allowance would be due under regulations promulgated by the Secretary.''

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5313 the following new item:

''5313A. Limitation on payment of clothing allowance to incarcerated veterans.''

SEC. 3. PRESUMPTION OF PERMANENT TOTAL DISABILITY FOR CERTAIN VETERANS WHO ARE NURSING-HOME PATIENTS.

Section 1502(a) of title 38, United States Code, is amended by inserting ''is 65 years of age or older and a patient in a nursing home or, regardless of age,'' after ''such a person''.

SECRETARY OF VETERANS AFFAIRS

Washington, DC, May 10, 1995.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill entitled the ''Veterans' Benefits Reform Act of 1995.'' I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Section 2 of the draft bill would amend chapter 53 of title 38, United States Code, to restrict the payment of a clothing allowance to incarcerated veterans who are furnished clothing without charge by a penal institution. Under 38 U.S.C. §1162, the Department of Veterans Affairs (VA) is required to pay a clothing allowance to each veteran who, because of a service-connected disability, wears or uses a prosthetic or orthopedic appliance which tends to wear out or tear the veteran's clothing, or who uses medication prescribed for a skin condition which is due to a service-connected disability and which causes irreparable damage to the veteran's outergarments. Although 38 U.S.C. §5313 limits payment of compensation to certain incarcerated veterans, that statute does not restrict payment of the clothing allowance to incarcerated veterans, even though they generally do not pay for their institutional clothing.

A clothing allowance for incarcerated veterans is unnecessary where they receive institutional clothing at no personal expense. We therefore recommend legislation to limit payment of the clothing allowance to incarcerated veterans furnished clothing without charge by the institution in which they are incarcerated. This proposal would affect direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. This provision would reduce direct spending by less than $500,000 annually.

Section 3 of the draft bill would create a presumption of permanent and total disability for pension purposes for veterans 65 years of age or older who are patients in a nursing home. Section 8002 of the Omnibus Budget Reconciliation Act of 1990, 104 Stat. 1388-342, eliminated the presumption of total disability for pension purposes for persons 65 years of age and older. As a result, it is currently necessary for a VA rating board to evaluate disability before pension can be paid to any veteran, regardless of age or physical condition.

We propose that 38 U.S.C. §1502(a) be amended to provide, for pension purposes, a presumption of permanent and total disability for persons 65 years of age or older who are patients in a nursing home. Enactment of this amendment would reduce the time necessary to process disability-pension claims because, once a veteran's age and status as a nursing-home patient is confirmed, it would no longer be necessary to develop and evaluate medical evidence regarding the veteran's disability.

Adoption of this proposal would not affect the integrity of VA's pension program because an individual 65 years old who is a patient of a nursing home would almost certainly meet the current requirements of section 1502(a), which state that a person is considered to be permanently and totally disabled if he or she is unemployable as a result of disability reasonably certain to continue throughout the life of the disabled person or suffers from a disease or disorder which justifies a determination of permanent, total disability. In addition, VA could adopt procedures to reevaluate entitlement to pension in the event a notice of discharge is received from a veteran whose pension is based on age and confinement in a nursing home.

Enactment of this proposal would result in estimated administrative cost savings of $304,000 in fiscal year 1996 and $1.6 million for the five-year period fiscal year 1996 through fiscal year 2000.

We urge that the House promptly consider and pass these legislative items.

We have been advised by the Office of Management and Budget that there is no objection to the submission of the draft bill to Congress from the standpoint of the Administration's program.

Sincerely yours,

JESSE BROWN.•

By Mr. SIMPSON (by request):

S. 996. A bill to amend title 38, United States Code, to change the name of Servicemen's Group Life Insurance Program to Servicemembers' Group Life Insurance, to merge the Retired Reservists' Servicemembers' Group Life Insurance Program into the Veterans' Group Life Insurance Program, to extend Veterans' Group Life Insurance coverage to members of the Ready Reserve of a uniformed service who retire with less than 20 years of service, to permit an insured to convert a Veterans' Group Life Insurance policy to an individual policy of life insurance with a commercial insurance company at any time, and to permit an insured to convert a Servicemembers' Group Life Insurance policy to an individual policy of life insurance with a commercial company upon separation from service; to the Committee on Veterans' Affairs.

THE VETERANS' INSURANCE REFORM ACT OF 1995

• Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 996, a bill entitled the ''Veterans' Insurance Reform Act of 1995,'' to amend title 38, United States Code, to change the name of the Servicemen's Group Life Insurance Program to Servicemembers' Group Life Insurance Program, to merge the Retired Reservists' Servicemembers' Group Life Insurance Program into the Veterans' Group Life Insurance Program, to extend Veterans' Group Life Insurance coverage to members of the Ready Reserve of a uniformed service who retire with less than 20 years of service, to permit an insured to convert a veterans' group life insurance policy to an individual policy of life insurance with a commercial insurance company at any time, and to permit an insured to convert a servicemembers' group life insurance to an individual policy of life insurance with a commercial company upon separation from service. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated May 10, 1995.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so

that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter.

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

S. 996

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Veterans' Insurance Reform Act of 1995''.

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. REMOVAL OF GENDER REFERENCES.

(a) IN GENERAL.—

(1) Section 1315(f)(1)(F) is amended by striking out ''servicemen's'' in the first place it appears and inserting in lieu thereof ''servicemembers' ''; and

(2) Sections 1967(a), (c), and (f), 1968(b), 1969(a)–(e), 1970(a), (f), and (g), 1971(b), 1973, 1974, 1977(a), (d), (e), and (g), 3017(a), and 3224(1) are amended by striking out ''Servicemen's'' each place it appears and inserting in lieu thereof ''Servicemembers' ''.

(b) CONFORMING AMENDMENTS.—(1)(A) The heading of subchapter III of chapter 19 is amended to read as follows:

''Subchapter III—Servicemembers' Group Life Insurance (Formerly Servicemen's Group Life Insurance)''.

(B) The item relating to such subchapter in the table of sections at the beginning of such chapter is amended to read as follows:

''Subchapter III—Servicemembers' Group Life Insurance (Formerly Servicemen's Group Life Insurance)''.

(2)(A) The heading of section 1974 is amended to read as follows:

''§ 1974. Advisory Council on Servicemembers' Group Life Insurance (formerly Servicemen's Group Life Insurance)''.

(B) The item relating to such section in the table of sections at the beginning of chapter 19 is amended to read as follows:

''1974. Advisory Council on Servicemembers' Group Life Insurance (formerly Servicemen's Group Life Insurance)''.

SEC. 3. MERGER OF RETIRED RESERVIST SERVICEMEMBERS' GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE AND EXTENSION OF VETERANS' GROUP LIFE INSURANCE TO MEMBERS OF THE READY RESERVES.

(a) Section 1965(5) is amended—

(1) in subparagraph (B), by inserting ''and'' at the end thereof;

(2) by striking subparagraphs (C) and (D); and

(3) redesignating subparagraph (E) as subparagraph (C).

(b) Section 1967 is amended—

(1) in subsection (a)—

(A) in paragraph (1) by inserting ''and'' at the end thereof;

(B) by striking paragraphs (3) and (4) in their entirety; and

(C) by striking ''or the first day a member of the Reserves, whether or not assigned to the Retired Reserve of a uniformed service, meets the qualifications of section 1965(5)(C) of this title, or the first day a member of the Reserves meets the qualifications of section 1965(5)(D) of this title,''; and

(2) by striking subsection (d) in its entirety; and

(3) by redesignating subsections (e) and (f) as subsections (d) and (e) respectively.

(c) Section 1968 is amended—

(1) in subsection (a)—

(A) by striking ''subparagraph (B)(C), or (D) of section 1965(5)'' and inserting ''section 1965(5)(B)'' in lieu thereof;

(B) in paragraph (4) by striking—

(i) ''—(A)'' and inserting a comma in lieu thereof;

(ii) subparagraphs (B) and (C) in their entirety; and

(C) by striking paragraphs (5) and (6) in their entirety; and

(2) in subsection (b) by striking the last two sentences.

(d) Section 1969 is amended—

(1) in subsection (a)(2) by striking ''is assigned to the Reserve (other than the Retired Reserve) and meets the qualifications of section 1965(5)(C) of this title, or is assigned to the Retired Reserve and meets the qualifications of section 1965(5)(D) of this title,'';

(2) by striking subsection (e) in its entirety; and

(3) by redesignating subsections (f) and (g) as subsections (e) and (f) respectively.

SEC. 4. CONVERSION TO COMMERCIAL LIFE INSURANCE POLICY.

(a) Section 1968(b) is amended by—

(1) adding ''(1)'' following ''the date such insurance would cease,'' in the first sentence;

(2) redesignating clauses (1) and (2) in the first sentence as (A) and (B) respectively;

(3) striking ''title.'' at the end of the first sentence and inserting in lieu thereof ''title, or, (2) at the election of the member, shall be converted to an individual policy of insurance as described in section 1977(e) of this title upon written application for conversion made to the participating company selected by the member and payment of the required premiums.''; and

(4) adding ''to Veterans' Group Life Insurance'' following ''automatic conversion'' in the second sentence.

(b) Section 1977 is amended—

(1) in paragraph (a) by striking the last two sentences and inserting in lieu thereof the following: ''If any person insured under Veterans' Group Life Insurance again becomes insured under Servicemembers' Group Life Insurance but dies before terminating or converting such person's Veterans' Group Insurance, Veterans' Group Life Insurance will be payable only if such person is insured for less than $200,000 under Servicemembers' Group Life Insurance, and then only in an amount which when added to the amount of Servicemembers' Group Life Insurance payable shall not exceed $200,000.''; and

(2) in paragraph (e) by striking the third sentence and inserting in lieu thereof the following: ''The Veterans' Group Life Insurance policy will terminate on the day before the date on which the individual policy becomes effective.''

SEC. 5. EFFECTIVE DATE.

The Servicemembers' Group Life Insurance of any member of the Retired Reserve of a uniform service in force on the date of enactment of this Act shall be converted, effective ninety days after that date, to Veterans' Group Life Insurance.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC, May 10, 1995.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill entitled the ''Veterans' Insurance Reform Act of 1995.'' I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Section 2 of this draft bill would amend title 38, United States Code, to change the name of the Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance to reflect gender neutrality.

Section 3 of the bill would merge the existing Retired Reservists' Servicemen's Group Life Insurance (SGLI) program into the Veterans' Group Life Insurance (VGLI) program. Currently, when members of the Ready Reserve retire with 20 years of service or are transferred to the Retired Reserve under the temporary special retirement authority provided in 10 U.S.C. § 1331a, they may continue their SGLI coverage as Retired Reservists' SGLI until they receive their retired pay or reach age 61, whichever comes first. Members of the Ready Reserve who retire with 20 years of service also have the option to convert their SGLI policy to a commercial life insurance policy. We propose to discontinue the Retired Reservists' SGLI program and instead place the insured Retired Reservists in the VGLI program. This proposal would benefit Retired Reservists by making available the lifetime coverage provided under the VGLI program and would save administrative expenses. However, Retired Reservists who are over 44 years of age would have to pay increased premiums for the lifetime VGLI coverage. For example, the monthly premium for $100,000 of SGLI coverage for Retired Reservists who are ages 50–54 is currently $56, and the monthly premium for $100,000 of VGLI coverage for the Retired Reservists who are ages 50–54 would be $65. This proposal would have no adverse effect on any other insured member or on the SGLI or VGLI programs and would involve no cost to the Government.

Section 3 would also extend the benefit of VGLI lifetime coverage to members of the Ready Reserve of a uniformed service. When the Veterans' Insurance Act of 1974 was enacted. Congress stated that members of the Ready Reserve who separate with less than 20 years of service would not be eligible to convert their SGLI coverage to VGLI, unless they are disabled and uninsurable at the time of release. This proposal would improve the overall financial performance of the VGLA program by creating an additional pool of potential insureds and involve no cost to the Government. In addition, it would not adversely affect the SGLI or VGLI programs.

Section 4 of the draft bill would expand the opportunities of SGLI and VGLI insured to convert their coverage to commercial life insurance. VGLI coverage is provided under a five-year level premium term plan that is renewable every five years for life. Premiums are based on the insured's age at the time of issue and/or renewal and are increased accordingly at the beginning of each five-year renewal period. Although term policies provide low cost coverage for younger insureds, term insurance becomes very expensive for older insureds. Under the current law, VGLI insureds have the option of converting their VGLI coverage to permanent life coverage with the commercial insurance company at

the end of each five-year term period. A permanent life insurance policy, which provides coverage at a level premium throughout the premium paying period of the policy, is an alternative to the ever-increasing cost of term coverage. Since the cost of the converted policy increases as the insured's age increases, required insureds to delay conversion until the end of the five-year period increases the cost. For example, if a VGLI insured converts his or her policy at age 41, the monthly premium for $100,000 of whole life coverage would be $170. However, under the draft proposal, if the insured were allowed to covert at age 36, rather than waiting until the end of the five-year renewal period, the premium would be $133.

For the same reason, the draft bill would also extend this conversion privilege to SGLI insureds at the time of their separation from service. Currently, SGLI insureds must first convert to VGLI and thereafter can convert their VGLI policy to a commercial permanent life policy at the end of their five-year VGLI period. This increases the cost of conversion to a commercial life policy as discussed above.

Expansion of the conversion privilege would expand the life insurance options of our insured veteran and lower their cost of conversion to a commercial permanent life policy. We do not anticipate any negative effect on the SGLI or VGLI program or any cost to the Government if this proposal were enacted. However, changing the VGLI conversion features may change the composition of VGLI policyholders and result in a change to premium rates.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this draft bill to Congress from the standpoint of the Administration's program.

We urge that the House promptly consider and pass this legislative item.

Sincerely yours,

JESSE BROWN.●

By Mr. D'AMATO:

S. 997. A bill to amend the Internal Revenue Code of 1986 to make permanent the exclusion for amounts received under qualified group legal services plans; to the Committee on Finance.

THE EMPLOYER-PROVIDED GROUP LEGAL SERVICES EXCLUSION ACT OF 1995

● Mr. D'AMATO. Mr. President, today I am introducing legislation to reinstate, and make permanent, the employee exclusion for amounts received under qualified employer-provided group legal services plans. During the 103d Congress I sponsored this legislation along with Senators PACKWOOD, RIEGLE, and LEVIN. Unfortunately, it was one of the extenders that was allowed to expire on June 30, 1992. I believe it is time to reinstate this measure which will provide affordable legal services to individuals and their families who cannot afford a private lawyer, and are above the maximum income range to receive a public defender.

This bill amends section 120 of the Internal Revenue Code and becomes effective for tax years beginning after December 31, 1994. It provides that an employee does not have to pay income and social security taxes for a qualified employer-provided group legal services plan. The annual premium is limited to $70 per person. In order to qualify, a plan must fulfill certain requirements, one of which states that benefits may not discriminate in favor of highly compensated employees.

The tax exclusion of group legal services is not a new provision. In fact, prior to its expiration in June of 1992, employees had been allowed to exclude such benefits from their gross income since 1976, albeit through seven extensions from Congress. Making this exclusion permanent will be a positive and substantial step forward. Group legal services have provided valuable and necessary assistance to millions of Americans. Today's economic conditions have increased the need of low and moderate Americans for legal counsel. Whether its a real estate transaction, preparation of a will, or a simple divorce, Americans are frequently confronted with problems of a legal nature, which makes access to a lawyer indispensable. Employer-provided group legal services are a low cost, effective source for legal assistance.

Mr. President, there is no reason why we should not reinstate and make permanent this tax exclusion. By doing so, we remove the burden hanging over the businesses that provide these services and the 2.5 million working Americans who gain access to critical legal services through these plans.

In the past, the Senate repeatedly affirmed its commitment to assuring the availability of legal services. I urge my colleagues to join me in this effort to reinstate employer-provided group legal services.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 997

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMANENT EXTENSION OF EXCLUSION FOR AMOUNTS RECEIVED UNDER QUALIFIED GROUP LEGAL SERVICES PLANS.

(a) GENERAL RULE.—Section 120 of the Internal Revenue Code of 1986 (relating to amounts received under qualified group legal services plans) is amended by striking subsection (e) and by redesignating subsection (f) as subsection (e).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1994.●

By Mr. BAUCUS:

S. 998. A bill to require the Secretary of Agriculture to terminate the Far West spearmint marketing order, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE FAR WEST SPEARMINT MARKETING ORDER TERMINATION ACT OF 1995

● Mr. BAUCUS. Mr. President, today, I introduce legislation to end one of the most inequitable and unjust farm policies ever conceived. I am introducing a bill that will terminate the Far West spearmint marketing order.

The Far West marketing order was issued in April 1980 and controls production in Washington, Oregon, Idaho, Montana, and Utah. The intent, at that time, was to include all areas which were currently producing or which had the potential to produce spearmint. While there were attempts to include Montanans in the process, no one was producing the crop at that time in Montana. Therefore, they had no participation and were not allotted any base for selling the crop. Without the base you can't sell the crop.

In the past few years farmers in Montana looking for alternative crops to grow, looking for ways to rotate crops and improve their land, have determined that spearmint would be an ideal crop for many of them. Agronomists from Montana State University have shown that we have ideal soils and climate to grow spearmint in parts of our State. Producers in northwest Montana have been successful producing peppermint since about the time the order was created. Spearmint, due to different agronomic characteristics, represents a potential crop to use in rotation with peppermint to break tough disease cycles. But alas, we cannot plant spearmint because we can't sell spearmint oil. Who would want to produce a crop you can't sell.

At it's inception, the order covered the majority of spearmint oil produced and consumed in the United States. Today, nearly 50 percent of the domestic spearmint production occurs outside the boundaries of the Far West order. In addition, we are now importing over 10 times the quantity that was imported at the time the Far West order was started.

Currently, a small amount of base is allotted by lottery each year in the order. It amounts to between 20 and 40 acres of production each year being awarded to each State. This absurdly low amount has failed to attract Montana producers.

Montana farmers believe a more fair policy would be to establish a larger base of 3,000 acres in the State. Other producers in the order have refused to allow the establishment of spearmint production in Montana. This doesn't sound fair to me. It would take decades for enough farmers to build base to the point where they could use spearmint as an alternative crop. Montana farmers need more flexibility to be able to grow crops that not only improve their land but also allow them to remain profitable. Spearmint is such a crop.

The USDA has tried to correct this problem. However, an administrative solution to this crisis has evaded us. In the past, USDA has withdrawn three orders that dealt with citrus. USDA feared litigation, the appearance that the orders are not working as they should, and the inability to achieve citrus industry consensus on the issue.

These same factors exist in the spearmint program, with the exception of the legal action. It would appear that the Montana requests, dating back

over 5 years, continue to be ignored because there no legal action has been taken.

Therefore, in an effort to save Montana farmers the expense of taking legal action and to end this unfair marketing order I offer legislation to end this program.

I have participated in numerous farm bill hearings this spring on the Agriculture, Nutrition, and Forestry Committee. One of the underlying themes in these hearings have been that farmers and ranchers want the farm programs to be simpler, easier to understand. Mr. President, this bill eliminates bureaucracy and allows farmers to grow what they choose to grow. I believe in America we call this concept freedom. I urge and welcome my colleagues to join me in this effort.●

By Mr. BURNS (for himself, Mr. NICKLES, Mr. HATCH, Mr. MURKOWSKI, Mr. BREAUX, Mr. D'AMATO, Mr. MACK, Mr. GRAMS, and Mr. INHOFE):

S. 1000. A bill to amend the Internal Revenue Code of 1986 to provide that the depreciation rules which apply for regular tax purposes shall also apply for alternative minimum tax purposes, to allow a portion of the tentative minimum tax to be offset by the minimum tax credit, and for other purposes; to the Committee on Finance.

THE ALTERNATIVE MINIMUM TAX REFORM ACT OF 1995

● Mr. BURNS. Mr. President, I join my colleagues Senator NICKLES, Senator HATCH, Senator MURKOWSKI, Senator BREAUX, Senator D'AMATO, Senator MACK, Senator GRAMS, and Senator INHOFE, in offering this bill to reform the corporate alternative minimum tax. The intent of this bill is to make the alternative minimum tax system work more as Congress originally envisioned when it enacted this scheme back in 1986—as a backstop so that truly profitable companies pay their fair share of the tax burden. Under this bill, companies will not be able to escape paying their fair share of taxes; but, the Government will not be allowed to take more than its fair share either.

While the overall goal of the AMT is noble, its present practical effect is to discourage capital investment, to threaten the competitiveness of American businesses in the global market, and to increase taxes operating close to the margin at a time when they can least afford an increase in taxes. Because the AMT increases the cost of capital projects by negating the benefits of accelerated depreciation which was designed to foster capital formation and investment, reducing capital investment in one of the only ways that a taxpayer can extract itself from AMT status. Further, the AMT is the worst capital cost recovery system among the industrialized nations; most of the other industrialized nations allow industry to recover the cost of capital expenditure over much shorter periods in order to encourage investment in cost-effective, efficient environmentally updated equipment; under the current AMT depreciation rules, American companies are discouraged from doing so.

Finally, the costs of compliance with AMT are oppressive to most small businesses. Essentially, every company in America which might fall into AMT status must keep separate books on depreciation for every piece of plant and equipment: one set of books for regular tax depreciation, and one for AMT depreciation. Also, all of these companies must take the time to conduct two tax computations to determine if they fall into AMT status. These tax computations are highly complicated and extremely time-consuming to complete. According to statistics compiled by the National Association of Manufacturers, approximately 90% of the companies who incur these compliance costs to determine whether they fall into AMT status, do not end up paying the AMT tax. They still, however, have to incur the costs of making that determination.

It is clear that the AMT is not working as Congress intended. For many cyclical capital-intensive companies, AMT has become their primary system of taxation. AMT was originally intended to operate as a backstop to prevent truly profitable companies from paying little or no tax. It was never intended to provide disparate tax treatment for investment in the same asset. Yet this has been the practical result of AMT. Those industries most affected include airline, mining, transportation, and utility businesses, and producers of automobiles, chemicals, energy, and paper. And the effect of AMT on these industries is to increase the costs to the consumers, decrease the efficiency of these businesses, and decreases the businesses' ability to compete globally.

Many companies have made substantial AMT payments over the past few years in excess of their regular tax liability. These payments—AMT credits—are supposed to be returned to these companies when their regular tax liability exceeds their AMT tax, so that, over time, these companies will pay no more in tax than is required by the regular income tax system. Many taxpayers, however, find that the limitation on use of AMT credits is too severe and, therefore, they cannot be used in a meaningful time frame. Our legislation addresses these concerns in the following ways:

First, depreciation reform: This legislation would allow companies to use the same depreciation system for AMT purposes as they use for regular tax purposes. Investment in plant and equipment and other business use assets is essential for American businesses to increase productivity and modernize and maintain international competitiveness. The current AMT depreciation system penalizes companies for making these job creating investments and is contributing to inadequate replacement of capital assets necessary for long-term economic growth. Furthermore, this change eliminates the burden of keeping separate depreciation books for all plant and equipment purchased after enactment of the AMT. This would substantially reduce the compliance costs that these companies incur, and, in so doing, free up money for increasing salaries, job creation, and investment.

Two, accumulated minimum tax credits: This legislation also allows taxpayers who have unused accumulated minimum tax credits for any 3 of the past 5 years to use a portion of those credits to offset up to 50 percent of their current year AMT liability. When Congress originally imposed the AMT, it was intended to accelerate the timing of tax payments rather than permanently increase tax payments. Therefore, Congress allowed companies to receive credit in future years for the amount of AMT they paid in excess of their regular tax liability. For many companies, the limits on the use of AMT credits have effectively prevented them from recovering their excess payment of taxes in a timely manner. The Government is, in effect, under the present scheme enjoying an interest-free loan from these taxpayers, many of whom had to borrow the money to pay the AMT liability. This provision would bring AMT into line with its original intention and assure that low-profit, capital intensive companies are not subject to an unintended permanent tax increase.

I conclude my remarks today by emphasizing that enactment of this legislation would result in the AMT operating as Congress originally intended that it should—as a backstop system so that truly profitable companies would not escape taxation. It would correct the current problem of excessively taxing investment during recessionary periods, and it would ensure that investments in similar assets are taxed the same. Because it will result in economic growth and significant new job creation in high wage, high-skilled industries, I encourage my colleagues to support this bill.●

● Mr. GRAMS. Mr. President, I am pleased to join my Senate colleagues in support of the Minimum Tax Reform Act of 1995. It will reform the alternative minimum tax, or AMT, that is imposed on profitable U.S. companies. By reforming the way the system works, our businesses will be able to create more high-wage and high-skilled jobs, leading to greater economic growth.

The current AMT is a job killer. Companies are penalized for making needed investments in new plant equipment and technology that improve productivity and keep prices competitive. Not only is job creation impaired, but existing jobs are put in jeopardy as companies lose out to foreign competition. The AMT is an impediment to job creation in basic industries such as

manufacturing, transportation, and energy production. For small growing firms, the AMT is particularly burdensome since their revenue stream is insufficient to pay start-up and expansion costs as well as the taxes they will owe down the road.

I have heard from many businesses in my home State of Minnesota who say the AMT is severely impeding their ability to invest in productivity-improving assets and development activities. As a result, their ability to compete on a level playing field with other domestic and international companies is severely frustrated.

By removing the current AMT penalty on capital investment, businesses of all sizes will be freed to reinvest and expand their operations. This will create new jobs not only for the company making the investment, but for companies supplying materials and labor as well.

Republicans and Democrats alike have sponsored bills to reform the AMT. With this bipartisan measure introduced today, we will enable U.S. companies to create more jobs with better wages for American workers, increase economic growth, and improve the standard of living for all Americans.●

Mr. NICKLES. Mr. President, I rise today to introduce the Minimum Tax Reform Act of 1995 with my friend from Montana, Senator BURNS, and several other colleagues. In this legislation, we are attempting to correct some major Tax Code inequities related to the alternative minimum tax.

The alternative minimum tax, or AMT as it is commonly known, was enacted for what I believe is a good reason. Prior to the Tax Reform Act of 1986, there was a great deal of media attention directed at large, profitable corporations, who for a variety of reasons, paid no corporate income tax. The chairman of the Senate Finance Committee, Senator PACKWOOD, created the AMT in 1986 to make sure corporations who report economic income to their shareholders pay taxes. I basically agree with that premise, Mr. President. I believe it is important to the average citizen to know that large, profitable corporations are paying their fair share of this country's tax burden.

It is this issue of fairness, or the perception of fairness, which has always been the driving force behind the AMT. The driving force most certainly is not simplification or revenue generation, because the AMT is neither simple nor a major revenue source. It is ironic that the 1986 tax reform effort to simplify taxation created an entirely new Tax Code in the AMT, and now most corporations must plan for and comply with two Tax Codes instead of one. Even more ironic is the fact that in 1992 the regular corporate tax yielded $96 billion, while the AMT corporate tax yielded only $2.6 billion.

Unfortunately, Mr. President, in the real world the AMT has reached far beyond its original purpose. As it is currently structured, the AMT is a massive, complicated, parallel Tax Code which places huge burdens on capital intensive companies.

The biggest problem with the AMT, Mr. President, is that it denies many corporations the benefit of accelerated depreciation. If you really want to boil it down to the bare truth, the AMT is a 20-percent surtax on accelerated depreciation. This is very bad news for businesses who must invest heavily and often in new equipment to compete or to maintain their technological edge.

Essentially, the AMT requires businesses to compute their depreciation deduction using longer recovery periods and slower depreciation methods. The difference between the regular tax depreciation and AMT depreciation is then added to taxable income.

For example, a chemical company invests $1,000 in equipment in 1994. Under the regular tax, they would follow the guidelines of the Modified Accelerated Cost Recovery System [MACRS] to compute a first-year depreciation deduction of $400—200 percent declining balance method over 5 years. However, under the AMT they would only be allowed a depreciation deduction of $158—150 percent declining balance method over 9.5 years.

The difference between the two calculations of $242 would be added to their alternative minimum taxable income [AMTI]. After adding other preferences and adjustments, AMTI is taxed at 20 percent to arrive at the tentative alternative minimum tax [TAMT]. To the extent TAMT exceeds regular tax the chemical company would owe the larger amount.

As complicated as that example may sound, Mr. President, it is, in fact, greatly simplified compared to real life. What the example does clearly show, however, is the inequity of allowing a reasonable business deduction under one Tax Code, and then taking it away through another Tax Code. Meanwhile, the businessman is caught in the crossfire. His cost of capital is increased and he must hire more employees simply to keep up with the paperwork.

I understand that there are some people in Washington, DC, who believe regular tax depreciation is too generous and should be curtailed, but this is an extremely complicated and convoluted way to accomplish that goal, Mr. President.

The Minimum Tax Reform Act we are introducing today would conform AMT depreciation with regular tax depreciation. This one simple reform will remove the disincentive to invest in job-producing assets, put capital intensive businesses on the same footing as their international competitors, and greatly simplify AMT compliance and reporting.

The second major problem with the AMT is that for many categories of businesses it has become a permanent tax system, a result which was not anticipated in 1986. Reviewing the history of the AMT reveals that its creators believed businesses would pay AMT for a couple of years before becoming regular taxpayers again. For this reason, they developed a provision which allows businesses who have paid AMT in a prior year to credit those payments against their regular tax liability in future years.

Unfortunately, many capital-intensive businesses, as well as many oil, gas, and coal companies, have become chronic AMT taxpayers. They continue to pay AMT year after year with no relief in sight, and as a matter of function they have accumulated billions in unused AMT credits. These credits are a tax on future, unearned revenues which may never materialize, they represent an interest-free loan to the Federal Government, and because of the time-value of money their value to the taxpayer decreases every year.

To address this problem the Minimum Tax Reform Act includes a unique new provision which would allow chronic AMT taxpayers to utilize unused prior-year AMT credits to offset 50 percent of their tentative minimum tax. This provision will help chronic AMT taxpayers dig their way out of the AMT and allow them to recoup at least a portion of these accelerated tax payments in a reasonable manner and timeframe.

Mr. President, much of the tax debate this year has focused on providing incentives for savings and investment. An important part of that process should be to first eliminate the investment disincentives created by the AMT.

Will the Minimum Tax Reform Act take care of every business' AMT problems, Mr. President? No, it will not. This bill addresses the depreciation adjustment, but there are many other AMT adjustments, preferences, and limitations which are not dealt with. These provisions have little to do with preventing corporations from zeroing out, but they have a lot to do with profitability and competitiveness. I hope all these issues will be examined when the Senate Finance Committee considers AMT reform.

Mr. President, the issues surrounding the alternative minimum tax are very complicated. I hope my colleagues will take the time to study them and join me in this initiative.

By Mr. GLENN (for himself, Mr. CHAFEE, Mr. LEVIN, Mr. LIEBERMAN, Mr. COHEN, Mr. PRYOR, Mr. KERRY, Mr. LAUTENBERG, Mr. DASCHLE, Mrs. BOXER, Mr. KOHL, Mr. SIMON, Mrs. MURRAY, Mr. AKAKA, Mr. KENNEDY, Mr. DODD, Mr. DORGAN, Mr. JEFFORDS, and Mr. BIDEN):

S. 1001. A bill to reform regulatory procedures, and for other purposes; to the Committee on Governmental Affairs.

THE REGUALTORY PROCEDURES REFORM ACT OF 1995

Mr. GLENN. Mr. President, I believe very strongly in the need for regulatory reform. I do not believe that is something that is debatable back and forth across the center aisle, where we so often have our differences. I think we are united as Republicans and Democrats in the Senate of the United States in saying that we all feel a need for regulatory reform.

Now, while I recognize the tremendous value of many rules in protecting public health and safety and the environment, I also understand that Federal agencies too often ignore the costs of regulation on businesses, State and local governments, and on individuals who feel they are put down and overregulated. They see regulations that do not make any sense. They resent that. And I resent it right along with them.

But through sensible reform, we can restore common sense to Government decisions, and thereby improve the quality and reduce the burdens of Federal regulations.

Mr. President, any bill on the subject of regulatory reform to be deserving of support, I feel, must pass a test that is twofold. No. 1, does the bill provide for reasonable, logical, appropriate changes to regulatory procedures that eliminate unnecessary burdens on businesses and on individuals? And, No. 2, does the bill maintain the Government's ability to protect the health, the safety, and the environment of the American people?

Now, if the answer is yes to both questions, then the bill should be supported. But any bill that relieves regulatory burdens and at the same time threatens the protections for the American people in health and safety and the environment should be opposed. Now, maybe that is obvious. Maybe those two conditions are obvious. But I think they need to be stated so that we set the ground rules for the debate that will occur on this legislation.

What regulatory reform should not become is a backdoor way to stop and reverse the progress made over the past 25 years in protecting the health and the safety of the American people and the environment. And I very firmly believe that we can retain those protections for food and for water and air, and those things that protect every family and individual in this Nation, and at the same time cut out the excessive regulatory requirements that have truly and unnecessarily plagued business and individuals.

Regulatory reform should not mean tying up Federal agencies in needless paperwork and throwing the regulatory process into disarray. And it should not become a lawyer's dream, creating endless ways for individuals to sue the Government. Our goal should be to make the Government become more efficient and effective, and less prey to special interests.

Now, Mr. President, the Committee on Governmental Affairs has been involved in this issue for many years. This goes clear back into the mid-1970's, and even before. This year, under the leadership of Senator ROTH, the chairman of our committee, the committee crafted a comprehensive regulatory reform bill, S. 291. It was reported out of committee by a unanimous, bipartisan vote. I repeat that: A unanimous vote out of committee. We have eight Republican members on our committee. We have seven Democratic members on our committee. And this legislation, basically this same legislation, was reported out of committee by a unanimous bipartisan vote. I think it proves beyond any shadow of a doubt that we can have bipartisan action on this subject in this Congress, and in this Senate.

Last week, Senators DOLE and JOHNSTON entered into the RECORD a ''discussion draft'' for regulatory reform. And yesterday, a revised version of that draft was also entered into the RECORD. In response to these drafts, I have sent to the desk for introduction a bill entitled ''The Regulatory Procedures Reform Act of 1995.'' This bill is based primarily on our bipartisan Governmental Affairs Committee bill.

Now, I would like to take a moment to thank Senator ROTH for his leadership and hard work in making the Governmental Affairs Committee bill a strong and fair regulatory reform bill—a strong and fair regulatory reform bill. Through Senator ROTH's efforts, we have a solid foundation for real regulatory reform. I am happy to have worked with Senator ROTH in the committee and again, our work together is largely reflected in this bill.

Like the Governmental Affairs bill, the bill that I introduced today is bipartisan.

I offer the legislation for the RECORD because I have serious questions about the balance in the current version of the Dole-Johnston draft and whether the reforms it contains are outweighed by the creation of new opportunities to stop environmental and health and safety protections for the American people.

We are not trying to retain everything in every regulation that has been proposed or is even in effect now. We know that many must be reconsidered. But when we set the ground rules for how rules and regulations will be promulgated in the future, there must be balance, weighing the regulatory concerns against the benefits that may come from that regulation.

Whether the current version of the Dole-Johnston draft and the reforms it contains are outweighed by its limits to environmental health and safety protections for the American people is what I mean when I mention the word balance.

I want to provide an opportunity for our colleagues to approach this very important issue of regulatory reform from another angle, and I invite Members to compare these proposals. I would like each Senator to ask himself or herself which proposal or which combination of both proposals—a melding—which combination of these proposals better fulfills the twin tasks of eliminating unnecessary regulatory burdens on business and individuals, while at the same time providing no diminution of the ability of the Government to protect the health and safety and environment of the American people.

I believe that the legislation I am submitting is a very strong reform proposal. It requires cost-benefit analysis. It requires risk assessment. It requires peer review. It requires congressional review of significant rules. And it requires review of existing rules. It provides much-needed reform without paralyzing agencies. Issues, such as judicial review and how we should handle existing rules, are critical to this debate. Discussions on these issues are continuing, and we wish to make a positive contribution to these discussions by providing an alternative for consideration on the floor.

It is my hope that the principles embodied in this alternative will find their way into the final legislation that will be adopted by the Senate, because I am convinced that we will pass a bill. This bill may be one of the most important pieces of legislation we pass this year. I know it is arcane. I know it is uninteresting. I know sometimes it is about as interesting as watching paint dry or mud dry. These issues involve peculiarities of law and one-word interpretations in the courts, and things like that. But these are the things of which this legislation is made, and these are the things that are so important to every business and person in this country.

So discussions on these issues are continuing, and we want to make a positive contribution to that. I hope that this legislation I am proposing can be considered in that regard.

Let us look at some of the principles we see that I think should be our guideposts for regulatory reform:

No. 1: Cost-benefit and risk assessment requirements should apply only to major rules, which has been set at $100 million for executive branch review since before President Reagan's time. I think actually the $100 million threshold goes back to President Ford's time.

Our bill applies to rules that have an impact on the economy of $100 million or more. The Dole-Johnston bill applies to rules that have an impact on the economy of $50 million or more.

It is my view that a $50 million threshold overloads the capability of most agencies to do the job because there are probably few rules proposed that could not be construed to have a $50 million impact on the country. While agencies are being cut back and staffs are being cut back and dollars are being reduced in the agencies, it would seem to me advisable to start at the $100 million level. If we find later that the agencies are fully capable of

administering everything at the $100 million level, then we can add this requirement for the $50 million level.

No. 2: Regulatory reform should not become a lawyer's dream opening up a multitude of new avenues for judicial review. By judicial review, we mean can a court case be filed against it, in simple terms.

Our bill limits judicial review to determination of, first, whether a rule is a major rule, in other words, $100 million impact on the country; and second, whether a final rule is arbitrary or capricious, taking into consideration the whole rulemaking file developed in arriving at that final rule.

Specific procedural requirements for cost-benefit analysis and risk assessment, of which there could be hundreds of unlimited opportunities to delay for no legitimate reason is not subject to judicial review in our bill except as part of the whole rulemaking file. The final rule, however, before it could be put into effect, would be subject to judicial review. The current Dole-Johnston bill will lead to, I feel, a litigation explosion that could swamp the courts and could bog down agencies, because it would allow review of many steps in risk assessment and cost-benefit analysis, in addition to the determination of a major rule and of agency decisions to grant or deny petitions.

The petitions, the assessments, the cost-benefit analysis, whether it is a major rule or not, these all provide a myriad of places where the Dole-Johnston legislation would allow suits. If the court turned one down, they would still be free to file at the next stage, the next stage, and the next stage. The Dole-Johnston bill simply provides a means, as I see it, for almost unending delay of whatever rule is being considered.

The Dole-Johnston bill further alters the APA, the Administrative Procedures Act, standards in ways that undermine legal precedent and invite lawsuits. Finally, it seeks to limit agency discretion in ways that will lead inevitably to challenges in court.

No. 3: Regulatory reform legislation should focus on procedures and not be a vehicle for special interests seeking to alter specific laws dealing with health, safety, the environment or other matters. Our bill focuses on the fundamentals of regulatory reform and contains no special-interest provisions.

The current Dole-Johnston bill provides relief to special business interests that more properly should be considered in the context of something other than regulatory reform legislation. And I am referring to the Dole-Johnston language that has the effect of restricting, for instance, the Toxics Release Inventory, It also limits the Delaney clause and it delays and increases costs of Superfund cleanups.

I will not go into all sorts of details on these things now, but the Toxics Release Inventory provides that plants in communities have to put together information so people will know what it is they are breathing or what is happening to the water in their communities.

To take that up in regulatory reform and alter the requirements of that legislation without the appropriate committees or without everyone being heard on this seems to me not the right way to go.

With regard to the limitation on the Delaney clause, I happen to think the Delaney clause does need some modification, but this would change it dramatically. I am sure most people would agree this is not something we want to go into lightly. Again, regulatory reform is not the place to take up a specific program reform.

It would also fundamentally affect Superfund cleanups, causing significant delays and increasing costs.

No. 4: Regulatory reform should make Federal agencies more efficient and more effective and not tie up agency resources with additional bureaucratic processes.

Our bill requires cost-benefit analysis and risk assessment for major rules and requires agencies to review all their major rules by a time certain, not just prospectively, but also existing rules that have a $100 million impact or more. So we do go back and try and correct some of the problems that are so vexing to business people in particular.

Now, the current Dole-Johnston bill covers a much broader scope of rules and has several convoluted petition processes for what are called ''interested parties,'' for example, to amend or rescind a major rule and to review policies or guidance. These petitions are judicially reviewable and must be granted or denied by an agency within a specified timeframe.

Now, I think the petition will eat up agency resources and allow the petitioners, not the agencies, to set agency priorities. What we want to do is not swamp agencies, we want to make changes that are workable, ones that are of benefit to everyone in the whole country.

No. 5: Regulatory reform legislation should improve analysis but not override existing statutes, including environmental, safety, and health laws. This is what has been referred to as the ''supermandate''.

We have spent a generation or more putting into effect environmental laws, safety laws, and health laws for the benefit of the people of this country. I am not standing here to defend all of those laws. Some may have gone too far. Some rules and regulations written pursuant to those statutes, I am the first to say, have gone too far. But we also have made major improvements in our environment, in clean air and clean water, and health standards for our people. And to say that we will just pass a bill that says all that previous legislation—no matter how effective and how important—is automatically wiped off the book, I think, goes too far.

Our bill does not override existing statutes. It requires agencies, however, to explain whether benefits justify costs and whether the rule will be more cost-effective than alternatives. It does not allow cost-benefit determinations to override existing statutory requirements. It leaves intact environmental, safety, and health laws. But we do require all major current rules to be reviewed and set up a process for those that are considered inappropriate now to be reviewed.

Now, the current Dole-Johnston bill has three separate decisional criteria that control agency decisions, regardless of the underlying statutes. These overriding provisions are created for major rule cost-benefit determinations, for environmental cleanups, and for Regulatory Flexibility analysis. The Reg Flex override actually conflicts with the cost-benefit decisional criteria. The cost-benefit test limits agencies to the cheapest rule, not the most cost effective.

No. 6: There should be sunshine in the regulatory review process. Our bill ensures that agencies and OMB publicly disclose the status of regulatory review, of related decisions, documents, and communications from persons outside of the Government. The current Dole-Johnston bill has no sunshine provision to protect against regulatory review delay, unsubstantiated review decisions, or undisclosed special interest lobbying and political deals.

Now, we have gone through a period in the past decade or so where we had people doing things more in secret than in public in the executive branch of Government. We have come to regret that. Some of it we were able to stop. Some only stopped after this administration came in and took strong action against secrecy. I do not need to open up some of those old wounds at this point. But there is still a need to cut out the secrecy that can happen when rules are put through OMB and the Office of Information and Regulatory Affairs. Again, in the past, we have had some real problems with this. That is the reason why we feel so strongly that openness in Government—sunshine in the regulatory review process—should be included as any part of regulatory reform legislation.

Mr. President, the text of this alternative bill is almost identical to S. 291, the regulatory reform act of 1995, which, again, was reported unanimously from the Senate Committee on Governmental Affairs.

This discussion bill—I put this forward for discussion—is like S. 291 in the following ways: No. 1: It covers all major rules with the cost impact of $100 million or more. I will explain a slight change we made to what was in S. 291, which I will address a bit later.

No. 2: It requires cost-benefit analysis for all major rules.

No. 3: It requires risk assessment for all major rules related to environment, health, or safety. There is also a small technical change to the risk provisions

in S. 291. I will address that later as one of three changes in the legislation.

No. 4: It requires peer review of cost-benefit analysis and risk assessments.

No. 5: It limits judicial review to the determination of major rules and to the final rulemaking file.

No. 6: It requires agencies to review existing rules every 10 years with a Presidential extension of up to five years. This has changed slightly from the original S. 291, also. I will address that later as one of the three changes from the original bill.

No. 7: It provides judicial review of Regulatory Flexibility Act decisions, allowing 1-year for small entities to petition for a review of agency compliance with the Reg Flex Act.

No. 8: It requires public disclosure of regulatory analysis and review documents to ensure sunshine in the regulatory review process.

No. 9: It provides legislative veto of major rules to provide an expedited procedure for Congress to review rules. In other words, every major rule will come back to Congress for 45 days for review by the Congress before it becomes effective. We passed a similar measure in the Senate 100–0 3 months ago.

No. 10: It requires risk-based priority setting for the most serious risks to health and safety and the environment.

No. 11: It requires regulatory accounting every 2 years on the cumulative costs and benefits of agency regulations. In other words, agencies have to report back to Congress at least every 2 years agency on how this legislation is working, and what the costs and benefits are of the rules and regulations.

So, in other words, we put this in to so Congress can better monitor the cumulative burden and benefits of regulations. We no longer can just pass laws and forget the rules that follow. We are required to monitor these rules, because we will be advised at least every 2 years on the cumulative costs and benefits of agency regulations.

I mentioned three changes. The bill I am introducing differs from S. 291 on basically three points.

No. 1: It does not sunset rules that fail to be reviewed. Rather, it establishes an action-enforcing mechanism that uses the rulemaking process. It is not an arbitrary reversal of a major rule without public comment and review, which could occur if we ran out to a certain time period without review. The rule would have been declared no longer in effect because it had not been reviewed in that 10-year period. Instead of this automatic sunset, we have an action-enforcing mechanism that uses the rulemaking process.

No. 2: We do not include any narrative definitions for ''major rule.'' For example, one that would be a major rule because it has an adverse effect on wages, or something like that, or similar narrative definition. So we leave those out.

No. 3: It incorporates some technical changes to risk assessment, to track more closely recommendations made by the National Academy of Sciences, and to cover specific programs and agencies.

Now, those are the only three changes we made from the legislation, S. 291, that was voted out of the Governmental Affairs Committee unanimously—Republicans and Democrats.

This alternative discussion bill, I repeat, discussion bill, presents, I believe, a comprehensive approach and a very tough, but workable requirement for regulatory reform.

Mr. President, I urge my colleagues to examine this draft closely. We have a week and a half while we are out of session. I want it to be published in the RECORD so it can be available for staff to consider, and consider parts of it they think can supplement the proposal that is before the Senate now on the floor, or use this as a substitute and perfect this with amendments that people might wish to put forward.

It is my intent that further negotiations on regulatory reform go forward. It is my hope that ways will be found to incorporate the principles that I have enunciated this evening that ultimately could be supported by everyone.

I believe an appropriate melding of language of this bill with that of the Dole-Johnston draft could be the basis for a widely supported bill that produces tough and workable—tough and workable—regulatory reform, at the same time keeps intact the ability to protect the health, safety, and environment of the American people.

That kind of balanced bill will truly be in the public interest.

Mr. DASCHLE. Mr. President, let me commend the distinguished Senator from Ohio for his excellent statement and for the leadership he has demonstrated over the last several months on this important issue. No one has worked more tirelessly and more effectively to accomplish what the legislation he has introduced today represents.

The legislation now enjoys bipartisan support, and a growing number of people have examined it and found it much to their liking. That is no accident. It has happened as a result of the tireless efforts of the distinguished Senator from Ohio and his staff.

I look forward to working with him in the coming weeks to see if we can bring this effort to a successful resolution.

As the Senator from Ohio said, this is not the end. It is just the beginning. We hope we can work in a bipartisan fashion to take into account all the good work that has been done by others, as well.

The senior Senator from Louisiana, the senior Senator from Utah, and many other Senators have worked a good deal to bring the Senate to this point.

I leave tonight with the expectation that, indeed, we can resolve the remaining differences and work through many of the difficulties that remain. I certainly hope that is the case.

Indeed, I think it is true that Democrats and Republicans agree on the need for regulatory reform. But we also agree on the need for public safety. We also recognize that it is critical the American people retain confidence in their health and safety and the regulations and laws that promote and protect that health and safety.

The Senator from Ohio has provided us an excellent way to begin the debate when we get back, with the expectation that, indeed, this is an issue on which there can be accommodation and compromise.

Again, let me commend him for his excellent efforts and join with many others in cosponsoring this piece of legislation this afternoon.

By Mr. CHAFEE (for himself, Mr. GRAHAM, Mr. PRYOR, Mr. JOHNSTON, and Mr. SIMON):

S. 1002. A bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence; to the Committee on Finance.

THE HISTORIC HOMEOWNERSHIP ASSISTANCE ACT

• Mr. CHAFEE. Mr. President, all across America, in the small towns and great cities of this country, our heritage as a nation—the physical evidence of our past—is at risk. In virtually every corner of this land, homes in which grandparents and parents grew up, communities and neighborhoods that nurtured vibrant families, schools that were good places to learn and churches and synagogues that were filled on days of prayer, have suffered the ravages of abandonment and decay.

In the decade from 1980 to 1990, Chicago lost 41,000 housing units through abandonment, Philadelphia 10,000 and St. Louis 7,000. The story in our older small communities has been the same, and the trend continues. It is important to understand that it is not just buildings that we are losing. It is the sense of our past, the vitality of our communities and the shared values of those precious places.

We need not stand hopelessly by as passive witnesses to the loss of these irreplaceable historic resources. We can act, and to that end I am introducing today the Historic Homeownership Assistance Act along with my distinguished colleagues Senator GRAHAM of Florida, Senator PRYOR, Senator JOHNSTON and Senator SIMON.

This legislation is patterned after the existing historic rehabilitation investment tax credit. That legislation has been enormously successful in stimulating private investment in the rehabilitation of buildings of historic importance all across the country. Through its use we have been able to save and re-use a rich and diverse array of historic buildings: landmarks such

as Union Station right here in Washington, DC, the Fox River Mills, a mixed use project that was once a derelict paper mill in Appleton, WI and the Rosa True School, an eight-unit low/moderate income rental project in an historic school building in Portland, ME.

In my own State of Rhode Island, Federal tax incentives stimulated the rehabilitation and commercial reuse of more than 266 historic properties. The properties saved include the Hotel Manisses on Block Island, the former Valley Falls Mills complex in Central Falls, and the Honan Block in Woonsocket.

The legislation that I am introducing builds on the familiar structure of the existing tax credit, but with a different focus and a more modest scope and cost. It is designed to empower the one major constituency that has been barred from using the existing credit—homeowners. Only those persons who rehabilitate or purchase a newly rehabilitated home and occupy it as their principal residence would be entitled to the credit that this legislation creates. There would be no passive losses, no tax shelters and no syndications under this bill.

Like the existing investment credit, the bill would provide a credit to homeowners equal to 20 percent of the qualified rehabilitation expenditures made on an eligible building that is used as a principal residence by the owner. Eligible buildings would be those that are listed on the National Register of Historic Places, are contributing buildings on National Register Historic Districts or in nationally certified State or local historic districts, or are individually listed on a nationally certified State or local register. As is the case with the existing credit, the rehabilitation work would have to be performed in compliance with the Secretary of the Interior's standards for rehabilitation, although the bill clarifies that such standards should be interpreted in a manner that takes into consideration economic and technical feasibility.

The bill also makes provision for lower-income homebuyers who may not have sufficient Federal income tax liability to use a tax credit. It would permit such persons to receive a historic rehabilitation mortgage credit certificate which they can use with their bank to obtain a lower interest rate on their mortgage.

The credit would be available for condominiums and co-ops, as well as single-family buildings. If a building were to be rehabilitated by a developer for sale to a homeowner, the credit would pass through to the homeowner. Since one purpose of the bill is to provide incentives for middle-income and more affluent families to return to older towns and cities, the bill does not discriminate among taxpayers on the basis of income. However, it does impose a cap of $50,000 on the amount of credit which may be taken for a principal residence.

The Historic Homeownership Assistance Act will make ownership of a rehabilitated older home more affordable for homebuyers of modest incomes. It will encourage more affluent families to claim a stake in older towns and neighborhoods. It affords fiscally stressed cities and towns a way to put abandoned buildings back on the tax rolls, while strengthening their income and sales tax bases. It offers developers, realtors and homebuilders a new realm of economic opportunity in revitalizing decaying buildings.

In addition to preserving our heritage, extending this credit will provide an important supplemental benefit—it will boost the economy. Every dollar of Federal investment in historic rehabilitation leverages many more from the private sector. Rhode Island, for example, has used $24 million in public funds over the years to generate $216 million in private investment. This investment has created more than 10,000 jobs and $187 million in wages.

Mr. President, this bill is no panacea. Although its goals are great, its reach will be modest. But it can make a difference, and an important difference, in communities large and small all across this Nation. The American dream of owning one's own home is a powerful force. This bill can help it come true for those who are prepared to make a personal commitment to join in the rescue of our priceless heritage. By their actions they can help to revitalize decaying resources of historic importance, create jobs and stimulate economic development, and restore to our older towns and cities a lost sense of purpose and community.

Mr. President, I ask unanimous consent that the text of the bill and an explanation of its provisions be printed in the RECORD.

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

S. 1002

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 ''Historic Homeownership Assistance Act''.

SEC. 2. HISTORIC HOMEOWNERSHIP REHABILITATION CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

''SEC. 23. HISTORIC HOMEOWNERSHIP REHABILITATION CREDIT.

''(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified rehabilitation expenditures made by the taxpayer with respect to a qualified historic home.

''(b) DOLLAR LIMITATION.—

''(1) IN GENERAL.—The credit allowed by subsection (a) with respect to any residence of a taxpayer shall not exceed $50,000 ($25,000 in the case of a married individual filing a separate return).

''(2) CARRYFORWARD OF CREDIT UNUSED BY REASON OF LIMITATION BASED ON TAX LIABILITY.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(c) QUALIFIED REHABILITATION EXPENDITURE.—For purposes of this section:

''(1) IN GENERAL.—The term 'qualified rehabilitation expenditure' means any amount properly chargeable to capital account—

''(A) in connection with the certified rehabilitation of a qualified historic home, and

''(B) for property for which depreciation would be allowable under section 168 if the qualified historic home were used in a trade or business.

''(2) CERTAIN EXPENDITURES NOT INCLUDED.—

''(A) EXTERIOR.—Such term shall not include any expenditure in connection with the rehabilitation of a building unless at least 5 percent of the total expenditures made in the rehabilitation process are allocable to the rehabilitation of the exterior of such building.

''(B) OTHER RULES TO APPLY.—Rules similar to the rules of clauses (ii) and (iii) of section 47(c)(2)(B) shall apply.

''(3) MIXED USE OR MULTIFAMILY BUILDING.—If only a portion of a building is used as the principal residence of the taxpayer, only qualified rehabilitation expenditures which are properly allocable to such portion shall be taken into account under this section.

''(d) CERTIFIED REHABILITATION.—For purposes of this section—

''(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'certified rehabilitation' has the meaning given such term by section 47(c)(2)(C).

''(2) FACTORS TO BE CONSIDERED IN THE CASE OF TARGETED AREA RESIDENCES, ETC.—

''(A) IN GENERAL.—For purposes of applying section 47(c)(2)(C) under this section with respect to the rehabilitation of a building to which this paragraph applies, consideration shall be given to—

''(i) the feasibility of preserving existing architectural and design elements of the interior of such building,

''(ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and

''(iii) the effects of such deterioration or demolition on neighboring historic properties.

''(B) BUILDINGS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply with respect to any building—

''(i) any part of which is a targeted area residence within the meaning of section 143(j)(1), or

''(ii) which is located within an enterprise or empowerment zone,

but shall not apply with respect to any building which is listed in the National Register.

''(3) COOPERATIVE AGREEMENTS.—The term 'certified rehabilitation' includes a certification made in accordance with a contract or cooperative agreement between the Secretary of the Interior and a State Historic Preservation Officer which authorizes such officer (or a local government certified pursuant to section 101(c)(1) of the National Historic Preservation Act), subject to such terms or conditions as may be specified in such agreement, to certify the rehabilitation of buildings within the jurisdiction of such officer (or local government) for purposes of this section.

''(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section:

''(1) QUALIFIED HISTORIC HOME.—The term 'qualified historic home' means a certified historic structure—

''(A) which has been substantially rehabilitated, and

''(B) which (or any portion of which)—

''(i) is owned by the taxpayer, and

''(ii) is used (or will, within a reasonable period, be used) by such taxpayer as his principal residence.

''(2) SUBSTANTIALLY REHABILITATED.—The term 'substantially rehabilitated' has the meaning given such term by section 47(c)(1)(C); except that, in the case of any building described in subsection (d)(2), clause (i)(I) thereof shall not apply.

''(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 1034.

''(4) CERTIFIED HISTORIC STRUCTURE.—

''(A) IN GENERAL.—The term 'certified historic structure' has the meaning given such term by section 47(c)(3).

''(B) CERTAIN STRUCTURES INCLUDED.—Such term includes any building (and its structural components) which is designated as being of historic significance under a statute of a State or local government, if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance.

''(5) ENTERPRISE OR EMPOWERMENT ZONE.—The term 'enterprise or empowerment zone' means any area designated under section 1391 as an enterprise community or an empowerment zone.

''(6) REHABILITATION NOT COMPLETE BEFORE CERTIFICATION.—A rehabilitation shall not be treated as complete before the date of the certification referred to in subsection (d).

''(7) LESSEES.—A taxpayer who leases his principal residence shall, for purposes of this section, be treated as the owner thereof if the remaining term of the lease (as of the date determined under regulations prescribed by the Secretary) is not less than such minimum period as the regulations require.

''(8) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—If the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such stockholder shall be treated as owning the house or apartment which the taxpayer is entitled to occupy as such stockholder.

''(f) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—In the case of a building other than a building to which subsection (g) applies, qualified rehabilitation expenditures shall be treated for purposes of this section as made—

''(1) on the date the rehabilitation is completed, or

''(2) to the extent provided by the Secretary by regulation, when such expenditures are properly chargeable to capital account.

Regulations under paragraph (2) shall include a rule similar to the rule under section 50(a)(2) (relating to recapture if property ceases to qualify for progress expenditures).

''(g) ALLOWANCE OF CREDIT FOR PURCHASE OF REHABILITATED HISTORIC HOME.—

''(1) IN GENERAL.—In the case of a qualified purchased historic home, the taxpayer shall be treated as having made (on the date of purchase) the qualified rehabilitation expenditures made by the seller of such home.

''(2) QUALIFIED PURCHASED HISTORIC HOME.—For purposes of this subsection, the term 'qualified purchased historic home' means any substantially rehabilitated certified historic structure purchased by the taxpayer if—

''(A) the taxpayer is the first purchaser of such structure after the date rehabilitation is completed, and the purchase occurs within 5 years after such date,

''(B) the structure (or a portion thereof) will, within a reasonable period, be the principal residence of the taxpayer,

''(C) no credit was allowed to the seller under this section or section 47 with respect to such rehabilitation, and

''(D) the taxpayer is furnished with such information as the Secretary determines is necessary to determine the credit under this subsection.

''(h) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—

''(1) IN GENERAL.—The taxpayer may elect, in lieu of the credit otherwise allowable under this section, to receive a historic rehabilitation mortgage credit certificate. An election under this paragraph shall be made—

''(A) in the case of a building to which subsection (g) applies, at the time of purchase, or

''(B) in any other case, at the time rehabilitation is completed.

''(2) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—For purposes of this subsection, the term 'historic rehabilitation mortgage credit certificate' means a certificate—

''(A) issued to the taxpayer, in accordance with procedures prescribed by the Secretary, with respect to a certified rehabilitation,

''(B) the face amount of which shall be equal to the credit which would (but for this subsection) be allowable under subsection (a) to the taxpayer with respect to such rehabilitation,

''(C) which may only be transferred by the taxpayer to a lending institution in connection with a loan—

''(i) that is secured by the building with respect to which the credit relates, and

''(ii) the proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of such building, and

''(D) in exchange for which such lending institution provides the taxpayer a reduction (determined as provided in such regulations) in the rate of interest on the loan.

''(3) USE OF CERTIFICATE BY LENDER.—The amount of the credit specified in the certificate shall be allowed to the lender only to offset the regular tax (as defined in section 55(c)) of such lender. The lender may carry forward all unused amounts under this subsection until exhausted.

''(i) RECAPTURE.—

''(1) IN GENERAL.—If, before the end of the 5-year period beginning on the date on which the rehabilitation of the building is completed (or, if subsection (g) applies, the date of purchase of such building by the taxpayer)—

''(A) the taxpayer disposes of such taxpayer's interest in such building, or

''(B) such building ceases to be used as the principal residence of the taxpayer,

the taxpayer's tax imposed by this chapter for the taxable year in which such disposition or cessation occurs shall be increased by the recapture percentage of the credit allowed under this section for all prior taxable years with respect to such rehabilitation.

''(2) RECAPTURE PERCENTAGE.—For purposes of paragraph (1), the recapture percentage shall be determined in accordance with the table under section 50(a)(1)(B), deeming such table to be amended—

''(A) by striking 'If the property ceases to be investment credit property within—' and inserting 'If the disposition or cessation occurs within—', and

''(B) in clause (i) by striking 'One full year after placed in service' and inserting 'One full year after the taxpayer becomes entitled to the credit'.

''(j) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property (including any purchase under subsection (g) and any transfer under subsection (h)), the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(k) PROCESSING FEES.—No State may impose a fee for the processing of applications for the certification of any rehabilitation under this section unless the amount of such fee is used only to defray expenses associated with the processing of such applications.

''(l) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount for which credit is allowed under section 47.

''(m) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations where less than all of a building is used as a principal residence and where more than 1 taxpayer use the same dwelling unit as their principal residence.''

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 of such Code is amended by striking ''and'' at the end of paragraph (24), by striking the period at the end of paragraph (25) and inserting '', and'', and by adding at the end the following new item:

''(26) to the extent provided in section 23(j).''

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 22 the following new item:

''Sec. 23. Historic homeownership rehabilitation credit.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to rehabilitations the physical work on which begins after the date of enactment of this Act.

THE HISTORIC HOMEOWNERSHIP ASSISTANCE ACT

Purpose. To provide homeownership incentives and opportunities through the rehabilitation of older buildings in historic districts under the Federal Historic Rehabilitation Tax Credit. To stimulate the revival of decaying neighborhoods and communities and the preservation of historic buildings and districts through homeownership.

Rate of Credit: Eligible Buildings. The existing Historic Rehabilitation Tax Credit, which provides a credit of 20% of qualified rehabilitation expenditures to investors in commercial and rental buildings, would be extended to homeowners who rehabilitate or purchase a newly-rehabilitated eligible home and occupy it as a principal residence. In the case of buildings rehabilitated by developers and sold to homeowners, the credit would be passed through by the developer to the home purchaser. Eligible buildings would be buildings individually listed on the National Register of Historic Places or a nationally certified state of local register, and contributing buildings in districts listed in the National Register or in state or local historic districts that have been nationally certified.

Both single-family and multifamily residences, through condominiums and cooperatives, would qualify for the proposed credit. In addition, the credit could be claimed for that portion of a building used as a principal residence, notwithstanding the use of other

portions of the building for other purposes, including residential rental and commercial uses for which the existing Federal Historic Rehabilitation Tax Credit could be used. The proposal would make no changes in the limitations on the use of the credit.

Maximum Credit: Minimum Expenditures. The amount of the homeownership credit would be limited to $50,000 for each principal residence. The amount of qualified rehabilitation expenditures would be required to exceed the greater of $5,000 within a 24-month period or the adjusted tax basis of the building (excluding the land) except for buildings in census tracts targeted as distressed for Mortgage Revenue Bond purposes under IRC Section 143(j)(1) and Enterprise and Empowerment Zones, where the minimum would be $5,000. At least five percent of the qualified rehabilitation expenditures would have to be spent on the exterior of the building.

Pass-Through of Credit: Carry-Forward: Recapture. In the event that a certified rehabilitation is performed on an eligible property by a developer who sells the residence to a home buyer, the credit would accrue to the home buyer and not to the developer, who would, in effect, pass it through to the home buyer. The entire amount of the credit could be used to reduce Federal Income Tax liability, subject to Alternative Minimum Tax limitations, in the year in which the expenditures were made by the taxpayer either directly (if the taxpayer makes the expenditures himself or herself) or at the settlement, if the taxpayer purchases the newly-rehabilitated residence from a developer. Any unused amounts of credit would be carried forward until fully exhausted. In the event the taxpayer failed to maintain his or her principal residence in the building for five years, the credit would be subject to ratable recapture.

No ''Passive Loss''; No Income Limit. The credit would not be treated as a ''passive loss'' because the taxpayer would be actively living in the building. Further, since the proposed legislation is intended not only to foster homeownership and encourage rehabilitation of deteriorated buildings, but also to promote economic diversity among residents and increase local ad valorem real property, income and sales tax revenues, individual taxpayers would be eligible for the credit without regard to income.

Secretary's Standards: Interiors. Rehabilitation would have to be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation. The proposed legislation would clarify the directive, set forth in 36 CFR 67, that the Standards are to be interpreted in a manner which takes ''into consideration economic and technical feasibility.'' It would provide that in determining whether to certify rehabilitation of a building, all or a portion of which is to be used as an owner-occupied residence that is a ''targeted area residence'' within the meaning of IRC Section 143 (J)(1) or is located within an Enterprise or Empowerment Zone and is not individually listed in the National Register of Historic Places, the Secretary give consideration to (I) the feasibility of preserving existing architectural or design elements of the interior of such building, (ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and (iii) the effects of such deterioration or demolition on neighboring historic properties.

Cooperative Agreements: Earmarking of Fees. The Secretary of the Interior would be authorized to enter into cooperative agreements with State Historic Preservation Officers (''SHPO's'') granting to the states (and, upon the recommendation of a SHPO and with the consent or the Secretary, to a Certified Local Government within that state deemed qualified to perform such functions), subject to the terms and conditions of such cooperative agreements, authority to certify the rehabilitation of certified historic buildings within their respective jurisdictions. The states would have authority to levy fees for processing applications for certification, provided that the proceeds of such fees are used only to defray expenses associated with processing the application.

Historic Rehabilitation Mortgage Credit Certificates. Lower income taxpayers may not have sufficient Federal Income Tax liability to make effective use of a homeownership credit. In order to make the benefits of the credit available to such persons, the proposed legislation would permit any recipient of a credit to convert it into a mortgage credit certificate which can be used to obtain an interest rate reduction on his or her home mortgage loan.

Taxpayers entitled to the credit would be able to elect to receive in lieu of the credit an Historic Rehabilitation Mortgage Credit Certificate in the face amount of the credit to which the taxpayer is entitled. The election would be made at the time of receipt by the taxpayer of the approved Part III certification of the historic rehabilitation (certification that the completed rehabilitation meets the Secretary's Standards, and setting forth the taxpayer's estimate of the costs solely attributable to the rehabilitation, to which the 20 percent credit is applied).

The taxpayer would then transfer the certificate (evidencing the right to claim a federal tax credit in an amount equal to 20 percent of the qualified rehabilitation expenditures) to the mortgage lender in exchange for a reduced interest rate on the home mortgage loan. The mortgage lender would be permitted to reduce its own federal income tax liability by the face amount of the certificate, subject to Alternative Minimum Tax limitations. However, the credit claimed by the bank would not be subject to recapture. The amount of reduction in the mortgage interest rate which the homeowner would obtain in exchange for the certificate would be determined by a ''buy-down'' formula.

Although the right to receive an Historic Rehabilitation Mortgage Credit Certificate would be available to all persons entitled to the credit, the certificate could not be used by a person precluded from using the credit because of the Alternative Minimum Tax limit at the time of original entitlement to the certificate.●

By Mr. PRESSLER:

S. 1003. A bill to suspend temporarily the duty on certain motorcycles brought into the United States by participants in the Sturgis Motorcycle Rally and Races, and for other purposes; to the Committee on Finance.

MOTORCYCLE DUTY SUSPENSION LEGISLATION

Mr. PRESSLER. Mr. President, today I am pleased to introduce legislation that would allow for the temporary suspension of duties on motorcycles originally manufactured in the United States, exported, and brought back into the country for the purpose of participating in the Sturgis Motorcycle Rally and Races.

The Sturgis Rally and Races, held annually in Sturgis, SD, is the largest motorcycle show in the world. Created in 1938 by Sturgis motorcycle shop owner J.C. ''Pappy'' Hoel, the rally has evolved from a small gathering of 19 motorcycle enthusiasts, to a major international event. Besides attracting American motorcyclists from all 50 States, citizens from more than 60 foreign countries travel to attend. This year, the 55th Annual Rally and Races will be held from August 7–13, and is expected to draw in more than 200,000 people, including nearly 3,000 participants from abroad. The rally is, without question, one of the most important tourism events in South Dakota. With ever-increasing international participation, it quickly is becoming a significant element of foreign tourism revenue. As the new co-chair of the Senate Tourism Caucus, I want to do everything I can to increase the international flavor of tourist events like the Sturgis Rally and Races. Our economy only stands to benefit.

Although the Rally has, in recent years, expanded its program to include guided tours of the Black Hills area and motorcycle expositions, the central attraction remains motorcycle racing. For Sturgis participants, the vehicle of choice is the Harley-Davidson. As my colleagues know, the Harley—Davidson company is the only remaining American manufacturer of motorcycles. Its two plants, located in Milwaukee, WI, and York, PA, are the sole remaining facilities where Harley's are made. In 1994, approximately 70 percent of the motorcycles present at the Rally were Harleys.

Mr. President, as I mentioned, international participation is on the rise. We certainly welcome these foreign tourists and want to do all we can to encourage their participation. However, when foreign travelers bring their motorcycles with them, the temporary importation requirements of the U.S. Customs Service come into play. Specifically, when a foreign-owned motorcycle is admitted into the country, a bond must be posted that is equal to approximately twice the value of the motorcycle's import duty—or, roughly 6 percent of its total value. The purpose of the bond is to safeguard against motorcycles being brought into our country presumably for vacation purposes, but then are sold, which circumvents our import quotas and tariffs. Although the bond is refundable, administrative fees associated with securing the bond are not. Mr. President, Harley-Davidsons are American-made. As I have mentioned, the purpose of these bonds is to prevent foreign goods from being sold in this country duty free. Therefore, there is no need to impose the bonding requirement on American-made Harleys brought back into this country. This requirement is becoming increasingly onerous for foreign Rally participants, creating what I view as an unnecessary roadblock for increased foreign participation.

This problem was brought to my attention during a meeting I had with South Dakota tourism leaders in Rapid City, SD earlier this year. In particular, I want to acknowledge and thank

Francie Reubel Alberts, executive director of the Sturgis Motorcycle Rally and Races, for all her help in this matter. Those involved in the Sturgis Rally and Races know of her dedication and hard work over the years to make this yearly event such an enormous success. When we started work on this matter, it was our hope that the situation could be resolved administratively through existing Customs regulations. It now appears legislation is the only solution.

Therefore, the legislation I am introducing today would temporarily suspend the duties on foreign-owned Harley-Davidson's that are being brought back into our country for the purpose of participating in the Sturgis Motorcycle Rally and Races. Under my bill, foreign rally participants would be allowed to forgo the costly, time-consuming procedure of securing a bond for the few weeks their motorcycles would be in the country.

Mr. President, this bill, by encouraging foreign participation in the Sturgis Rally and Races, is good for South Dakota tourism. It is good for American tourism in general. Furthermore, it sends a message that this Congress is serious about promoting America as a tourist destination.The Sturgis Rally and Races is quintessentially all-American, but it has become a world-renowned, world-class event. With this legislation, it is my hope that this grant event in the great State of South Dakota will attract even greater worldwide representation. I urge my colleagues to support this legislation. Just as important, I hope to see friends, neighbors, and motorcycle enthusiasts in Sturgis later this summer.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEMPORARY DUTY SUSPENSION FOR CERTAIN MOTORCYCLES.

(a) IN GENERAL.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

"9902.98.05	Motorcycles produced in the United States, previously exported and brought temporarily into the United States by nonresidents for the purpose of participating in the Sturgis Motorcycle Rally and Races	Free	No change	Free	On or before 8/15/95"

(b) ARTICLES TO BE SUBJECT TO INFORMAL ENTRY; TAXES AND FEES NOT TO APPLY.—Notwithstanding section 484 of the Tariff Act of 1930 (19 U.S.C. 1484) or any other provision of law, the Secretary of the Treasury may authorize the entry of an article described in heading 9902.98.05 of the Harmonized Tariff Schedule of the United States (as added by subsection (a)) on an oral declaration of the nonresident entering such article and such article shall be free of taxes and fees which may be otherwise applicable.

SEC. 2. EFFECTIVE DATE.

The amendment made by this Act applies to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

By Mr. STEVENS (for himself, Mr. PRESSLER, Mr. HOLLINGS, and Mr. KERRY):

S. 1004. A bill to authorize appropriations for the U.S. Coast Guard, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE COAST GUARD AUTHORIZATION ACT OF 1995

• Mr. STEVENS. Mr. President, I am pleased today to introduce bipartisan legislation to authorize spending for the important activities of the U.S. Coast Guard in fiscal year 1996.

I am joined by Senators HOLLINGS, KERRY, and Chairman PRESSLER on this bill.

On March 15, 1995, we held a Commerce Committee hearing to review the Coast Guard's request for the authorization of appropriations and for various changes to the law that will allow it to more effectively carry out its mission.

I believe the package we are presenting today includes all of the highest priorities identified by the Coast Guard for action this year.

It also includes authorization levels for fiscal year 1995, since we were unable to pass a bill at the end of the last Congress.

Before my summary, I want to point out that the package only includes provisions requested by the Coast Guard.

Simultaneous to our introduction of today's legislation, we are working on a more comprehensive package of amendments the Subcommittee on Oceans and Fisheries will present to the full Commerce Committee at a markup, hopefully in July.

We will try in the comprehensive package to include as many of the provisions that we can that are of interest to members of the Committee and the Senate.

We are also reviewing the provisions included in the Coast Guard authorization bill passed by the House (H.R. 1361) for possible inclusion in this subcommittee package.

I appreciate the interest and support of Commerce Committee Chairman PRESSLER in our efforts on this reauthorization.

I look forward to continuing to work with the other subcommittee members in the coming weeks to complete our larger package for the full committee's consideration.

SUMMARY OF LEGISLATION

The bill would authorize appropriations for the Coast Guard in the amounts of $3.69 billion in fiscal year 1995 and $3.71 billion in fiscal year 1996.

The end of year military strength for active duty Coast Guard personnel would be set at 39,000 for fiscal year 1995 and 38,400 for fiscal year 1996.

The bill would also authorize several personnel management improvements requested by the Coast Guard.

In the area of marine safety and waterway services management, the bill would increase civil penalties for documentation, marine casualty reporting, and uninspected vessel manning violations.

The bill would renew authorization for several advisory committees that provide the Coast Guard with key private sector input.

It would also authorize the electronic filing of certain vessel commercial instruments, making filing easier both for vessel owners and the Coast Guard.

The bill would improve the management of the Coast Guard Auxiliary, a 36,000 member volunteer organization that provides the Coast Guard with low-cost assistance in its boating safety mission.

First, it would define the status of, and provide certain protections for auxiliary members while they are performing official Coast Guard duties. It would also improve their ability to cooperate with State authorities and obtain excess Coast Guard resources.

The bill makes an important change in recreational boating safety by restructuring the process for providing States with recreational boating safety grants and stimulating nontrailerable vessel facility construction.

A key provision of the bill would reduce the regulatory burden on U.S. commercial vessel operators by: Shifting away from excessive U.S. vessel standards toward accepted international standards; authorizing the use of third party and self-inspection programs as alternatives to Coast Guard inspections; and extending U.S. vessel inspection intervals.

Both the Coast Guard and industry strongly support these changes. They will enable Coast Guard inspectors to focus more on the problem of substandard foreign vessels calling on U.S. ports.

The bill also includes numerous technical changes to establish alternate vessel measurement requirements that will enable U.S. vessel designers and operators to be competitive in the international vessel market.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1004

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 "Coast Guard Authorization Act of 1995".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—AUTHORIZATION

Sec. 101. Authorization of appropriations.
Sec. 102. Authorized levels of military strength and training.

TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT
Sec. 201. Provision of child development services.
Sec. 202. Hurricane Andrew relief.
Sec. 203. Dissemination of results of 0–6 continuation boards.
Sec. 204. Exclude certain reserves from end-of-year strength.
Sec. 205. Officer retention until retirement eligible.
Sec. 206. Contracts for health care services.
TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT
Sec. 301. Increased penalties for documentation violations.
Sec. 302. Clerical amendment.
Sec. 303. Maritime Drug and Alcohol Testing Program Civil Penalty.
Sec. 304. Renewal of the Navigation Safety Advisory Council.
Sec. 305. Renewal of the Commercial Fishing Industry Vessel Advisory Committee.
Sec. 306. Renewal of Towing Safety Advisory Committee.
Sec. 307. Electronic filing of commercial instruments.
Sec. 308. Civil penalties.
TITLE IV—COAST GUARD AUXILIARY AMENDMENTS
Sec. 401. Administration of the Coast Guard Auxiliary.
Sec. 402. Purpose of the Coast Guard Auxiliary.
Sec. 403. Members of the Auxiliary; Status.
Sec. 404. Assignment and Performance of Duties.
Sec. 405. Cooperation with other Agencies, States, Territories, and Political Subdivisions.
Sec. 406. Vessel Deemed Public Vessel.
Sec. 407. Aircraft Deemed Public Aircraft.
Sec. 408. Disposal of Certain Material.
TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT
Sec. 501. State recreational boating safety grants.
Sec. 502. Boating access.
TITLE VI—COAST GUARD REGULATORY REFORM
Sec. 601. Short title.
Sec. 602. Safety management.
Sec. 603. Use of reports, documents, records, and examinations of other persons.
Sec. 604. Equipment approval.
Sec. 605. Frequency of inspection.
Sec. 606. Certificate of inspection.
Sec. 607. Delegation of authority of Secretary to classification societies.
TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS.
Sec. 701. Amendment of inland navigation rules.
Sec. 702. Measurement of vessels.
Sec. 703. Longshore and harbor workers compensation.
Sec. 704. Radiotelephone requirements.
Sec. 705. Vessel operating requirements.
Sec. 706. Merchant Marine Act, 1920.
Sec. 707. Merchant Marine Act, 1956.
Sec. 708. Maritime education and training.
Sec. 709. General definitions.
Sec. 710. Authority to exempt certain vessels.
Sec. 711. Inspection of vessels.
Sec. 712. Regulations.
Sec. 713. Penalties—inspection of vessels.
Sec. 714. Application—tank vessels.
Sec. 715. Tank vessel construction standards.
Sec. 716. Tanker minimum standards.
Sec. 717. Self-propelled tank vessel minimum standards.
Sec. 718. Definition—abandonment of barges.
Sec. 719. Application—load lines.
Sec. 720. Licensing of individuals.
Sec. 721. Able seamen—limited.
Sec. 722. Able seamen—offshore supply vessels.
Sec. 723. Scale of employment—able seamen.
Sec. 724. General requirements—engine department.
Sec. 725. Complement of inspected vessels.
Sec. 726. Watchmen.
Sec. 727. Citizenship and naval reserve requirements.
Sec. 728. Watches.
Sec. 729. Minimum number of licensed individuals.
Sec. 730. Officers' competency certificates convention.
Sec. 731. Merchant mariners' documents required.
Sec. 732. Certain crew requirements.
Sec. 733. Freight vessels.
Sec. 734. Exemptions.
Sec. 735. United States registered pilot service.
Sec. 736. Definitions—merchant seamen protection.
Sec. 737. Application—foreign and intercoastal voyages.
Sec. 738. Application—coastwise voyages.
Sec. 739. Fishing agreements.
Sec. 740. Accommodations for seamen.
Sec. 741. Medicine chests.
Sec. 742. Logbook and entry requirements.
Sec. 743. Coastwise endorsements.
Sec. 744. Fishery endorsements.
Sec. 745. Convention tonnage for licenses, certificates, and documents.

TITLE I—AUTHORIZATION

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

(a) FISCAL YEAR 1995.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1995, as follows:

(1) For the operation and maintenance of the Coast Guard, $2,630,505,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $439,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust Fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.

(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $20,310,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.

(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $562,585,000.

(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $12,880,000, to remain available until expended, which may be made available under section 104(e) of title 49, United States Code.

(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.

(b) FISCAL YEAR 1996.—Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1996, as follows:

(1) For the operation and maintenance of the Coast Guard, $2,618,316,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Funds.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $428,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.

(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $22,500,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.

(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $582,022,000.

(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $16,200,000, to remain available until expended, of which up to $14,200,000 may be made available under section 104(e) of title 49, United States Code.

(6) For environmental compliance and restoration at Coast Guard facilities (other than parts and equipment associated with operations and maintenance), $25,000,000, to remain available until expended.

(c) AMOUNTS FROM THE DISCRETIONARY BRIDGE PROGRAM.—Section 104 of title 49, United States Code, is amended by adding at the end thereof the following:

''(e) Notwithstanding the provisions of sections 101(d) and 144 of title 23, highway bridges determined to be unreasonable obstructions to navigation under the Truman-Hobbs Act may be funded from amounts set aside from the discretionary bridge program. The Secretary shall transfer these allocations and the responsibility for administration of these funds to the United States Coast Guard.''.

SEC. 102. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING.

(a) AUTHORIZED MILITARY STRENGTH LEVEL.—The Coast Guard is authorized an end-of-year strength for active duty personnel of—

(1) 39,000 as of September 30, 1995.

(2) 38,400 as of September 30, 1996.

The authorized strength does not include members of the Ready Reserve called to active duty for special or emergency augmentation of regular Coast Guard forces for periods of 180 days or less.

(b) AUTHORIZED LEVEL OF MILITARY TRAINING.—The Coast Guard is authorized average military training student loads as follows:

(1) For recruit and special training—

(A) 2,000 student years for fiscal year 1995; and

(B) 1,604 student years for fiscal year 1996.

(2) For flight training—

(A) 133 student years for fiscal year 1995; and

(B) 85 student years for fiscal year 1996.

(3) For professional training in military and civilian institutions—

(A) 344 student years for fiscal year 1995; and

(B) 330 student years for fiscal year 1996.

(4) For officer acquisition—

(A) 955 student years for fiscal year 1995; and

(B) 874 student years for fiscal year 1996.

TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT

SEC. 201. PROVISION OF CHILD DEVELOPMENT SERVICES.

(a) IN GENERAL.—Title 14, United States Code, is amended by inserting after section 514 the following new section:

"§ 515. Child development services

''(a) The Commandant may make child development services available for members and civilian employees of the Coast Guard, and thereafter as space is available for members of the Armed Forces and Federal civilian employees. Child development service benefits provided under the authority of this section shall be in addition to benefits provided under other laws.

''(b)(1) Except as provided in paragraph (2), the Commandant may require that amounts received as fees for the provision of services under this section at Coast Guard child development centers be used only for compensation of employees at those centers who are directly involved in providing child care.

''(2) If the Commandant determines that compliance with the limitation in paragraph (1) would result in an uneconomical and inefficient use of such fee receipts, the Commandant may (to the extent that such compliance would be uneconomical and inefficient) use such receipts—

''(A) for the purchase of consumable or disposable items for Coast Guard child development centers; and

''(B) if the requirements of such centers for consumable or disposable items for a given fiscal year have been met, for other expenses of those centers.

''(c) The Commandant shall provide for regular and unannounced inspections of each child development center under this section and may use Department of Defense or other training programs to ensure that all child development center employees under this section meet minimum standards of training with respect to early childhood development, activities and disciplinary techniques appropriate to children of different ages, child abuse prevention and detection, and appropriate emergency medical procedures.

''(d) Of the amounts available to the Coast Guard each fiscal year for operating expenses (and in addition to amounts received as fees), the Secretary shall use for child development services under this section an amount equal to the total amount the Commandant estimates will be received by the Coast Guard in the fiscal year as fees for the provision of those services.

''(e) The Commandant may use appropriated funds available to the Coast Guard to provide assistance to family home day care providers so that family home day care services can be provided to uniformed service members and civilian employees of the Coast Guard at a cost comparable to the cost of services provided by Coast Guard child development centers.

''(f) The Secretary shall promulgate regulations to implement this section. The regulations shall establish fees to be charged for child development services provided under this section which take into consideration total family income.

''(g) For purposes of this section, the term 'child development center' does not include a child care services facility for which space is allotted under section 616 of the Act of December 22, 1987 (40 U.S.A. 490b).''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 13 of title 14, United States Code, is amended by inserting after the item related to section 514 the following:

''515. Child development services.''.

SEC. 202. HURRICANE ANDREW RELIEF.

Section 2856 of the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102–484) applies to the military personnel of the Coast Guard who were assigned to, or employed at or in connection with, any Federal facility or installation in the vicinity of Homestead Air Force Base, Florida, including the areas of Broward, Collier, Dade, and Monroe Counties, on or before August 24, 1992, except that funds available to the Coast Guard, not to exceed $25,000, shall be used. The Secretary of Transportation shall administer the provisions of section 2856 for the Coast Guard.

SEC. 203. DISSEMINATION OF RESULTS OF 0–6 CONTINUATION BOARDS.

Section 289(f) of title 14, United States Code, is amended by striking ''Upon approval by the President, the names of the officers selected for continuation on active duty by the board shall be promptly disseminated to the service at large.''.

SEC. 204. EXCLUDE CERTAIN RESERVES FROM END-OF-YEAR STRENGTH.

Section 712 of title 14, United States Code, is amended by adding at the end the following new subsection:

''(d) Members ordered to active duty under this section shall not be counted in computing authorized strength in members on active duty or members in grade under this title or under any other law.''.

SEC. 205. OFFICER RETENTION UNTIL RETIREMENT ELIGIBLE.

Section 283(b) of title 14, United States Code, is amended—

(1) by inserting ''(1)'' after ''(b)'';

(2) by striking the last sentence; and

(3) by adding at the end the following:

''(2) Upon the completion of a term under paragraph (1), an officer shall, unless selected for further continuation—

''(A) except as provided in subparagraph (B), be honorably discharged with severance pay computed under section 286 of this title;

''(B) in the case of an officer who has completed at least 18 years of active service on the date of discharge under subparagraph (A), be retained on active duty and retired on the last day of the month in which the officer completes 20 years of active service, unless earlier removed under another provision of law; or

''(C) if eligible for retirement under any law, be retired.''.

SEC. 206. CONTRACTS FOR HEALTH CARE SERVICES.

(a) Chapter 17 of title 14, United States Code, is amended by inserting after section 644 the following new section:

"§ 644a. Contracts for health care services

''(a) Subject to the availability of appropriations for this purpose; the Commandant may enter into personal services and other contracts to carry out health care responsibilities pursuant to section 93 of this title and other applicable provisions of law pertaining to the provision of health care services to Coast Guard personnel and covered beneficiaries. The authority provided in this subsection is in addition to any other contract authorities of the Commandant provided by law or as delegated to the Commandant from time to time by the Secretary, including but not limited to authority relating to the management of health care facilities and furnishing of health care services pursuant to title 10 and this title.

''(b) The total amount of compensation paid to an individual in any year under a personal services contract entered into under subsection (a) shall not exceed the amount of annual compensation (excluding allowances for expenses) allowable for such contracts entered into by the Secretary of Defense pursuant to section 1091 of title 10.

''(c)(1) The Secretary shall promulgate regulations to assure—

''(A) the provision of adequate notice of contract opportunities to individuals residing in the area of a medical treatment facility involved; and

''(B) consideration of interested individuals solely on the basis of the qualifications established for the contract and the proposed contract price.

''(2) Upon establishment of the procedures under paragraph (1), the Secretary may exempt personal services contracts covered by this section from the competitive contracting requirements specified in section 2304 of title 10, or any other similar requirements of law.

''(d) The procedures and exemptions provided under subsection (c) shall not apply to personal services contracts entered into under subsection (a) with entities other than individuals or to any contract that is not an authorized personal services contract under subsection (a).''.

(b) The table of sections for chapter 17 of title 14, United States Code, is amended by inserting after the item relating to section 644 the following:

''644 a. Contracts for health care services.''.

(c) The amendments made by this section shall take effect on the date of enactment of this Act. Any personal services contract entered into on behalf of the Coast Guard in reliance upon the authority of section 1091 of title 10 before that date is confirmed and ratified and shall remain in effect in accordance with the terms of the contract.

TITLE III—MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT

SEC. 301. INCREASED PENALTIES FOR DOCUMENTATION VIOLATIONS.

(a) CIVIL PENALTY.—Section 12122(a) of title 46, United States Code, is amended by striking ''$500'' and inserting ''$10,000.''

(b) SEIZURE AND FORFEITURE.—

(1) IN GENERAL.—Section 12122(b) of title 46, United States Code, is amended to read as follows:

''(b) A vessel and its equipment are liable to seizure by and forfeiture to the United States Government—

''(1) when the owner of a vessel or the representative or agent of the owner knowingly falsifies or conceals a material fact, or knowingly makes a false statement or representation about the documentation or when applying for documentation of the vessel;

''(2) when a certificate of documentation is knowingly and fraudulently used for a vessel;

''(3) when a vessel is operated after its endorsement has been denied or revoked under section 12123 of this title;

''(4) when a vessel is employed in a trade without an appropriate trade endorsement;

''(5) when a documented vessel with only a recreational endorsement is operated other than for pleasure; or

''(6) when a documented vessel, other than a vessel with only a recreational endorsement operating within the territorial waters of the United States, is placed under the command of a person not a citizen of the United States.''.

''(2) CONFORMING AMENDMENTS.—Section 12122(c) of title 46, United States Code, is repealed.

''(c) LIMITATION ON OPERATION OF VESSEL WITH ONLY RECREATIONAL ENDORSEMENT.—Section 12110(c) of title 46, United States Code, is amended to read as follows:

''(c) A vessel with only a recreational endorsement may not be operated other than for pleasure.''.

''(d) TERMINATION OF RESTRICTION ON COMMAND OF RECREATIONAL VESSELS.—

''(1) TERMINATION OF RESTRICTION.—Subsection (d) of section 12110 of title 46, United States Code, is amended by inserting '', other than a vessel with only a recreational endorsement operating within the territorial waters of the United States,'' after ''A documented vessel''; and

''(2) CONFORMING AMENDMENT.—Section 12111(a)(2) of title 46, United States Code, is amended by inserting before the period the following: ''in violation of section 12110(d) of this title''.

SEC. 302. CLERICAL AMENDMENT.

Chapter 121 of title 46, United States Code, is amended—

(1) by striking the first section 12123; and

(2) in the table of sections at the beginning of the chapter by striking the first item relating to section 12123.

SEC. 303. MARITIME DRUG AND ALCOHOL TESTING PROGRAM CIVIL PENALTY.

(a) IN GENERAL.—Chapter 21 of title 46, United States Code, is amended by adding at the end a new section 2115 to read as follows:

''§ 2115. Civil penalty to enforce alcohol and dangerous drug testing

''Any person who fails to implement or conduct, or who otherwise fails to comply with the requirements prescribed by the Secretary for, chemical testing for dangerous drugs or for evidence of alcohol use, as prescribed under this subtitle or a regulation prescribed by the Secretary to carry out the provisions of this subtitle, is liable to the United States Government for a civil penalty of not more than $1,000 for each violation. Each day of a continuing violation shall constitute a separate violation.''.

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 21 of title 46, United States Code, is amended by inserting after the item relating to section 2114 the following:

''2115. Civil penalty to enforce alcohol and dangerous drug testing.''

SEC. 304. RENEWAL OF THE NAVIGATION SAFETY ADVISORY COUNCIL.

Section 5(d) of the Inland Navigational Rules Act of 1980 (33 U.S.C. 2073) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

SEC. 305. RENEWAL OF THE COMMERCIAL FISHING INDUSTRY VESSEL ADVISORY COMMITTEE.

Subsection (e)(1) of section 4508 of title 46, United States Code, is amended by striking ''September 30, 1994'' and inserting ''September 30, 2000''.

SEC, 306. RENEWAL OF TOWING SAFETY ADVISORY COMMITTEE.

Subsection (e) of the Act to Establish A Towing Safety Advisory Committee in the Department of Transportation (33 U.S.C. 1231a(e) is amended by striking ''September 30, 1995'' and inserting ''September 30, 2000''.

SEC. 307. ELECTRONIC FILING OF COMMERCIAL INSTRUMENTS.

Section 31321(a) of title 46, United States Code, is amended by adding at the end the following new paragraph:

''(4)(A) A bill of sale, conveyance, mortgage, assignment, or related instrument may be filed electronically under regulations prescribed by the Secretary.

''(B) A filing made electronically under subparagraph (A) shall not be effective after the 10-day period beginning on the date of the filing unless the original instrument is provided to the Secretary within that 10-day period.''.

SEC. 308. CIVIL PENALTIES.

(a) PENALTY FOR FAILURE TO REPORT A CASUALTY.—Section 6103(a) of title 46, United States Code is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

(b) OPERATION OF UNINSPECTED TOWING VESSEL IN VIOLATION OF MANNING REQUIREMENTS.—Section 8906 of title 46, United States Code, is amended by striking ''$1,000'' and inserting ''not more than $25,000''.

TITLE IV—COAST GUARD AUXILIARY

SEC. 401. ADMINISTRATION OF THE COAST GUARD AUXILIARY.

(a) Section 821, title 14, United States Code, is amended to read as follows:

''(a) The Coast Guard Auxiliary is a nonmilitary organization administered by the Commandant under the direction of the Secretary. For command, control, and administrative purposes, the Auxiliary shall include such organizational elements and units as are approved by the Commandant, including but not limited to, a national board and staff (Auxiliary headquarters unit), districts, regions, divisions, flotillas, and other organizational elements and units. The Auxiliary organization and its officers shall have such rights, privileges, powers, and duties as may be granted to them by the Commandant, consistent with this title and other applicable provisions of law. The Commandant may delegate to officers of the Auxiliary the authority vested in the Commandant by this section, in the manner and to the extent the Commandant considers necessary or appropriate for the functioning, organization, and internal administration of the Auxiliary.

''(b) Each organizational element or unit of the Coast Guard Auxiliary organization (but excluding any corporation formed by an organizational element or unit of the Auxiliary under subsection (c) of this section), shall, except when acting outside the scope of section 822, at all times be deemed to be an instrumentality of the United States, for purposes of the Federal Tort Claims Act (28 U.S.C. 2671, et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes.

''(c) The national board of the Auxiliary, and any Auxiliary district or region, may form a corporation under State law, provided that the formation of such a corporation is in accordance with policies established by the Commandant.''.

(b) The section heading for section 821 of title 14, United States Code, is amended after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 821, after ''Administration'' by inserting ''of the Coast Guard Auxiliary''.

SEC. 402. PURPOSE OF THE COAST GUARD AUXILIARY.

(a) Section 822 of title 14, United States Code, is amended by striking the entire text and inserting:

''The purpose of the Auxiliary is to assist the Coast Guard, as authorized by the Commandant, in performing any Coast Guard function, power, duty, role, mission, or operation authorized by law.''.

(b) The section heading for section 822 of title 14, United States Code, is amended after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

(c) The table of sections at the beginning of chapter 23 of title 14, United States Code, is amended in the item relating to section 822, after ''Purpose'' by inserting ''of the Coast Guard Auxiliary''.

SEC. 403. MEMBERS OF THE AUXILIARY; STATUS.

(a) Title 14, United States Code, is amended by inserting after section 823 the following new section:

''§ 823a. Members of the Auxiliary; status

''(a) Except as otherwise provided in this chapter, a member of the Coast Guard Auxiliary shall not be deemed to be a Federal employee and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, Federal employee benefits, ethics, conflicts of interest, and other similar criminal or civil statutes and regulations governing the conduct of Federal employees. However, nothing in this subsection shall constrain the Commandant from prescribing standards for the conduct and behavior of members of the Auxiliary.

''(b) A member of the Auxiliary while assigned to duty shall be deemed to be a Federal employee only for the purposes of the following:

''(1) the Federal Tort Claims Act (28 U.S.C. 2671 et seq.), the Military Claims Act (10 U.S.C. 2733), the Public Vessels Act (46 U.S.C. App. 781–790), the Suits in Admiralty Act (46 U.S.C. App. 741–752), the Admiralty Extension Act (46 U.S.C. App. 740), and for other noncontractual civil liability purposes;

''(2) compensation for work injuries under chapter 81 of title 5, United States Code; and

''(3) the resolution of claims relating to damage to or loss of personal property of the member incident to service under the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 3721).

''(c) A member of the Auxiliary, while assigned to duty, shall be deemed to be a person acting under an officer of the United States or an agency thereof for purposes of section 1442(a)(1) of title 28, United States Code.''.

(b) The table of sections for chapter 23 of title 14, United States Code, is amended by inserting the following new item after the item relating to section 823:

''823a. Members of the Auxiliary; status.''.

SEC. 404. ASSIGNMENT AND PERFORMANCE OF DUTIES.

Title 14, United States Code, is amended by striking ''specific'' each place it appears in sections 830, 831, and 832.

SEC. 405. COOPERATION WITH OTHER AGENCIES, STATES, TERRITORIES, AND POLITICAL SUBDIVISIONS.

(a) Section 141 of title 14, United States Code, is amended—

(1) by striking ''General'' in the section caption and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions'';

(2) by inserting ''(which include members of the Auxiliary and facilities governed under chapter 23)'' after ''personnel and facilities'' in the first sentence of subsection (a); and

(3) by adding at the end of subsection (a) the following: ''The Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided under this subsection.''.

(b) The table of sections for chapter 7 of title 14, United States Code, is amended by striking ''General'' in the item relating to section 141 and inserting ''Cooperation with other agencies, States, Territories, and political subdivisions.''.

SEC. 406. VESSEL DEEMED PUBLIC VESSEL.

The text of section 827 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any motorboat or yacht shall be deemed to be a public vessel of the United States and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law.''.

SEC. 407. AIRCRAFT DEEMED PUBLIC AIRCRAFT.

The text of section 828 of title 14, United States Code, is amended to read as follows:

''While assigned to authorized Coast Guard duty, any aircraft shall be deemed to be a Coast Guard aircraft, a public vessel of the United States, and a vessel of the Coast Guard within the meaning of sections 646 and 647 of this title and other applicable provisions of law. Subject to the provisions of sections 823a and 831 of this title, while assigned to duty, qualified Auxiliary pilot shall be deemed to be Coast Guard pilots.''.

SEC. 408. DISPOSAL OF CERTAIN MATERIAL.

Section 641(a) of title 14, United States Code, is amended—

(1) by inserting ''to the Coast Guard Auxiliary, including any incorporated unit thereof,'' after ''with or without charge,''; and

(2) by striking ''to any incorporated unit of the Coast Guard Auxiliary,'' after ''America,''.

TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

SEC. 501. STATE RECREATIONAL BOATING SAFETY GRANTS.

(a) TRANSFER OF AMOUNTS FOR STATE BOATING SAFETY PROGRAMS.—

(1) TRANSFERS.—Section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b); commonly referred to as the ''Dingell-Johnson Sport Fish Restoration Act'') is amended to read as follows:

''(b)(1) Of the balance of each annual appropriation remaining after making the distribution under subsection (a), an amount equal to $15,000,000 for fiscal year 1995, $40,000,000 for fiscal year 1996, $55,000,000 for fiscal year 1997, and $69,000,000 for each of fiscal years 1998 and 1999, shall, subject to paragraph (2), be used as follows:

''(A) A sum equal to $7,500,000 of the amount available for fiscal year 1995, and a sum equal to $10,000,000 of the amount available for each of fiscal years 1996 and 1997, shall be available for use by the Secretary of the Interior for grants under section 5604(c) of the Clean Vessel Act of 1992. Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(B) A sum equal to $7,500,000 of the amount available for fiscal year 1995, $30,000,000 of the amount available for fiscal year 1996, $45,000,000 of the amount available for fiscal year 1997, and $59,000,000 of the amount available for each of fiscal years 1998 and 1999, shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for recreational boating safety programs under section 13106 of title 46, United States Code.

''(C) A sum equal to $10,000,000 of the amount available for each of fiscal years 1998 and 1999 shall be available for use by the Secretary of the Interior for—

''(i) grants under section 502(e) of the Coast Guard Authorization Act of 1995; and

''(ii) grants under section 5604(c) of the Clean Vessel Act of 1992.

Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

''(2)(A) Beginning with fiscal year 1996, the amount transferred under paragraph (1)(B) for a fiscal year shall be reduced by the lesser of—

''(i) the amount appropriated for that fiscal year from the Boat Safety Account in the Aquatic Resources Trust Fund established under section 9504 of the Internal Revenue Code of 1986 to carry our the purposes of section 13106 of title 46, United States Code; or

''(ii) $35,000,000.

''(iii) for fiscal year 1996 only, $30,000,000.

''(B) The amount of any reduction under subparagraph (A) shall be apportioned among the several States under subsection (d) of this section by the Secretary of the Interior.''.

(2) CONFORMING AMENDMENT.—Section 5604(c)(1) of the Clean Vessel Act of 1992 (33 U.S.C. 1322 note) is amended by striking ''section 4(b)(2) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(2), as amended by this Act)'' and inserting ''section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1))''.

(b) EXPENDITURE OF AMOUNTS FOR STATE RECREATIONAL BOATING SAFETY PROGRAMS.—Section 13106 of title 46, United States Code, is amended—

(1) by striking the first sentence of subsection (a)(1) and inserting the following: ''Subject to paragraph (2), the Secretary shall expend under contracts with States under this chapter in each fiscal year for State recreational boating safety programs an amount equal to the sum of the amount appropriated from the Boat Safety Account for that fiscal year plus the amount transferred to the Secretary under section 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1)) for that fiscal year.''; and

(2) by amending subsection (c) to read as follows:

''(c) For expenditure under this chapter for State recreational boating safety programs there are authorized to be appropriated to the Secretary of Transportation from the Boat Safety Account established under section 9504 of the Internal Revenue Code of 1986 (26 U.S.C. 9504) not more than $35,000,000 each fiscal year.''.

(c) EXCESS FY 1995 BOAT SAFETY ACCOUNT FUNDS TRANSFER.—Notwithstanding any other provision of law, $20,000,000 of the annual appropriation from the Sport Fish Restoration Account in fiscal year 1996 made in accordance with the provisions of section 3 of the Act of August 9, 1950 (16 U.S.C. 777b) shall be excluded from the calculation of amounts to be distributed under section 4(a) of such Act (16 U.S.C. 777c(a)).

SEC. 502. BOATING ACCESS.

(a) FINDINGS.—The Congress makes the following findings:

(1) Nontrailerable recreational motorboats contribute 15 percent of the gasoline taxes deposited in the Aquatic Resources Trust Fund while constituting less than 5 percent of the recreational vessels in the United States.

(2) The majority of recreational vessel access facilities constructed with Aquatic Resources Trust Fund monies benefit trailerable recreational vessels.

(3) More Aquatic Resources Trust Fund monies should be spent on recreational vessel access facilities that benefit recreational vessels that are nontrailerable vessels.

(b) PURPOSE.—The purpose of this section is to provide funds to States for the development of public facilities for transient nontrailerable vessels.

(c) SURVEY.—Within 18 months after the date of the enactment of this Act, any State may complete and submit to the Secretary of the Interior a survey which identifies—

(1) the number and location in the State of all public facilities for transient nontrailerable vessels; and

(2) the number and areas of operation in the State of all nontrailerable vessels that operate on navigable waters in the State.

(d) PLAN.—Within 6 months after submitting a survey to the Secretary of the Interior in accordance with subsection (c), an eligible State may develop and submit to the Secretary of the Interior a plan for the construction and renovation of public facilities for transient nontrailerable vessels to meet the needs of nontrailerable vessels operating on navigable waters in the State.

(e) GRANT PROGRAM.—

(1) MATCHING GRANTS.—The Secretary of the Interior shall obligate not less than one-half of the amount made available for each of fiscal years 1998 and 1999 under section 4(b)(1)(C) of the Act of August 9, 1950, as amended by section 501(a)(1) of this Act, to make grants to any eligible State to pay not more than 75 percent of the cost of constructing or renovating public facilities for transient nontrailerable vessels.

(2) PRIORITY.—

(A) IN GENERAL.—In awarding grants under this subsection, the Secretary of the Interior shall give priority to projects that consist of the construction or renovation of public facilities for transient nontrailerable vessels in accordance with a plan submitted by a State submitted under subsection (b).

(B) WITHIN STATE.—In awarding grants under this subsection for projects in a particular State, the Secretary of the Interior shall give priority to projects that are likely to serve the greatest number of nontrailerable vessels.

(f) DEFINITIONS.—For the purpose of this section and section 501 of this Act the term—

(1) ''Act of August 9, 1950'' means the Act entitled ''An Act to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes'', approved August 9, 1950 (16 U.S.C. 777a et seq.);

(2) ''nontrailerable vessel'' means a recreational vessel greater than 26 feet in length;

(3) ''public facilities for transient nontrailerable vessels'' means mooring buoys, day-docks, seasonal slips or similar structures located on navigable waters, that are available to the general public and designed for temporary use by nontrailerable vessels;

(4) ''recreational vessel'' means a vessel—

(A) operated primarily for pleasure; or

(B) leased, rented, or chartered to another for the latter's pleasure; and

(5) ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Marianas.

TITLE VI—COAST GUARD REGULATORY REFORM

SEC. 601. SHORT TITLE.

This title may be cited as the ''Coast Guard Regulatory Reform Act of 1995''.

SEC. 602. SAFETY MANAGEMENT.

(a) MANAGEMENT OF VESSELS.—Title 46, United States Code, is amended by adding after chapter 31 the following new chapter:

''CHAPTER 32—MANAGEMENT OF VESSELS

''Sec.
''3201. Definitions.
''3202. Application.
''3203. Safety management system.
''3204. Implementation of safety management system.
''3205. Certification.

"§ 3201. Definitions

''In this chapter—

''(1) 'International Safety Management Code' has the same meaning given that term in chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974;

''(2) 'responsible person' means—

''(A) the owner of a vessel to which this chapter applies; or

''(B) any other person that has—

''(i) assumed the responsibility for operation of a vessel to which this chapter applies from the owner; and

''(ii) agreed to assume with respect to the vessel responsibility for complying with all the requirements of this chapter and the regulations prescribed under this chapter.

''(3) 'vessel engaged on a foreign voyage' means a vessel to which this chapter applies—

''(A) arriving at a place under the jurisdiction of the United States from a place in a foreign country;

''(B) making a voyage between places outside the United States; or

''(C) departing from a place under the jurisdiction of the United States for a place in a foreign country.

"§ 3202. Application

''(a) MANDATORY APPLICATION.—This chapter applies to the following vessels engaged on a foreign voyage:

''(1) Beginning July 1, 1998—

''(A) a vessel transporting more than 12 passengers described in section 2101(21)(A) of this title; and

''(B) a tanker, bulk freight vessel, or high-speed freight vessel, of at least 500 gross tons.

''(2) Beginning July 1, 2002, a freight vessel and a mobile offshore drilling unit of at least 500 gross tons.

''(b) VOLUNTARY APPLICATION.—This chapter applies to a vessel not described in subsection (a) of this section if the owner of the vessel requests the Secretary to apply this chapter to the vessel.

''(c) EXCEPTION.—Except as provided in subsection (b) of this section, this chapter does not apply to—

''(1) a barge;

''(2) a recreational vessel not engaged in commercial service;

''(3) a fishing vessel;

''(4) a vessel operating on the Great Lakes or its tributary and connecting waters; or

''(5) a public vessel.

"§ 3203. Safety management system

''(a) IN GENERAL.—The Secretary shall prescribe regulations which establish a safety management system for responsible persons and vessels to which this chapter applies, including—

''(1) a safety and environmental protection policy;

''(2) instructions and procedures to ensure safe operation of those vessels and protection of the environment in compliance with international and United States law;

''(3) defined levels of authority and lines of communications between, and among, personnel on shore and on the vessel;

''(4) procedures for reporting accidents and nonconformities with this chapter;

''(5) procedures for preparing for and responding to emergency situations; and

''(6) procedures for internal audits and management reviews of the system.

''(b) COMPLIANCE WITH CODE.—Regulations prescribed under this section shall be consistent with the International Safety Management Code with respect to vessels engaged on a foreign voyage.

"§ 3204. Implementation of safety management system

''(a) SAFETY MANAGEMENT PLAN.—Each responsible person shall establish and submit to the Secretary for approval a safety management plan describing how that person and vessels of the person to which this chapter applies will comply with the regulations prescribed under section 3203(a) of this title.

''(b) APPROVAL.—Upon receipt of a safety management plan submitted under subsection (a), the Secretary shall review the plan and approve it if the Secretary determines that it is consistent with and will assist in implementing the safety management system established under section 3203.

''(c) PROHIBITION ON VESSEL OPERATION.—A vessel to which this chapter applies under section 3202(a) may not be operated without having on board a Safety Management Certificate and a copy of a Document of Compliance issued for the vessel under section 3205 of this title.

"§ 3205. Certification

''(a) ISSUANCE OF CERTIFICATE AND DOCUMENT.—After verifying that the responsible person for a vessel to which this chapter applies and the vessel comply with the applicable requirements under this chapter, the Secretary shall issue for the vessel, on request of the responsible person, a Safety Management Certificate and a Document of Compliance.

''(b) MAINTENANCE OF CERTIFICATE AND DOCUMENT.—A Safety Management Certificate and a Document of Compliance issued for a vessel under this section shall be maintained by the responsible person for the vessel as required by the Secretary.

''(c) VERIFICATION OF COMPLIANCE.—The Secretary shall—

''(1) periodically review whether a responsible person having a safety management plan approved under section 3204(b) and each vessel to which the plan applies is complying with the plan; and

''(2) revoke the Secretary's approval of the plan and each Safety Management Certificate and Document of Compliance issued to the person for a vessel to which the plan applies, if the Secretary determines that the person or a vessel to which the plan applies has not complied with the plan.

''(d) ENFORCEMENT.—At the request of the Secretary, the Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes (46 U.S.C. App. 91) of a vessel that is subject to this chapter under section 3202(a) of this title or to the International Safety Management Code, if the vessel does not have on board a Safety Management Certificate and a copy of a Document of Compliance for the vessel. Clearance may be granted on filing a bond or other surety satisfactory to the Secretary.''.

''(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 46, United States Code, is amended by inserting after the item relating to chapter 31 the following:

''32. Management of vessels ..... 3201''.

''(c) STUDY.—

(1) IN GENERAL.—The Secretary of the department in which the Coast Guard is operating shall conduct, in cooperation with the owners, charterers, and managing operators of vessels documented under chapter 121 of title 46, United States Code, and other interested persons, a study of the methods that may be used to implement and enforce the International Management Code for the Safe Operation of Ships and for Pollution Prevention under chapter IX of the Annex to the International Convention for the Safety of Life at Sea, 1974.

(2) REPORT.—The Secretary shall submit to the Congress a report of the results of the study required under paragraph (1) before the earlier of—

(A) the date that final regulations are prescribed under section 3203 of title 46, United States Code (as enacted by subsection (a)); or

(B) the date that is 1 year after the date of enactment of this Act.

SEC. 603. USE OF REPORTS, DOCUMENTS, RECORDS, AND EXAMINATIONS OF OTHER PERSONS.

(a) REPORTS, DOCUMENTS, AND RECORDS.—Chapter 31 of title 46, United States Code, is amended by adding the following new section:

"§ 3103. Use of reports, documents, and records

''The Secretary may rely, as evidence of compliance with this subtitle, on—

''(1) reports, documents, and records of other persons who have been determined by the Secretary to be reliable; and

''(2) other methods the Secretary has determined to be reliable.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 31 of title 46, United States Code, is amended by adding at the end the following:

''3103. Use of reports, documents, and records.''.

(c) EXAMINATIONS.—Section 3308 of title 46, United States Code, is amended by inserting ''or have examined'' after ''examine''.

SEC. 604. EQUIPMENT APPROVAL.

(a) IN GENERAL.—Section 3306(b) of title 46, United States Code, is amended to read as follows:

''(b)(1) Equipment and material subject to regulation under this section may not be used on any vessel without prior approval of the Secretary.

''(2) Except with respect to use on a public vessel, the Secretary may treat an approval of equipment or materials by a foreign government as approval by the Secretary for purposes of paragraph (1) if the Secretary determines that—

''(A) the design standards and testing procedures used by that government meet the requirements of the International Convention for the Safety of Life at Sea, 1974;

''(B) the approval of the equipment or material by the foreign government will secure the safety of individuals and property on board vessels subject to inspection; and

''(C) for lifesaving equipment, the foreign government—

''(i) has given equivalent treatment to approvals of lifesaving equipment by the Secretary; and

''(ii) otherwise ensures that lifesaving equipment approved by the Secretary may be used on vessels that are documented and subject to inspection under the laws of that country.''.

(b) FOREIGN APPROVALS.—The Secretary of Transportation, in consultation with other interested Federal agencies, shall work with foreign governments to have those governments approve the use of the same equipment and materials on vessels documented under the laws of those countries that the Secretary requires on United States documented vessels.

(c) TECHNICAL AMENDMENT.—Section 3306(a)(4) of title 46, United States Code, is amended by striking ''clause (1)–(3)'' and inserting ''paragraph (1), (2), and (3)''.

SEC. 605. FREQUENCY OF INSPECTION.

(a) FREQUENCY OF INSPECTION, GENERALLY.—Section 3307 of title 46, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking ''nautical school vessel'' and inserting '', nautical school vessel, and small passenger vessel allowed to carry more than 12 passengers on a foreign voyage''; and

(B) by adding ''and'' after the semicolon at the end;

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2); and

(3) in paragraph (2) (as so redesignated), by striking ''2 years'' and inserting ''5 years''.

(b) CONFORMING AMENDMENT.—Section 3710(b) of title 46, United States Code, is amended by striking ''24 months'' and inserting ''5 years''.

SEC. 606. CERTIFICATE OF INSPECTION.

Section 3309(c) of title 46, United States Code, is amended by striking ''(but not more than 60 days)''.

SEC. 607. DELEGATION OF AUTHORITY OF SECRETARY TO CLASSIFICATION SOCIETIES.

(a) AUTHORITY TO DELEGATE.—Section 3316 of title 46, United States Code, is amended—

(1) by striking subsections (a) and (d);

(2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively; and

(3) in subsection (b), as so redesignated, by—

(A) redesignating paragraph (2) as paragraph (3); and

(B) striking so much of the subsection as precedes paragraph (3), as so designated, and inserting the following:

''(b)(1) The Secretary may delegate to the American Bureau of Shipping or another classification society recognized by the Secretary as meeting acceptable standards for such a society, for a vessel documented or to be documented under chapter 121 of this title, the authority to—

''(A) review and approve plans required for issuing a certificate of inspection required by this part;

''(B) conduct inspections and examinations; and

''(C) issue a certificate of inspection required by this part and other related documents.

''(2) The Secretary may make a delegation under paragraph (1) to a foreign classification society only—

''(A) to the extent that the government of the foreign country in which the society is headquartered delegates authority and provides access to the American Bureau of Shipping to inspect, certify, and provide related services to vessels documented in that country; and

''(B) if the foreign classification society has offices and maintains records in the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 3316 of title 46, United States Code, is amended to read as follows:

''§ 3316. Classification societies''.

(2) The table of sections for chapter 33 of title 46, United States Code, is amended by striking the item relating to section 3316 and inserting the following:

''3316. Classification societies.''.

TITLE VII—TECHNICAL AND CONFORMING AMENDMENTS

SEC. 701. AMENDMENT OF INLAND NAVIGATION RULES.

Section 2 of the Inland Navigational Rules Act of 1980 is amended—

(1) by amending Rule 9(e)(i) (33 U.S.C. 2009(e)(i)) to read as follows:

''(i) In a narrow channel or fairway when overtaking, the power-driven vessel intending to overtake another power-driven vessel shall indicate her intention by sounding the appropriate signal prescribed in Rule 34(c) and take steps to permit safe passing. The power-driven vessel being overtaken, if in agreement, shall sound the same signal and may, if specifically agreed to take steps to permit safe passing. If in doubt she shall sound the danger signal prescribed in Rule 34(d).'';

(2) in Rule 15(b) (33 U.S.C. 2015(b)) by inserting ''power-driven'' after ''Secretary, a'';

(3) in Rule 23(a)(i) (33 U.S.C. 2023(a)(i)) after ''masthead light forward''; by striking ''except that a vessel of less than 20 meters in length need not exhibit this light forward of amidships but shall exhibit it as far forward as is practicable;'';

(4) by amending Rule 24(f) (33 U.S.C. 2024(f)) to read as follows:

''(f) Provided that any number of vessels being towed alongside or pushed in a group shall be lighted as one vessel, except as provided in paragraph (iii)—

''(i) a vessel being pushed ahead, not being part of a composite unit, shall exhibit at the forward end, sidelights and a special flashing light;

''(ii) a vessel being towed alongside shall exhibit a sternlight and at the forward end, sidelights and a special flashing light; and

''(iii) when vessels are towed alongside on both sides of the towing vessels a stern light shall be exhibited on the stern of the outboard vessel on each side of the towing vessel, and a single set of sidelights as far forward and as far outboard as is practicable, and a single special flashing light.'';

(5) in Rule 26 (33 U.S.C. 2026)—

(A) in each of subsections (b)(i) and (c)(i) by striking ''a vessel of less than 20 meters in length may instead of this shape exhibit a basket;''; and

(B) by amending subsection (d) to read as follows:

''(b) The additional signals described in Annex II to these Rules apply to a vessel engaged in fishing in close proximity to other vessels engaged in fishing.''; and

(6) by amending Rule 34(h) (33 U.S.C. 2034) to read as follows:

''(h) A vessel that reaches agreement with another vessel in a head-on, crossing, or overtaking situation, as for example, by using the radiotelephone as prescribed by the Vessel Bridge-to-Bridge Radiotelephone Act (85 Stat. 164; 33 U.S.C. 1201 et seq.), is not obliged to sound the whistle signals prescribed by this rule, but may do so. If agreement is not reached, then whistle signals shall be exchanged in a timely manner and shall prevail.''.

SEC. 702. MEASUREMENT OF VESSELS.

Section 14104 of title 46, United States Code, is amended by redesignating the existing text after the section heading as subsection (a) and by adding at the end the following new subsection:

''(b) If a statute allows for an alternate tonnage to be prescribed under this section, the Secretary may prescribe it by regulation. Until an alternate tonnage is prescribed, the statutorily established tonnage shall apply to vessels measured under chapter 143 or chapter 145 of this title.''.

SEC. 703. LONGSHORE AND HARBOR WORKERS COMPENSATION.

Section 3(d)(3)(B) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 903(d)(3)(B)) is amended by inserting after ''1,600 tons gross'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 704. RADIOTELEPHONE REQUIREMENTS.

Section 4(a)(2) of the Vessel Bridge-to-Bridge Radiotelephone Act (33 U.S.C. 1203(a)(2)) is amended by inserting after ''one hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

SEC. 705. VESSEL OPERATING REQUIREMENTS.

Section 4(a)(3) of the Ports and Waterways Safety Act (33 U.S.C. 1223(a)(3)) is amended by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 706. MERCHANT MARINE ACT, 1920.

Section 27A of the Merchant Marine Act, 1920 (46 U.S.C. App. 883–1), is amended by inserting after ''five hundred gross tons'' the following; ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title,''.

SEC. 707. MERCHANT MARINE ACT, 1956.

Section 2 of the Act of June 14, 1956 (46 U.S.C. App. 883a), is amended by inserting after ''five hundred gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 708. MARITIME EDUCATION AND TRAINING.

Section 1302(4)(A) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1295a(4)(a)) is amended by inserting after ''1,000 gross tons or more'' the following: 'as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 709. GENERAL DEFINITIONS.

Section 2101 of title 46, United States Code, is amended—

(1) in paragraph (13), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in paragraph (13a), by inserting after ''3,500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in paragraph (19), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in paragraph (22), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage, measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(5) in paragraph (30)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(6) in paragraph (32), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(7) in paragraph (33), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(8) in paragraph (35), by inserting after ''100 gross tons'' the following: ''as measured

under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(9) in paragraph (42), by inserting after ''100 gross tons'' each place it appears, the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 710. AUTHORITY TO EXEMPT CERTAIN VESSELS.

Section 2113 of title 46, United States Code, is amended—

(1) in paragraph (4), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(2) in paragraph (5), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 711. INSPECTION OF VESSELS.

Section 3302 of title 46, United States Code, is amended—

(1) in subsection (c)(1), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (c)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in subsection (c)(3), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in subsection (c)(4)(A), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(5) in subsection (d)(1), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(6) in subsection (i)(1)(A), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(7) in subsection (j), by inserting after ''15 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 712. REGULATIONS.

Section 3306 of title 46, United States Code, is amended—

(1) in subsection (h), by inserting after ''at least 100 gross tons but less than 300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(2) in subsection (i), by inserting after ''at least 100 gross tons but less than 500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14101 of that title''.

SEC. 713. PENALTIES—INSPECTION OF VESSELS.

Section 3318 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(2) in subsection (j)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 714. APPLICATION—TANK VESSELS.

Section 3702 of title 46, United States Code, is amended—

(1) in subsection (b)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (c), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(3) in subsection (d), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

SEC. 715. TANK VESSEL CONSTRUCTION STANDARDS.

Section 3703a of title 46, United States Code, is amended—

(1) in subsection (b)(2), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (c)(2), by inserting after ''5,000 gross tons'' each place it appears the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in subsection (c)(3)(A), by inserting after ''15,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in subsection (c)(3)(B), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(5) in subsection (c)(3)(C), by inserting after ''30,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 716. TANKER MINIMUM STANDARDS.

Section 3707 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(2) in subsection (b), by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 717. SELF-PROPELLED TANK VESSEL MINIMUM STANDARDS.

Section 3708 of title 46, United States Code, is amended by inserting after ''10,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 718. DEFINITION—ABANDONMENT OF BARGES.

Section 4701(1) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SECTION 719. APPLICATION—LOAD LINES.

Section 5102(b) of title 46, United States Code, is amended—

(1) in paragraph (4), by inserting after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in paragraph (5), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(3) in paragraph (10), by inserting after ''150 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 720. LICENSING OF INDIVIDUALS.

Section 7101(e)(3) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 721. ABLE SEAMEN—LIMITED.

Section 7308 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 722. ABLE SEAMEN—OFFSHORE SUPPLY VESSELS.

Section 7310 of title 46, United States Code, is amended by inserting after ''500 gross

tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 723. SCALE OF EMPLOYMENT—ABLE SEAMEN.

Section 7312 of title 46, United States Code, is amended—

(1) in subsection (b), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (c)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in subsection (d), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in subsection (f)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(5) in subsection (f)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 724. GENERAL REQUIREMENTS—ENGINE DEPARTMENT.

Section 7313(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 725. COMPLEMENT OF INSPECTED VESSELS.

Section 8101(h) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 726. WATCHMEN.

Section 8102(b) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 727. CITIZENSHIP AND NAVAL RESERVE REQUIREMENTS.

Section 8103(b)(3)(A) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 728. WATCHES

Section 8104 of title 46, United States Code, is amended—

(1) in subsection (b), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (d), by inserting after ''100 gross tons'' and after ''5,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in subsection (l)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in subsection (m)(1), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(5) in subsection (o)(1), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(6) in subsection (o)(2), by inserting after ''500 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 729. MINIMUM NUMBER OF LICENSED INDIVIDUALS.

Section 8301 of title 46, United States Code, is amended—

(1) in subsection (a)(2), by inserting after ''1,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(2) in subsection (a)(3), by inserting after ''at lease 200 gross tons but less than 1,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(3) in subsection (a)(4), by inserting after ''at least 100 gross tons but less than 200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title'';

(4) in subsection (a)(5), by inserting after ''300 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(5) in subsection (b), by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 730. OFFICERS' COMPETENCY CERTIFICATES CONVENTION.

Section 8304(b)(4), of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 731. MERCHANT MARINERS' DOCUMENTS REQUIRED.

Section 8701 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of the title''; and

(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC 732. CERTAIN CREW REQUIREMENTS.

Section 8702 of title 46, United States Code, is amended—

(1) in subsection (a), by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''; and

(2) in subsection (a)(6), by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 733. FREIGHT VESSELS.

Section 8901 of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 734. EXEMPTIONS.

Section 8905(b) of title 46, United States Code, is amended by inserting after ''200 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 735. UNITED STATES REGISTERED PILOT SERVICE.

Section 9303(a)(2) of title 46, United States Code, is amended by inserting after ''4,000 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 736. DEFINITIONS—MERCHANT SEAMEN PROTECTION.

Section 10101(4)(B) of title 46, United States Code, is amended by inserting after ''1,600 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 737. APPLICATION—FOREIGN AND INTERCOASTAL VOYAGES.

Section 10301(a)(2) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 738. APPLICATION—COASTWISE VOYAGES.

Section 10501(a) of title 46, United States Code, is amended by inserting after ''50 gross

tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 739. FISHING AGREEMENTS.

Section 10601(a)(1) of title 46, United States Code, is amended by inserting after ''20 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 740. ACCOMMODATIONS FOR SEAMEN.

Section 11101(a) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 741. MEDICINE CHESTS.

Section 11102(a) of title 46, United States Code, is amended by inserting after ''75 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 742. LOGBOOK AND ENTRY REQUIREMENTS.

Section 11301(a)(2) of title 46, United States Code, is amended by inserting after ''100 gross tons'' the following: ''as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 743. COASTWISE ENDORSEMENTS.

Section 12106(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 744. FISHERY ENDORSEMENTS.

Section 12108(c)(1) of title 46, United States Code, is amended by striking ''two hundred gross tons'' and inserting ''200 gross tons as measured under section 14502 of title 46, United States Code, or an alternate tonnage measured under section 14302 of that title as prescribed by the Secretary under section 14104 of that title''.

SEC. 745. CONVENTION TONNAGE FOR LICENSES, CERTIFICATES, AND DOCUMENTS.

(a) AUTHORITY TO USE CONVENTION TONNAGE.—Chapter 75 of title 46, United States Code, is amended by adding at the end the following:

''§ 7506. Convention tonnage for licenses, certificates and documents

''Notwithstanding any provision of section 14302(c) or 14305 of this title, the Secretary may—

''(1) evaluate the service of an individual who is applying for a license, a certificate of registry, or a merchant mariner's document by using the tonnage as measured under chapter 143 of this title for the vessels on which that service was acquired, and

''(2) issue the license, certificate, or document based on that service.''.

(b) CLERICAL AMENDMENT.—The analysis to chapter 75 of title 46, United States Code, is amended by adding a new item as follows:

''7506. Convention tonnage for licenses, certificates and documents.''.●

Mr. PRESSLER. Mr. President, as chairman of the Senate Committee on Commerce, Science, and Transportation, I am pleased to cosponsor the Coast Guard authorization bill for the current and next fiscal years. The Coast Guard is one of our Nation's oldest agencies, tracing its roots to the year 1790, but it also is one of our most efficient. The Coast Guard has broad ranging responsibilities, from enforcing America's maritime laws to ensuring the safety of recreational boaters in places like the beautiful Lewis and Clark Lake in my home State of South Dakota.

I believe this bill makes a serious effort to improve the Coast Guard's efficiency while maintaining its effectiveness. It is clear the American taxpayers are demanding a smaller, more accountable Federal Government. At the same time, the demand for certain Government services, including those provided by the Coast Guard, continues to be great. I intend, by working with my colleagues on the Commerce Committee and along with other Senators who are interested in the Coast Guard, to meet this challenge.

Mr. President, the core provisions of this bill are consistent with the agenda of the new Congress. For example, the bill includes important provisions that enhance recreational boating safety for the Nation's 50 million boaters by providing vital funding to the States to continue essential boating safety programs while eliminating the need to fund the program through annual appropriations. It also provides a stable source of funding to improve the safety of highway bridges that cross navigable waters. It reduces unnecessary and costly regulations on industry, thereby improving the competitiveness of the U.S. maritime industry. It also addresses the operation of the Coast Guard auxiliary, a 36,000 volunteer organization, and it improves the management and efficiency of the service.

I am pleased to have the very capable Senator STEVENS of Alaska, chairman of our Oceans and Fisheries Subcommittee, spearheading this authorization process. I'm hopeful the Commerce Committee will be able to act on this bill in an expedited fashion. I ask my colleagues to work with me as we authorize the Coast Guard.

By Mr. BAUCUS:

S. 1005. A bill to amend the Public Buildings Act of 1959 to improve the process of constructing, altering, purchasing, and acquiring public buildings, and for other purposes; to the Committee on Environment and Public Works.

THE PUBLIC BUILDINGS REFORM ACT OF 1995

● Mr. BAUCUS. Mr. President, I introduce the Public Buildings Reform Act of 1995.

This law will change the way our Government puts up Federal buildings.

SPENDING ON COURTHOUSES

Montanans want Government to cut waste, and spending on Federal buildings is a place where you can find a lot of waste.

As chairman of the Environment and Public Works Committee last year, I investigated several large Federal courthouse construction projects. I found that there is little control over the design and costs of Federal courthouse projects.

Courthouses sound small, but they are big money. Last year, GSA requested over $420 million for courthouse projects.

And for this fiscal year, GSA is asking for a courthouse construction budget more than 50 percent higher. GSA wants more than $645 million for courthouses. About two out of every three tax dollars spent by GSA goes to build courthouses.

WASTE IN COURTHOUSES

Mr. President, these are huge numbers—a billion dollars in 2 years for Federal courthouse construction. And, to be charitable, this money is not always spent wisely.

Many courthouses are way too expensive. Quite a few have cost us over $200 million, and one has run up bills in excess of $500 million. And what is particularly galling, some of these courthouses are practically palaces.

You can find courthouses around the country with such extravagant furnishings as mahogany and rosewood interior panelling, brass doorknobs, private kitchens for judges, boat docks, and more. There is no reason for it. We would be better off not spending the money for these things at all.

There are even cases where the judges have set such high design standards for courthouses that they can only be satisfied by building a new courthouse, even though renovating the existing building may actually make more sense.

THE GENERAL SERVICES ADMINISTRATION

So why has this happened? To find out, we have to look at an obscure agency called the ''General Services Administration'' or GSA.

The GSA is the Federal Government's landlord. It leases and builds Federal office buildings, courthouses, border stations, and other Federal structures. And GSA has the responsibility to make sure the Government spends its money wisely for real estate transactions. But unfortunately, GSA does not have the legislative tools to make wise real estate decisions.

First of all, it does not set priorities. Each year, GSA submits a budget request to Congress that delineates the projects to be funded, there is no way for Congress to know which projects are the most important based on need.

And GSA is not solely to blame. It is often forced to adopt pet projects on behalf of individual Members of Congress, rather than basing its decisions on an overall vision of what construction is necessary. Each year, Congress approves projects, especially courthouse projects, that are not necessary and worthy but rather frilly and wasteful.

Second, responsibility for final designs is spread among different areas of Government, meaning that no one person is finally accountable for making

sensible fiscal decisions. I was stunned to find, for example, that the Administrative Office of the Courts set its own design guidelines for courthouses. This is one reason you suddenly find that a relatively responsible building has suddenly sprouted fountains and grown rosewood panels.

In effect, the courts themselves design their own courthouses just as a king can design his own palace. The temptations are obvious even in theory. And they are glaring when you go to visit some of the courthouses we investigated last year. To make matters worse, the design guidelines are constantly changing at the whim of the AOC. Virtually nobody knows what they are. And, according to the General Accounting Office, the AOC frequently inflates the projected number of judges to be housed in a particular courthouse.

TIME FOR REFORM

Mr. President, it is time for reform. A more rational, accountable process can cut waste, save money and make Government more responsive to taxpayers, that is what my bill would do: To improve oversight, it will require GSA each year to submit a biennial plan to Congress that prioritizes Federal building projects; to ensure accountability, it will rewrite the courthouse design guide and require GSA to establish a uniform, responsible set of design standards; To improve oversight, it will require GSA to submit more information to Congress on each project, such as a realistic projection of the number of judges to be housed by a new courthouse; To cut waste, it will require GSA to fully justify the need and cost of each project. This must include a benchmark cost, to let the public see whether a project is extremely expensive for that particular area of the country, and on top of that, it will impose a 9-month moratorium on the spending of money for any new construction projects so we can get these other reforms in place.

CONCLUSION

Mr. President, we all have to prioritize our own personal budgets and needs. GSA and the courts should do the same. This bill will help them do that. And I look forward to working with the chairman of the Environment and Public Works Committee and other Members to see it happen.

I ask unanimous consent that a copy of the bill and a section-by-section be printed in the RECORD.

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

S. 1005

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 ''Public Buildings Reform Act of 1995''.

SEC. 2. SITE SELECTION.

Section 5 of the Public Buildings Act of 1959 (40 U.S.C. 604) is amended by adding at the end the following:

''(d) CONSIDERATION OF COSTS.—In selecting a site for a project to construct, alter, purchase, or acquire (including lease) a public building, or to lease office or any other type of space, under this Act, the Administrator shall consider the impact of the selection of a particular site on the cost and space efficiency of the project.''.

SEC. 3. CONGRESSIONAL OVERSIGHT OF PUBLIC BUILDINGS PROJECTS.

(a) IN GENERAL.—Section 7 of the Public Buildings Act of 1959 (40 U.S.C. 606) is amended—

(1) in subsection (a)—

(A) by striking the last sentence;

(B) in the first sentence, by striking ''In order'' and inserting the following:

''(2) PREREQUISITES TO OBLIGATION OF FUNDS.—

''(B) APPROVAL REQUIREMENTS.—

''(i) CONSTRUCTION, ALTERATION, PURCHASE, AND ACQUISITION.—In order'';

(C) in the second sentence, by striking ''No'' and inserting the following:

''(ii) LEASE.—No'';

(D) in the third sentence, by striking ''No'' and inserting the following:

''(iii) ALTERATION.—No'';

(E) by striking ''SEC. 7. (a)'' and inserting the following:

''SEC. 7. SUBMISSION AND APPROVAL OF PROPOSED PROJECTS.

''(a) IN GENERAL.—

''(1) PUBLIC BUILDINGS PLAN.—

''(A) IN GENERAL.—Not later than 15 days after the President submits to Congress the budget of the United States Government under section 1105 of title 31, United States Code, the Administrator shall submit to Congress a public buildings plan (referred to in this subsection as the 'biennial plan') for the first 2 fiscal years that begin after the date of submission. The biennial plan shall specify such projects for which approval is required under paragraph (2)(B) relating to the construction, alteration, purchase, or acquisition (including lease) of public buildings, or the lease of office or any other type of space, as the Administrator determines are necessary to carry out the duties of the Administrator under this Act or any other provision of law.

''(B) CONTENTS.—The biennial plan shall include—

''(i) a 5-year strategic capital asset management plan for accommodating the public building needs of the Federal Government that reflects the office space and other public buildings needs of the Federal Government and that is based on procurement mechanisms that allow the Administrator to take advantage of fluctuations in market forces affecting building construction and availability;

''(ii) a list—

''(I) in order of priority, of each construction, alteration, purchase, or acquisition (including lease) project described in subparagraph (A) for which an authorization of appropriations is—

''(aa) requested for the first of the 2 fiscal years of the biennial plan referred to in subparagraph (A) (referred to in this paragraph as the 'first year'); or

''(bb) expected to be requested for the second of the 2 fiscal years of the biennial plan referred to in subparagraph (A) (referred to in this paragraph as the 'second year'); and

''(II) that includes a description of each such project and the number of square feet of space planned for each such project;

''(iii) a list, in order of priority, of each lease or lease renewal described in subparagraph (A) for which an authorization of appropriations is—

''(I) requested for the first year; or

''(II) expected to be requested for the second year;

''(iv) a list, in order of priority, of each planned repair or alteration project described in subparagraph (A) for which an authorization of appropriations is—

''(I) requested for the first year; or

''(II) expected to be requested for the second year;

''(v) an explanation of the basis for each order of priority specified under clauses (ii), (iii), and (iv);

''(vi) the estimated annual and total cost of each project requested in the biennial plan;

''(vii) a list of each public building planned to be vacated in whole or in part, to be exchanged for other property, or to be disposed of during the period covered by the biennial plan; and

''(viii) requests for authorizations of appropriations necessary to carry out projects listed in the biennial plan for the first year.

''(C) PRESENTATION OF INFORMATION IN PLAN.—

''(i) FIRST YEAR.—In the case of a project for which the Administrator has requested an authorization of appropriations for the first year, information required to be included in the biennial plan under subparagraph (B) shall be presented in the form of a prospectus that meets the requirements of paragraph (2)(C).

''(ii) SECOND YEAR.—

''(I) IN GENERAL.—In the case of a project for which the Administrator expects to request an authorization of appropriations for the second year, information required to be included in the biennial plan under subparagraph (B) shall be presented in the form of a project description.

''(II) GOOD FAITH ESTIMATES.—

''(aa) IN GENERAL.—Each reference to cost, price, or any other dollar amount contained in a project description referred to in subclause (I) shall be considered to be a good faith estimate by the Administrator.

''(bb) EFFECT.—A good faith estimate referred to in item (aa) shall not bind the Administrator with respect to a request for appropriation of funds for a fiscal year other than a fiscal year for which an authorization of appropriations for the project is requested in the biennial plan.

''(cc) EXPLANATION OF DEVIATION FROM ESTIMATE.—If the request for an authorization of appropriations contained in the prospectus for a project submitted under paragraph (2)(C) is different from a good faith estimate for the project referred to in item (aa), the prospectus shall include an explanation of the difference.

''(D) REINCLUSION OF PROJECTS IN PLANS.—If a project included in a biennial plan is not approved in accordance with this subsection, or if funds are not made available to carry out a project, the Administrator may include the project in a subsequent biennial plan submitted under this subsection.'';

(F) in paragraph (2) (as designated by subparagraph (B))—

(i) by inserting after ''(2) PREREQUISITES TO OBLIGATION OF FUNDS.—'' the following:

''(A) IN GENERAL.—Notwithstanding any other provision of law, the Administrator may not obligate funds that are made available for any project for which approval is required under subparagraph (B) unless—

''(i) the project was included in the biennial plan for the fiscal year; and

''(ii) a prospectus for the project was submitted to Congress and approved in accordance with this paragraph.''; and

(ii) by adding at the end the following:

''(C) PROSPECTUSES.—For the purpose of obtaining approval of a proposed project described in the biennial plan, the Administrator shall submit to Congress a prospectus for the project that includes—

''(i) a brief description of the public building to be constructed, altered, purchased, or acquired, or the space to be leased, under this Act;

''(ii) the location of the building or space to be leased and an estimate of the maximum cost, based on the predominant local office space measurement system (as determined by the Administrator), to the United States of the construction, alteration, purchase, or acquisition of the building, or lease of the space;

''(iii) in the case of a project for the construction of a courthouse or other public building consisting solely of general purpose office space, the cost benchmark for the project determined under subsection (d); and

''(iv) in the case of a project relating to a courthouse—

''(I) as of the date of submission of the prospectus, the number of—

''(aa) Federal judges for whom the project is to be carried out; and

''(bb) courtrooms available for the judges;

''(II) the projected number of Federal judges and courtrooms to be accommodated by the project at the end of the 10-year period beginning on the date; and

''(III) a justification for the projection under subclause (II) (including a specification of the number of authorized positions, and the number of judges in senior status, to be accommodated).''; and

(G) by adding at the end the following:

''(3) EMERGENCY AUTHORITY.—

''(A) OVERRIDING INTEREST.—If the Administrator, in consultation with the Commissioner of the Public Buildings Service, determines that an overriding interest requires emergency authority to construct, alter, purchase, or acquire a public building, or lease office or storage space, and that the authority cannot be obtained in a timely manner through the biennial planning process required under paragraph (1), the Administrator may submit a written request for the authority to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives. The Administrator may carry out the project for which authority was requested under the preceding sentence if the project is approved in the manner described in paragraph (2)(B).

''(B) DECLARED EMERGENCIES.—

''(i) LEASE AUTHORITY.—Notwithstanding any other provision of this section, the Administrator may enter into an emergency lease during any period of emergency declared by the President pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) or any other law, or declared by any Federal agency pursuant to any applicable law, except that no such emergency lease shall be for a period of more than 5 years.

''(ii) REPORTING.—As part of each biennial plan, the Administrator shall describe any emergency lease entered into by the Administrator under clause (i) during the preceding fiscal year.'';

(2) in subsection (b)—

(A) by striking ''(b) The'' and inserting the following:

''(b) INCREASES IN COSTS OF PROJECTS.—

''(1) INCREASE OF 10 PERCENT OR LESS.—The''; and

(B) by adding at the end the following:

''(2) GREATER INCREASES.—If the Administrator increases the estimated maximum cost of a project in an amount greater than the increase authorized by paragraph (1), the Administrator shall, not later than 30 days after the date of the increase, notify the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives of the amount of, and reasons for, the increase.'';

(3) in subsection (c), by striking ''(c) In the case'' and inserting the following:

''(c) RESCISSION OF APPROVAL.—In the case''; and

(4) by striking subsection (d) and inserting the following:

''(d) DEVELOPMENT OF COST BENCHMARKS.—

''(1) IN GENERAL.—The Administrator shall develop standard cost benchmarks for projects for the construction of courthouses, and other public buildings consisting solely of general purpose office space, for which a prospectus is required under subsection (a)(2). The benchmarks shall consist of the appropriate cost per square foot for low-rise, mid-rise, and high-rise projects subject to the various factors determined under paragraph (2).

''(2) FACTORS.—In developing the benchmarks, the Administrator shall consider such factors as geographic location (including the necessary extent of seismic structural supports), the tenant agency, and necessary parking facilities.''.

(b) INCLUSION OF REQUESTED BUILDING PROJECTS IN BIENNIAL PLAN.—Section 11 of the Act (40 U.S.C. 610) is amended—

(1) by striking ''SEC. 11. (a) Upon'' and inserting the following:

''SEC. 11. REPORTS TO CONGRESS.

''(a) REPORTS ON UNCOMPLETED PROJECTS.—Upon''; and

(2) in subsection (b)—

(A) by striking ''(b) The Administrator'' and inserting the following:

''(b) BUILDING PROJECT SURVEYS AND REPORTS.—

''(1) IN GENERAL.—The Administrator'';

(B) in the second sentence of paragraph (1) (as so designated), by inserting before the period at the end the following: '', and shall specify whether the project is included in a 5-year strategic capital asset management plan required under section 7(a)(1)(B)(i) or a prioritized list required under section 7(a)(1)(B)''; and

(C) by adding at the end the following:

''(2) INCLUSION OF REQUESTED BUILDING PROJECTS IN BIENNIAL PLAN.—The Administrator may include a prospectus for the funding of a public building project for which a report is submitted under paragraph (1) in a biennial public buildings plan required under section 7(a)(1).''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 7 of the Act (40 U.S.C. 606) is amended by striking ''Committee on Public Works and Transportation'' each place it appears and inserting ''Committee on Transportation and Infrastructure''.

(2) Section 11(b)(1) of the Act (as amended by subsection (b)(2)) is further amended by striking ''Committee on Public Works and Transportation'' and inserting ''Committee on Transportation and Infrastructure''.

SEC. 4. FEDERAL GOVERNMENT ASSET MANAGEMENT.

Section 12 of the Public Buildings Act of 1959 (40 U.S.C. 611) is amended—

(1) by striking ''SEC. 12. (a) The Administrator'' and inserting the following:

''SEC. 12. FEDERAL GOVERNMENT ASSET MANAGEMENT.

''(a) DUTIES OF ADMINISTRATOR.—

''(1) IN GENERAL.—The Administrator'';

(2) in subsection (a), by adding at the end the following:

''(2) REPOSITORY FOR ASSET MANAGEMENT INFORMATION.—The Administrator shall use the results of the continuing investigation and survey required under paragraph (1) to establish a central repository for the asset management information of the Federal Government.'';

(3) in subsection (b)—

(A) by striking ''(b) In carrying'' and inserting the following:

''(b) COOPERATION AMONG FEDERAL AGENCIES.—

''(1) BY THE ADMINISTRATOR.—In carrying'';

(B) by striking ''Each Federal'' and inserting the following:

''(2) BY THE AGENCIES.—Each Federal''; and

(C) by adding at the end the following:

''(3) IDENTIFICATION AND DISPOSITION OF UNNEEDED BUILDINGS.—

''(A) IDENTIFICATION.—Each Federal agency shall—

''(i) identify public buildings that are or will become unneeded, obsolete, or underutilized during the 5-year period beginning on the date of the identification; and

''(ii) annually report the information on the buildings described in clause (i) to the Administrator.

''(B) DISPOSITION.—The Administrator shall find more cost-effective uses for, or sell, the public buildings identified under subparagraph (A).'';

(4) in subsection (c), by striking ''(c) Whenever'' and inserting the following:

''(c) IDENTIFICATION OF BUILDINGS OF HISTORIC, ARCHITECTURAL, AND CULTURAL SIGNIFICANCE.—Whenever''; and

(5) in subsection (d), by striking ''(d) The Administrator'' and inserting the following:

''(d) REGARD TO COMPARATIVE URGENCY OF NEED.—The Administrator''.

SEC. 5. ADDRESSING LONG-TERM GOVERNMENT HOUSING NEEDS.

(a) REPORT ON LONG-TERM HOUSING NEEDS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the head of each Federal agency (as defined in section 13(3) of the Public Buildings Act of 1959 (40 U.S.C. 612(3)) shall review and report to the Administrator on the long-term housing needs of the agency. The Administrator shall consolidate the agency reports and submit a consolidated report to Congress.

(2) ASSISTANCE FROM ACCOUNT MANAGERS.—The Administrator of General Services shall designate an account manager for each agency to assist—

(A) the agency in carrying out the review required under paragraph (1); and

(B) the Administrator in preparing uniform standards for housing needs for—

(i) executive agencies (as defined in section 13(4) of the Act (40 U.S.C. 612(4)); and

(ii) establishments in the judicial branch of the Federal Government.

(b) REDUCTION IN AGGREGATE OFFICE AND STORAGE SPACE.—By the end of the third fiscal year that begins after the date of enactment of this Act, the Federal agencies referred to in subsection (a)(1) shall, to the maximum extent practicable, collectively reduce by no less than 10 percent the aggregate office and storage space held by the agencies on the date of enactment of this Act.

SEC. 6. MORATORIUM ON CONSTRUCTION OF PUBLIC BUILDINGS.

(a) IN GENERAL.—Notwithstanding any other law, during the period beginning on the date of enactment of this Act and ending on the date that is 270 days after the date of enactment, the Administrator of General Services may not expend funds on any project relating to the construction, purchase, or acquisition of a public building with respect to which no funds (including no funds for site selection, design, or construction) have previously been expended.

(b) DEFINITIONS.—In this section, the terms ''construct'' and ''public building'' have the meanings provided in section 13 of the Public Buildings Act of 1959 (40 U.S.C. 612).

SEC. 7. DESIGN GUIDES AND STANDARDS FOR COURT ACCOMMODATIONS.

(a) REPORT.—Not later than 60 days after the date of enactment of this Act, the Administrator of General Services, in consultation with the Director of the Administrative Office of the United States Courts, shall submit a report to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives that specifies the characteristics of court accommodations that are essential to the provision of due process of law and the safe, fair, and efficient administration of justice by the Federal court system.

(b) DESIGN GUIDES AND STANDARDS.—

(1) DEVELOPMENT.—Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with the Director of the Administrative Office of the United States Courts and after notice and opportunity for comment, shall develop design guides and standards for Federal court accommodations based on the report submitted under subsection (a). In developing the design guides and standards, the Administrator shall consider space efficiency and the appropriate standards for furnishings.

(2) USE.—Notwithstanding section 462 of title 28, United States Code, the design guides and standards developed under paragraph (1) shall be used in the design of court accommodations.

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title.

Provides that the Act may be cited as the ''Public Buildings Reform Act of 1995''.

Section 2. Site Selection.

This section provides that in selecting a site for a federal buildings project undertaken by the General Services Administration (GSA), the impact of the site selection on the cost and efficiency of the project shall be considered.

Section 3. Congressional Oversight of Public Buildings Projects.

The purpose of this section is to require a prioritization of GSA projects requiring Congressional approval and to provide Congress with additional information on each GSA project.

The section:

Requires GSA to submit to Congress, as part of an ongoing two year planning cycle, its authorization and appropriations requests, in order of priority, of constructing, altering, purchasing, acquiring or leasing government office space.

Prohibits the Administration from obligating funds for any prospectus-level project unless the project is part of the biennial plan for the fiscal year and unless a prospectus for it is also submitted to and authorized by the appropriate Congressional committees, as required under current law.

Requires the GSA to include additional information in each project prospectus submitted to the Senate Environment and Public Works Committee and the House Transportation and Infrastructure Committee for approval. Each prospectus shall include:

(a) a brief description of the project, including scope and tenant agency;

(b) the location of the project and the estimated maximum cost;

(c) the cost benchmark for the project;

(d) the current number of Federal judges and courtrooms as of the date of submission of the prospectus; and

(e) the projected number of Federal judges and courtrooms expected to be accommodated by the proposed project;

(1) the projected figures must be justified by including information on the authorized judicial positions and Federal judges expected to be in senior status.

Gives GSA the emergency authority to submit a prospectus for a project not contained in the biennial plan if there is an overriding interest. Should such a prospectus be submitted under this emergency authority, the prospectus must still be approved by the appropriate committees.

Allows the Administrator to enter into an emergency lease, of no more than 5 years, if there is a Presidentially declared disaster issued pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

Provides that should GSA seek a reprogramming request from the Congressional Appropriations Committees for a project, GSA must notify the appropriate committees of the reasons for the request and the reprogramming amount.

Ensures that an 11(b) project request made by Congressional committees are considered as part of the overall biennial planning process and not authorized separately. Included in the 11(b) report will be a priority ranking of the project.

Section 4. Federal Government Asset Management.

This section establishes a central repository at GSA to house the asset management information of the Federal Government. Each agency will identify—through a long-term plan—unneeded, obsolete and underutilized public buildings and annually report the information to GSA. The GSA, in turn, will find cost-effective uses for the public buildings, including asset sales.

Section 5. Addressing Long-Term Government Housing Needs.

This section provides that within one year, each agency shall report to Congress on the long-term housing needs of the agency in an attempt to reduce the Federal space needs. GSA will designate managers to each agency to assist in this review. By the end of the third year, each Federal agency shall, to the maximum extent practicable, reduce by no less than 10 percent its aggregate office or storage space.

Section 6. Moratorium on the Construction of Public Buildings.

This section provides for a nine month moratorium on new construction, purchase or acquisition projects. The moratorium applies only to those projects in which no funds have previously been expended on any phase of the project.

Section 7. Design Guides and Standards for Court Accommodations.

This section provides that no later than 60 days after enactment, GSA, in consultation with the Administrative Office of the Courts, shall submit a report to the appropriate committees on the basic characteristics of court accommodations. GSA shall use the results of this report to develop, in consultation with the Administrative Office of the Courts, design guides and standards for Federal court accommodations. These design guides and standards shall then be used in the construction of Federal courthouses.●

ADDITIONAL COSPONSORS

S. 50

At the request of Mr. LOTT, the name of the Senator from New Hampshire [Mr. SMITH] was added as a cosponsor of S. 50, a bill to repeal the increase in tax on Social Security benefits.

S. 67

At the request of Mr. INOUYE, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 67, a bill to amend title 10, United States Code, to authorize former members of the Armed Forces who are totally disabled as the result of a service-connected disability to travel on military aircraft in the same manner and to the same extent as retired members of the Armed Forces are entitled to travel on such aircraft.

S. 254

At the request of Mr. LOTT, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 254, a bill to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the U.S. merchant marine during World War II.

S. 304

At the request of Mr. MACK, his name was added as a cosponsor of S. 304, a bill to amend the Internal Revenue Code of 1986 to repeal the transportation fuels tax applicable to commercial aviation.

At the request of Mr. SANTORUM, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 304, supra.

S. 327

At the request of Mr. MACK, his name was added as a cosponsor of S. 327, a bill to amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

S. 369

At the request of Mr. HEFLIN, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 369, a bill to designate the Federal Courthouse in Decatur, AL, as the ''Seybourn H. Lynne Federal Courthouse,'' and for other purposes.

S. 594

At the request of Mrs. BOXER, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of S. 594, a bill to provide for the administration of certain Presidio properties at minimal cost to the Federal taxpayer.

S. 650

At the request of Mr. SHELBY, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 650, a bill to increase the amount of credit available to fuel local, regional, and national economic growth by reducing the regulatory burden imposed upon financial institutions, and for other purposes.

S. 684

At the request of Mr. HATFIELD, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 684, a bill to amend the Public Health Service Act to provide for programs of research regarding Parkinson's disease, and for other purposes.

S. 692

At the request of Mr. GREGG, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 692, a bill to amend the Internal Revenue Code of 1986 to preserve family-held forest lands, and for other purposes.

S. 724

At the request of Mr. KOHL, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 724, a bill to authorize the Administrator of the Office of Juvenile Justice and Delinquency Prevention Programs to make grants to States and units of local government to assist in providing secure facilities for violent and chronic juvenile offenders, and for other purposes.

S. 798

At the request of Mr. CONRAD, the names of the Senator from South Carolina [Mr. HOLLINGS] and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of S. 798, a bill to amend title XVI of the Social Security Act to improve the provision of supplemental security income benefits, and for other purposes.

S. 839

At the request of Mr. CHAFEE, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 839, a bill to amend title XIX of the Social Security Act to permit greater flexibility for States to enroll Medicaid beneficiaries in managed care arrangements, to remove barriers preventing the provision of medical assistance under State Medicaid plans through managed care, and for other purposes.

S. 907

At the request of Mr. BAUCUS, his name was added as a cosponsor of S. 907, a bill to amend the National Forest Ski Area Permit Act of 1986 to clarify the authorities and duties of the Secretary of Agriculture in issuing ski area permits on National Forest System lands and to withdraw lands within ski area permit boundaries from the operation of the mining and mineral leasing laws.

SENATE CONCURRENT RESOLUTION 20—PROVIDING FOR THE CONDITIONAL RECESS OR ADJOURNMENT OF THE SENATE

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution which was considered and agreed to:

S. CON. RES. 20

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, June 29, 1995, or Friday, June 30, 1995, pursuant to a motion made by the Majority Leader or his designee, in accordance with this resolution, it stand recessed or adjourned until 12:00 noon on Monday, July 10, 1995, or until such time on that day as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until 12:00 noon on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first; and that when the House of Representatives adjourns on the legislative day of Friday, June 30, 1995, it stand adjourned until 2:00 p.m. on Monday, July 10, 1995, or until 12:00 noon on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first.

Sec. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and the House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

SENATE RESOLUTION 143—COMMENDING C. ABBOTT SAFFOLD

Mr. DASCHLE (for himself, Mr. DOLE, Mr. FORD, Mr. LOTT, Mr. BYRD, Mr. THURMOND, Mr. ABRAHAM, Mr. AKAKA, Mr. ASHCROFT, Mr. BAUCUS, Mr. BENNETT, Mr. BIDEN, Mr. BINGAMAN, Mr. BOND, Mrs. BOXER, Mr. BRADLEY, Mr. BREAUX, Mr. BROWN, Mr. BRYAN, Mr. BUMPERS, Mr. BURNS, Mr. CAMPBELL, Mr. CHAFEE, Mr. COATS, Mr. COCHRAN, Mr. COHEN, Mr. CONRAD, Mr. COVERDELL, Mr. CRAIG, Mr. D'AMATO, Mr. DEWINE, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. EXON, Mr. FAIRCLOTH, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FRIST, Mr. GLENN, Mr. GORTON, Mr. GRAHAM, Mr. GRAMM, Mr. GRAMS, Mr. GRASSLEY, Mr. GREGG, Mr. HARKIN, Mr. HATCH, Mr. HATFIELD, Mr. HEFLIN, Mr. HELMS, Mr. HOLLINGS, Mrs. HUTCHISON, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSTON, Mrs. KASSEBAUM, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. KERREY, Mr. KERRY, Mr. KOHL, Mr. KYL, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LIEBERMAN, Mr. LUGAR, Mr. MACK, Mr. MCCAIN, Mr. MCCONNELL, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. NUNN, Mr. PACKWOOD, Mr. PELL, Mr. PRESSLER, Mr. PRYOR, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. ROTH, Mr. SANTORUM, Mr. SARBANES, Mr. SHELBY, Mr. SIMON, Mr. SIMPSON, Mr. SMITH, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THOMPSON, Mr. WARNER, and Mr. WELLSTONE) submitted the following resolution; which was considered and agreed to:

S. RES. 143

Whereas Abby Saffold has faithfully served the Congress in many capacities over the past 28 years, 25 of which were spent in service to the Senate;

Whereas Abby Saffold was the first woman in the history of the Senate to serve as Secretary for the majority and the first to serve as Secretary for the minority;

Whereas Abby Saffold has at all times discharged the important duties and responsibilities of her office with great efficiency and diligence;

Whereas her dedication, good humor, and exceptional service have earned her the respect and affection of Democratic and Republican Senators as well as their staffs: Now therefore, be it

Resolved, That the Senate expresses its appreciation to Abby Saffold and commends her for her lengthy, faithful and outstanding service to the Senate.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to C. Abbott Saffold.

SENATE RESOLUTION 144—RELATIVE TO HEALTH CARE LEGISLATION

Mr. WELLSTONE (for himself and Mr. FEINGOLD) submitted the following resolution; which was referred to the Committee on Labor and Human Resources:

S. RES. 144

Whereas the American people want and deserve the same high quality health care as that received by Members of Congress;

Whereas 41,000,000 Americans are uninsured, more than 11,000,000 of whom are children;

Whereas children have accounted for the largest proportion of the increase in the number of uninsured individuals in recent years;

Whereas the percentage of working people who receive health insurance from their employer has dipped to its lowest point since the early 1980's;

Whereas thousands of the Nation's smallest businesses continue to find the cost of health insurance out of reach;

Whereas many employers who do provide coverage for their employees have been forced to reduce benefits and increase employee cost-sharing requirements in order to continue to provide insurance;

Whereas medical inflation continues to grow at double the general inflation rate;

Whereas choice of health plan and provider is becoming increasingly limited for the vast majority of Americans;

Whereas many American families continue to be subject to discriminatory insurance practices and denied coverage due to preexisting health conditions;

Whereas the proposed $450,000,000,000 in medicare and medicaid cuts may lead to increasing numbers of uninsured, higher uncompensated health care costs, and severe cost shifting to the private sector; and

Whereas the status quo is unacceptable and the American public continues to believe that major reform of our country's health care system should be a top priority for Congress: Now, therefore, be it

Resolved, That it is the sense of the Senate that, by the end of the 104th Congress, the Senate should pass health care legislation to provide all Americans with coverage that is at least as good as the Senate provides for itself.

SENATE RESOLUTION 145—RELATIVE TO THE ELECTION OF THE SECRETARY FOR THE MINORITY

Mr. DASCHLE submitted the following resolution; which was considered and agreed to:

S. RES. 145

Resolved, That Martin P. Paone be, and he is hereby, elected Secretary for the minority of the Senate, effective July 11, 1995.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and public that a hearing has been scheduled before the full Committee on Energy and Natural Resources to review proposals with regard to disposition of Power Marketing Administrations.

The hearing will take place Wednesday, July 12, 1995 at 9:30 a.m., in room

SD–366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please call James P. Beirne, Senior Counsel to the Committee (202) 224–2564 or Betty Nevitt, Staff Assistant at (202) 224–0765.

SUBCOMMITTEE ON FORESTS AND PUBLIC LAND MANAGEMENT

Mr. CRAIG. Mr. President, I would like to announce for the information of the Senate and the public that a hearing before the Subcommittee on Forests and Public Land Management has been scheduled for Thursday, July 13, at 9:30 a.m. The purpose of the hearing is to receive testimony on S. 884, to designate certain public lands in the State of Utah as wilderness, and for other purposes.

The hearing will be held in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements, should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact Andrew Lundquist at (202) 244–6170.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing before the Full Committee on Energy and Natural Resources previously scheduled for Tuesday, June 20, 1995, at 9:30 a.m. has been rescheduled for Tuesday, July 18, 1995, at 9:30 a.m. The purpose of the hearing is to review existing oil production at Prudhoe Bay, Alaska and opportunities for new production on the coastal plain of Arctic Alaska.

The hearing will be held in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements, should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact Andrew Lundquist at (202) 244–6170.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the full Committee on Energy and Natural Resources to receive testimony on S. 871, a bill to provide for the management and disposition of the Hanford Reservation, to provide for environmental management activities at the reservation, and for other purposes.

The hearing will take place Thursday, July 20, 1995, at 9:30 a.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please call Maureen Koetz, Counsel to the Committee, Betty Nevitt, Staff Assistant at (202) 224–0765, David Garman at (202) 224–7933 or Judy Brown at (202) 224–7556.

SUBCOMMITTEE ON FORESTS AND PUBLIC LAND MANAGEMENT

Mr. CRAIG. Mr. President, I would like to announce for the information of the Senate and the public that a hearing before the Subcommittee on Forests and Public Land Management has been scheduled for Tuesday, July 25, at 9:30 a.m. The purpose of the hearing is to receive testimony on three bills before the committee: S. 45, S. 738, and S. 898.

These bills would end helium refining and marketing operations by the U.S. Bureau of Mines.

The hearing will be held in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or who wish to submit written statements, should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact Michael Flannigan at (202) 224–6170.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Thursday, June 29, 1995, at 9:00 a.m. to mark up the Department of Defense Authorization Act for fiscal year 1996.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Thursday, June 29, 1995 session of the Senate for the purpose of conducting a hearing on the following nominations: Robert Talcott Francis, II and John Goglia to be members of the National Transportation Safety Board and Robert Clarke Brown to be a member of the board of directors of the Metropolitan Washington Airports Authority.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources and the Committee on Environment and Public Works be granted permission to meet during the session of the Senate on Thursday, June 29, 1995, for purposes of conducting a Full Committee joint hearing which is scheduled to begin at 10 a.m. The purpose of this oversight hearing is to receive testimony on the energy and environmental implications of the Komi oilspills in the former Soviet Union.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works and the Senate Energy and Natural Resources Committee be granted permission to meet to conduct a joint oversight hearing to explore the environmental and energy-related consequences of Komi oilspills Thursday, June 29, at 10 a.m., Energy Committee Hearing Room (SD–366).

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

COMMITTEE ON FINANCE

Mr. COHEN. Mr. President, I ask unanimous consent that the Finance Committee be permitted to meet on Thursday, June 29, 1995, beginning at 9:30 a.m. in room SD–215, to conduct a hearing on Medicaid.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, June 29, 1995, at 11 a.m.

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

COMMITTEE ON THE JUDICIARY

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to hold a business meeting during the session of the Senate on Thursday, June 29, 1995, at 9:15 a.m. in SD–226.

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

COMMITTEE ON SMALL BUSINESS

Mr. COHEN. Mr. President, I ask unanimous consent that the Committee on Small Business be authorized to meet during the session of the Senate on Thursday, June 29, 1995, at 9:30 a.m., in room SD–538, to conduct a markup on legislation which is pending in the committee.

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

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. COHEN. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Thursday, June 29, 1995, to hold hearings on the Investigation of the Friendly Fire Incident during the Persian Gulf War.

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

SUBCOMMITTEE ON AGING

Mr. COHEN. Mr. President, I ask unanimous consent that the Subcommittee on Aging of the Committee on Labor and Human Resources be authorized to meet for a hearing on the Older Americans Act, during the session of the Senate on Thursday, June 29, 1995, at 9:30 a.m.

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

SUBCOMMITTEE ON CLEAN AIR, WETLANDS, PRIVATE PROPERTY AND NUCLEAR SAFETY

Mr. COHEN. Mr. President, I ask unanimous consent that the Subcommittee on Clean Air, Wetlands, Private Property and Nuclear Safety be

granted permission to meet Thursday, June 29, at 2 p.m., to conduct an oversight hearing on the Clean Air Act's inspection and maintenance program.

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

SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. COHEN. Mr. President, I ask unanimous consent that the Subcommittee on Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, June 29, 1995, for purposes of conducting a Subcommittee hearing which is scheduled to begin at 2 p.m. The purpose of this hearing is to receive testimony on S. 594, a bill to provide for the administration of certain Presidio properties at minimal cost to the Federal taxpayer.

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

ADDITIONAL STATEMENTS

TRIBUTE TO CHIEF JUSTICE WARREN BURGER

Mr. HATFIELD. Mr. President, it is with great sadness that I heard of the passing of Chief Justice Warren Burger earlier this week. Today, I am thankful for this opportunity to reflect upon the life of a tireless public servant; he was committed to the judicial system and faithfully devoted to the Constitution. These two thematic strands permeated his public life, both during his legal career and after he had left the court. Serving as Chief Justice of the United States for 17 years, he lead the Court through a gradual, centric shift, presiding with impartiality and fairness.

The Chief proved the terms liberal and conservative inadequate in characterizing his perspective on the Constitution. This pragmatism was put to the test in 1974 when he wrote the majority opinion in a unanimous decision which led to the resignation of the president who appointed him. The Court ruled that President Nixon must surrender tapes of recorded conversations, which had been subpoenaed during the Watergate investigation.

Much of his life's work focused on improving the operations and administration of the courts. Unsatisfied with status quo, the Chief began raising his voice against the problems in the judicial system. He advocated improving legal education with emphasis on practical skills and ethics. The Chief was a consummate victim's advocate, sympathizing with their rage, frustration, and bitterness.

He carried his dedication for efficiency into the halls of the Supreme Court. Faced with a litigation explosion, the Chief took pro-active measures to expedite the courts' handling of cases. He and he alone masterminded the consolidation of judicial services, now housed in the Thurgood Marshall Federal Judicial Building. His dedication to improving the structures of the courts was reflected in a 1986 resolution by the Conference of State Chief Justices and State Court Administrators to say that the Chief had done ''more than any other person in history to improve the operation of all our nation's courts.''

His veneration for the Constitution did not cease at the end of his judicial career. In 1978, in a speech at the National Archives, Chief Justice Burger proposed a 3-year-long observance of the bicentennial of the Constitution with the intent of reeducating citizens about the founding principles and ideals of this Nation focusing especially on young people. He wanted young minds to recognize the Constitution as a living document that continues to reflect the philosophies of its Framers and contemporary American virtues. Just 8 years later, the Chief stepped down from the position of Chief Justice to become chairman of the Bicentennial Commission. Under his direction this 5 year observance became a comprehensive program of activities, including projects in schools and colleges, major judicial gatherings, publication of books and pamphlets, massive distribution of copies of the Constitution, and the creation and preparation of television documentaries. He succeeded in giving the Nation a history and civics lesson.

The legacy of the Chief's promotion of civics education can be witnessed among the thousands of high school students who participate annually in the We the People * * * the Citizen and the Constitution Program. This program culminates in a competition where students test their knowledge of the founding documents before a panel of constitutional scholars. Lincoln High School has attended the national finals as State champions from Oregon, since the program's inception in 1987. This school's winning tradition has twice led them to the national title. As I watched Warren congratulating these students from Oregon, his devotion to the Constitution and his desire to transmit this enthusiasm to the students was evident. It was as if someone had given him a shot of adrenalin.

In the various tributes and salutes done in the publications around the country, the human side of Warren Burger is often overlooked. I was fortunate to share a personal relationship with the Chief. We had similar interests, from our love of history and antiquities to our mutual quest for the perfect garden. We were two green thumbs serving the public in our civic capacities. Warren was a man of many distinctions. Historians will remember him for his professional achievements, I will remember him as an admirable colleague and dear friend.

SMOKE-FREE CLASS OF 2000 FORUM

• Mr. BREAUX. Mr. President, I ask unanimous consent the following letters from students in my State be printed as a part of the Record. Kevin LeSaicherre and Leah Poche were youth ambassadors to the annual Smoke-free Class of 2000 Forum.

The letters follow:

PONCHATOULA, LA, *March 9, 1995.*

Hon. BOB LIVINGSTON,
Rayburn House Office Building, Washington, DC.

DEAR REPRESENTATIVE LIVINGSTON: This week in school I learned quite a bit in regard to how hazardous smoking is to my health. I am a seventh grader at St. Joseph School in Ponchatoula. I heard about the Smoke-Free Class of 2000 and wanted to become involved. I am writing this letter to suggest that all the buildings in Louisiana become smoke free. Can you assist me in this goal?

When I go to restaurants with my family, I can still smell cigarette smoke even if we sit in a non-smoking section. That most likely means that my family is receiving second-hand smoke. I believe that people do not deserve second-hand smoke if they are not the ones smoking.

According to a graph of high school seniors using 1993 information, 19½% of boys surveyed smoked and 18½% of the girls surveyed smoked. This shows that many people are young when they begin smoking. According to the law, most seniors are not even old enough to buy cigarettes. Stores are not supposed to sell cigarettes to people under the age of 18.

If people cannot smoke in the buildings of Louisiana, it would make it more difficult of them to smoke. Maybe that would make some of them stop smoking. In addition, the non-smoking public would not be exposed to second-hand smoke.

Another plan I have is to change the Surgeon General's warning on the cigarette ads, cartons, and billboards. It should be readable instead of being so small and all the dangers and risks of smoking should be listed. Thank you for your help in these matters.

Sincerely,

KEVIN LESAICHERRE.

PONCHATOULA, LA, *March 12, 1995.*

Mayor JULIAN DUFRECHE,
City Hall, Ponchatoula, LA.

DEAR MR. MAYOR: Hi, my name is Leah Poche'. I'm a seventh grader at St. Joseph School. I would like to call your attention to the obstacle facing Ponchatoula's youth. I am talking about the pressure set upon us in regard to cigarettes and spit-tobacco.

Cigarettes, we have detected are harmful to our body. In 1965 Congress passed a law requiring packages of cigarettes to have a health caution label. Since 1971 commercial ads on cigarettes and spit-tobacco were banned from television and radio. In 1972 manufactures agreed to include health caution labels in all cigarette advertisements. In 1984 a system of four different warning labels were created.

These are all great improvements. But unfortunately people just keep buying. My class has seen video after video about people who smoke and do spit-tobacco. That is great, but some people still think that it is a major joke. It isn't. I know from former experiences that smoking anything can destroy your life and the life of the people who love you. Many people do not realize this until it is too late.

My question is why. Why do people even grow tobacco? We know that it is harmful to the body. So what purpose does tobacco serve in life but to just destroy life.

Many people believe that the government should raise taxes on cigarettes. I have thought about this and I personally believe that if this takes place that the results will

be harmful to everyone. We do not know how far people would go to get cigarettes. For example, if teenagers were not to have enough money to buy the cigarettes that they would go to extreme measures to obtain the money. They would start to rob people, houses, and businesses. Innocent people would just get hurt. Already the violence in Ponchatoula has increased. And if taxes go up the violence might get totally out of control.

Now I would like to make a suggestion to use the tax money that we already receive from the purchase of cigarettes and spit-tobacco to inform people more about the dangers of it's use.

I would like to thank you for your time to read this letter and ask that you do something about this major problem.

Sincerely yours,

LEAH POCHE'.●

EULOGY FOR DEBRA LYNN SIMMONS STULL

● Mr. MCCONNELL. Mr. President, there is nothing that confounds our logic and our sense of justice more than life cut short before its time. And when a person of special character and giftedness dies young, the loss casts a long shadow over everyone who knew the individual. The memory never completely recedes into the past, nor do we ever find a point of comfortable reconciliation with it.

Such is the case with the recent and untimely death of Debra Lynn Simmons Stull, sister of my director of communications, Kyle Simmons. A wife, a mother, a sister and a daughter, Debbie had already led a life that was rich with family bonds, with church service, and with community involvement. She was so energetic and vibrant that everyone who knew her naturally expected she would long outlast them all. But that was not to be. An accident at home suddenly interrupted this shining life, leaving the many who loved her the difficult task of sorting it all out.

Debbie's brother Kyle composed a beautiful eulogy for his sister, which I would like to read into the RECORD. It tells the story of a remarkable individual—who was not a person of title or lofty position, not someone whose name was regulary mentioned on the weekend talk shows, nor someone who even remotely desired such attention—yet Debbie Stull lived her life in a way that made the world she inhabited immeasurably better and that profoundly touched each person she knew.

In this time of mourning, I would like to extend my sympathy to the Stull and Simmons families. May you find the grace and strength to help you through this present hardship.

EULOGY FOR DEBBIE STULL, JUNE 24, 1995

It doesn't surprise me or my family one bit that the occasion of my sister Debbie's death has produced such an outpouring of public support and comfort.

Debbie wasn't neutral or ambivalent about anything—so, consequently, it was impossible to be neutral or ambivalent about her. And, in her case, everyone loved her.

She was one of life's active participants. If you were ever around her, you knew that she engaged you with her smile, her laugh, her warmth. As my Mom said recently, Debbie came at life with a balled-up fist—determined to ring from it all the vitality it could offer. And she did.

For some, emotion is like water collecting behind the wall of a dam, but for Debbie it was a never ending spring which flowed freely and would wash over anyone lucky enough to be nearby. As someone said to me last night at the visitation, she always made you feel special.

No doubt she touched your lives in many ways. Some of you will recall her wonderful singing voice. She always loved music and singing in church was always her favorite.

And let me say to the many children in her choir, Miss Debbie loved you. Nothing would make her happier than for all of you to go on singing.

Others may remember her as the always ready volunteer, ready to pitch in and help. Still others will recall the glow of her irrepressible smile—she smiled more than any other person I ever knew. And I'm sure others were on the receiving end of one of her hugs which said, ''I understand.''

Of course, she touched us, too.

My Dad moved the family in 1952, to St. Petersburg, Florida, where he began his career as a Baptist minister. Not yet 30, he and Mom raised Anne, Debbie, and Bob in a world of real togetherness.

It didn't take Debbie long to make her mark.

In his early childhood, Bob was slightly more interested in the world that turned inside his head that what was happening elsewhere. You could call him a dreamer.

Ordinarily, this quality would have marked him as an easy target for some of the other kids except that Debbie—in addition to being his sister—was also the neighborhood enforcer. It was widely known that if you messed with Bob, you messed with Debbie. And, of course, that fact was enough to make Bob's interior world safe from harm. Years later, Bob would remark that Debbie would march through the gates of Hell for you. And he was right.

Anne and Debbie sang together. When they were teenagers the task of washing and drying the dishes fell to them. They didn't seem to mind too much because it gave them chance to sing hymns. With Anne's rich alto and Debbie's clear soprano, their voices were beautiful together. As they grew older, they sang together less and less, but what we wouldn't give to hear their sisterly voices wrap around each other one more time in harmony.

Mom and Debbie were best friends. Debbie's social ease and grace came from Mom. And it was only Debbie who could match Mom's enthusiasm for shopping.

The last time they were together, they woke at 6 a.m. to drive three hours to Jacksonville for a day of shopping—nine full hours worth. Although I've not asked, I have no doubt the radio was never turned on during that long drive home—they simply had too much to talk about. With those two, the apple did not fall from the tree.

All the way to the end, my Dad's nickname for Debbie was ''flea.'' It was his fatherly way, I think, of capturing at once her boundless energy and how sweet and small and precious she was to him. Debbie always loved his special name for her. And it was always with love that he used it.

Anne Kathryn, I don't need to tell you how much your Momma loved you. You were the light in her life. I cannot recall a single conversation with your Mom when she didn't tell me how and what you were doing—and she was always so proud of you.

David, what can be said? We love you. Debbie's life force was so strong it made us believe she would be here forever, but we were wrong.

And so we huddle together today to say goodbye to Debra Lynn Simmons Stull; sister and daughter, mother and wife, friend and neighbor, partner in song.

We commit her body to the earth, her soul to the heavens—but her spirit lives on in every last one of us who ever knew her.

We will miss her very, very much.●

THE DEATH OF EFREM KURTZ

● Mr. MOYNIHAN. Mr. President, I rise to report to the Senate the sad news of the death, in London, of the beloved American conductor Efrem Kurtz. He passed away at the great age of 95 after a career unequaled in the history of music in the 20th century, which he all but spawned. He was, of course, born in St. Petersburg in 1900, later moving to Berlin where he conducted the Berlin Philharmonic, thence to Stuttgart where he directed the philharmonic there from 1924 to 1933. As a Jew, he left what was by then Nazi Germany. He became a guest conductor of the New York Philharmonic, the NBC Symphony, the San Francisco and Chicago Symphonies, and for the longest while the Kansas City Symphony. He was a guest conductor of many orchestras in Europe, Japan, Australia, Canada, Israel, the Soviet Union, and much of the rest of the world. But the ''International Who's Who,'' 1994–95, identifies him as American conductor, the term I used earlier. He was awarded a gold disc by Columbia Records after the sale of three million of his recordings with the New York Philharmonic alone. He was loved and admired the world over, but most especially here in the United States. We shall miss him even as we have the treasure of his memory. Our great sympathy goes to his beloved wife, Mary.

In order that the RECORD might show the range of his achievements, I ask that there be included at this point the entry of Efrem Kurtz from ''Current Biography,'' 1946, at which time he had just begun conducting the Kansas City Philharmonic. Finally, I would ask that a flag be flown over the Capitol in his honor and presented to his widow.

The biography follows:

[From CURRENT BIOGRAPHY, 1946]

Kurtz, Efrem Nov. 7, 1900—Conductor.

Address: b. c/o Kansas City Philharmonic Orchestra, Kansas City, MO.

One of the younger men who have been gradually demonstrating their competence in the orchestral field is Efrem Kurtz, permanent conductor of the Kansas City, Philharmonic Orchestra. After an impressive debut in Berlin in 1920 as a last-minute substitute, he became known as a conductor of symphony, and as musical director of the Ballet Russe de Monte Carlo, in Europe, South America, Australia, and the United States.

One of four children, all musical, Efrem Kurtz was born in St. Petersburg Russia, on November 7, 1900. He is the son of Aron and Sima Kurtz. His father, a storekeeper, loved music but did not play an instrument. His mother, however, played the piano, and his grandfather had conducted a military band for Czar Nicholas I. Through his grandmother he is distantly related to Mendelssohn. Young Kurtz received most of this musical education at the conservatory in St.

Petersburg, where he studied with Tcherepmine, Glazunov, and Vitol.

In 1918 he was graduated from the Peter the Great High School there, and from 1918 to 1920 he was a student at the University of Riga. When the Kurtz family was later forced to flee Russia because of the Revolution, the young musician resumed his studies at the Stern Conservatory in Berlin, with special classes in conducting under Carl Schröder, and was graduated in 1922. His first big opportunity has come in 1920 when at the last moment he was asked to substitute for Arthur Nikisch as conductor of a recital by Isadora Duncan. A highly successful debut brought the novice an immediate guest contract for three performances with the Berlin Philharmonic.

During the next several years Kurtz followed a heavy schedule which took him to forty-eight German cities and later to Italy and Poland. Then, in 1924 he was appointed chief conductor of the Stuttgart Philharmonic and musical director of the radio station servicing all southern Germany. In these posts Kurtz remained for nine years, until the rise of the Nazis to power. His activities, however, were not confined to Stuttgart. In 1927, for instance, Anna Pavlova, the dancer, heard his conducting and engaged him to conduct her ballet company at Covent Garden. The ten-day season was followed by a South American tour with the Pavlova Ballet, during which period Kurtz also conducted symphony concerts in Buenos Aries and Rio de Janeiro. The South American engagement led to an invitation to wield the baton in Australia, and the Australians were so enthusiastic that they extended to him three separate offers to remain. Kurtz, however, preferred to return to Europe. While permanent conductor at Stuttgart he also filled engagements in Holland, Belgium, and other European countries, and in 1931 and 1932 he conducted a series of Handel concerts at the Salzburg Festival.

In 1933 Kurtz, a Jew, left Germany for France. There, in Paris, Colonel Wassily de Basil asked him whether he would aid in an emergency by conducting the Ballet Russe de Monte Carlo without rehearsal, and on the strength of his performance appointed Kurtz musical director of the Ballet Russe. This position the young conductor was also to occupy for nine years, touring extensively throughout Europe, South America, and the United States, and at intervals appearing as guest conductor in Melbourne and Sydney, Australia, with the New York Philharmonic-Symphony Orchestra at Lewisohn Stadium for several seasons, and with the Los Angeles Philharmonic, the NBC Symphony, the Cleveland Orchestra, the Detroit Symphony, the Philadelphia Orchestra, and others. His ballet work encompassed both the classical repertoire and new choreographies some composed to the music of the great symphonies. Although, unlike some balletomanes, he believes that the latter should be included in the repertoire, or ballets utilizing symphonic scores the Ballet Russe's former musical director was on one occasion reported to have remarked. ''Oh, I never see them. I keep my eyes closed. But it is not so cruel to use the music that way, because it is experimental. [Although] it is true that when I am conducting something like Brahms's Fourth I do not want to see a Mickey Mouse come out and cavort.''

Kurtz has, however, written seriously of ballet. ''The ballet as an art form,'' he said in 1941, ''offers to the conductor problems which are inherent in the combination of two heterogeneous elements: bodily movement and tone. The ballet requires absolute synchronization of music and physical movement, and in this synthesis lie the problems peculiar to the ballet. . . .I am a conductor and a musician first, but ever since the days when I was associated with Anna Pavlova I have been impressed by the manifold possibilities involved in the relationship of music and the dance. If the conductor is sensitive to the problems involved, he might very well come to the point where he doubts his ability to preserve the highest standards of musicianship while, at the same time, maintaining interpretation, synchronizing the accompaniment to the movements of the dancers, and fully expanding the choreographer's ideas. . . .When one conducts classical ballet, he must follow the dancer in finest detail. He must be thoroughly conversant with the steps of the dancers; more, he must have developed an intuitive feeling for equilibrium. . . .All the problems involved in classical ballet are pertinent to the modern with an additional important element. As contrasted to the classical ballet which is merely the projection of a mood, the modern is conceived for the execution of a story. . . .Composer and choreographer have produced the modern ballet in closest collaboration. Tempo becomes a matter of a work's content, of a dance's very essence. The dancer becomes the instrument of the choreographer who, in turn, is a much the servant of the composer's ideas as the composer is willing to integrate his composition with the potentialities of pantomiming. . . . Music originally written as ballet music is without doubt better than music arranged for ballet. The possibilities for young composers in the field of ballet music are tremendous.''

Kurtz has been called ''the finest of ballet conductors,'' but although he enjoyed his work with the Ballet Russe, he readily admitted his preference for symphonic conducting. In the autumn of 1943, therefore, he accepted an invitation to become conductor of the Kansas City Philharmonic Orchestra, to succeed Karl Krueger who had left for Detroit. The next season Kurtz was re-engaged for another two years. His first thought on taking over in Kansas City, he has said, was how to bring his music to the masses, how to make them come to understand and like it; and despite opposition he began to offer ''pops'' concerts featuring good music at very low prices, annual free concerts, ''name'' soloists, and special concerts for school children in an endeavor to attract audiences. ''The most important thing is to get them in,'' he said, ''and then sell myself and the orchestra.'' The response proved that he was right, for by the end of his second season the orchestra was out of the red for the first time in many years and seemed well on its way to becoming self-sufficient.

He moves Kansas City audiences, it is said, because ''he knows how to inject his dramatic flare into programming, at the same time maintaining the highest musical standards.'' Both in Kansas City and during his guest appearances it is his habit to include modern compositions and the works of the Russian masters on his programs, and he has won commendation for his conducting of these works as well as of the standard repertoire. (Igor Stravinsky[40] Kurtz has known for many years; he has seen ''many of the composer's works come into being and has been their consistent advocate.'') He is likewise eager to foster new instrumental and vocal talent, in this regard being a sponsor of Carol Brice, contralto, and William Kapell, pianist, both of whom have been especially well received by the critics; and for 1947 he planned engagements for eight young American solosists during the Kansas City winter ''Pops'' season. In 1944 Kurtz's Kansas City Philharmonic was selected as the first orchestra to be presented on NBC's new radio program Orchestras of the Nation, with reappearances scheduled for the following seasons.

In addition to his regular tasks Kurtz has led a specially assembled orchestra for several Warner Brothers' shorts of the Ballet Russe and has conducted the London Philharmonic Orchestra in the scores for two motion pictures starring Elisabeth Bergner. A ''tall, gaunt Russian,'' Kurtz was married in 1933 to Katherine Jaffé, whom he describes ad an authority on cooking, ceramics, and painting. Kurtz himself makes a hobby of art, specializing in water colors and caricature. So well known has his interest in art work by children become that, it is pointed out, mothers now send him the paintings of their talented offspring for criticism. In addition, he collects letters from famous contemporaries, possessing many from Einstein[41], Hindemith[41], Prokofiev[41] and others; and he has built up an unusual collection of stamped letters which have some interesting historical significance. Of one of his constant companions, his French poodle Dandy, the conductor says, ''You can talk to him and he understands, but he doesn't answer. That is so good sometimes.''●

AN ARAB IDENTITY IN THE CAPITAL

● Mr. SIMON. Mr. President, one of the issues that will eventually have to be confronted is the status of Jerusalem.

No Israeli Government can survive that divides Jerusalem. We should understand that, and we should not create false impressions among our Arab friends that there is going to be any other status.

Unfortunately, we have seen a recent President and Secretary of State unnecessarily raise doubts about Jerusalem.

But there will have to be some practical, symbolic adjustments made. Recently, I saw an article in the Jerusalem Post by Abraham Rabinovich, a member of the Jerusalem Post editorial staff, which had some observations. I am not, at this point, ready to endorse those observations, but what they do involve is fresh and practical thinking on this issue.

My own guess is that the current peace negotiations will stumble ahead. It will not be a graceful march, but Israel will be ahead and the Arab people, of whatever nationality, will be ahead. A full-scale war will gradually diminish as a probability.

But wars can erupt again and frequently erupt over symbols as much as over substance. The Rabinovich article is one that, I believe, merits reading by people who are looking for practical answers.

I ask that it be printed in the RECORD.

The article follows:

[From the Jerusalem Post, May 27, 1995]

AN ARAB IDENTITY IN THE CAPITAL

(By Abraham Rabinovich)

The terrifying scent of sanctity mixing with politics in the mountain air probably accounts for the fatuousness from normally sober politicians on the subject of Jerusalem.

Prime Minister Yitzhak Rabin sought to justify this month's expropriations in east Jerusalem as an attempt to meet the needs

of an expanding population. Foreign Minister Shimon Peres suggested that it was an even-handed taking from Jews and Arabs in order to build for Jews and Arabs. Mayor Ehud Olmert said that any housing shortage in the Arab sector is their fault—even as he raises funds for Jewish messianists who, like detonators, insert themselves ever deeper into Arab quarters. The expropriations, of course, have nothing to do with urban considerations or even-handedness. They are the opening shots in what Housing Minister Binyamin Ben-Eliezer has called the battle for Jerusalem.

What makes this relatively small expropriation different from previous massive ones is that the latter were made in a context of political confrontation, while the current one comes in the midst of a delicate and troubled peace process. The controversy may serve a useful purpose, however, if it jars us collectively into beginning to think about the unthinkable: finding a political solution for Jerusalem.

An undivided city under Israeli sovereignty is a slogan, not a solution. There will be no solution unless Arab and Moslem sensitivies concerning Jerusalem are taken into account. Rabin's pledge of religious freedom will not carry far. The Arabs, who have lived here for 1,400 years, want political rights too, not just religious rights.

Jerusalem's Arabs are already entitled to almost 30% of the seals on the City Council, although they have thus far chosen not to take up the option. It is entirely conceivable that, in the not-too-distant future, an Arab-haredi coalition will leave Israel's capital in the hands of a non-Zionist city governments (a possibility hastened by the current expropriation, which the government says is intended for haredim and Arabs).

The Arabs, however, want more than that. They want an expression of their national identity in Jerusalem as well. It is possible to give it to them without endangering Israel's dominant status.

Creative diplomacy could permit the Palestinians to have their capital in a place called Jerusalem without negating Israel's position that it will not share its capital with them.

Eizariya, for instance, is outside the city limits—outside Israel, in fact—but is closer to the Old City, the heart of Jerusalem, than is the Knesset.

What if the Palestinians were to call this Jerusalem too—even if Israel does not acknowledge it as such—and establish their seat of governance there?

Boroughs and areas of jurisdiction that partly overlap and partly don't are other elements that have been proposed for a Jerusalem solution. The Temple Mount remains the core of the problem. Moshe Dayan's proposal to permit an Arab flag to fly there is still one of the most constructive on the table. The current boundaries of Jerusalem are not biblical writ. They were drawn up in our own time by mortal men, guided by strategic and demographic, not religious, considerations. The new boundaries of 1967 tripled the size of Israeli Jerusalem by incorporating not only Jordanian Jerusalem, but numerous Arab villages around it. There is no reason those boundaries could not be fuzzed in working out a solution both sides can live with. Israeli construction in east Jerusalem has far surpassed what was envisioned in the immediate aftermath of the Six Day War. The main objective then was to link west Jerusalem—via Ramat Eshkol and French Hill—with the isolated Hebrew University campus on Mount Scopus. When this had been achieved and the diplomatic sky did not fall, bolder expropriations were carried out.

Eventually one-third of east Jerusalem was expropriated. In addition, a corridor left open east of Jerusalem in anticipation of a Jordanian solution was eventually sealed off by Ma'aleh Adumim. As geo-political strategy, this policy worked brilliantly. The main-stream Palestinian camp, watching the hills in Jerusalem and the territories being covered with Israeli housing finally sued for peace. Such heavily charged skirmishing, however, and even war itself or intifada, seems simple compared to the prospect of Jews and Arabs trying to share the city in political peace.

The absence of an assertive Arab political voice since 1967 has made it relatively easy for Israel to run Jerusalem. A Jewish-Arab council is easier to imagine as a cockpit of rancorous conflict than of co-existence. (It is rancorous enough, let it be said, as an all-Jewish council.) For the Arabs, there will be an ongoing grievance at least as massive as the Jewish housing estates covering the hills around Jerusalem. For the Jews, the most authentic Arab voice will long remain the one that drifted over the walls of the Old City from the Temple Mount loudspeakers on the first dawn of the Six Day War—itbach alyahud, slaughter the Jews.

It will not be easy. With wise leadership on both sides, ever mindful that we are lying down and rising up together in a mine field, it may be possible.

DISMANTLING THE COMMERCE DEPARTMENT

• Mr. ROTH. Mr. President, I have been a longtime advocate of streamlining government and making it more effective to address the challenges of the global economy and information age as we move into the 21st century. While I have focused on these issues for many years as chairman and former ranking Republican of the Governmental Affairs Committee, I have never witnessed as great an interest in this critical issue than I have this Congress. I welcome this interest because I believe it offers great opportunity to achieve major and overdue structural reform of the executive branch. We can and will achieve the goal of smaller, better, and less costly government.

Most recently, attention has centered on eliminating the Commerce Department. It is endorsed as part of the budget resolution. The proposal introduced recently by Senator ABRAHAM, the majority leader, and others provides a specific plan on how to dismantle the Department.

I have long endorsed the idea of dismantling the Commerce Department in the context of elevating, streamlining, and reconfiguring major trade functions in the executive branch. It is very difficult to defend the status quo as it exists today at the Commerce Department, and I believe the initiatives that have been introduced are an important step toward the establishment of a government that is structured to deal effectively with the challenges of tomorrow, not yesterday.

I have worked on organizational issues for many years and I realize how difficult it is to bring about needed and constructive change. Turf usually overwhelms the process, whether it is in the administration or Congress, and the private sector is often either unexcited about the issue, or they don't want to upset those with whom they have to work in the current structure. So it is not surprising that the recent legislation is controversial and that the trade provisions have engendered the greatest amount of concern. I, too, have concerns about certain provisions.

I would like to turn briefly to some of the trade concerns that have been raised in the initial debate on this issue so far. First, I firmly believe a vast majority of us agree on the vital importance of trade to this Nation and recognize that our Government plays a crucial role in this area. This role includes performing key functions as negotiating agreements to open markets, enforcing and implementing trade agreements, administering trade laws and facilitating exports.

For many years now, I have called for significant reform of executive branch trade functions and the case for reform has never been stronger than today. Uniting major trade responsibilities under the clear leadership of one person and establishing a more effective trade voice for our Nation is the direction in which we should head. It is time to recognize that much of the Commerce Department's trade activities are integrally involved with those of the USTR. There is no clear dividing line between them, except for the divided lines of authority. This has caused, and continues to cause, wasteful duplication of effort, confusion as to who is in charge, serious turf battles, and divide-and-conquer tactics by our trading partners. It is time that they become part of the same team with one coach in charge.

I have heard some disturbing accounts of how our trading partners take advantage of our divided trade leadership. For example, I've been told of instances where the lead trade negotiator from one of our fiercest trading partners would play the USTR and Commerce trade negotiators off one another by telling one that the other was willing to agree to something that the other would not agree to.

Ambassador Kantor's recent testimony before a House Appropriations subcommittee demonstrates the blurred nature of responsibilities between the International Trade Administration [ITA] and the USTR. He stated that the USTR's three top priorities are to ensure that the Uruguay round agreements are implemented fairly, to enforce trade agreements, and to expand trade to new markets that offer the greatest potential for increased exports of American products. That sounds a lot like what much of the ITA is doing.

I have an extremely high regard for the dedicated and talented staff at the USTR, but it is unrealistic to expect that they can continue to manage effectively a trade agenda that is ever more demanding and complex, under the current structure of divided trade leadership and responsibility. The fact

that there are some 40 detailees at the USTR—about 25 percent of its current size—is indicative of the burdens the current structure is working under. Furthermore, it is my understanding that two major components of ITA—the international Economic Policy and Trade development offices spend about one-half of their time on trade negotiations and policy development.

While we need to maintain a coordinating function on trade that allows for input from different parts of our government that may be impacted by a particular trade matter, the USTR relies mostly heavily on ITA for negotiating support and backup. Even Commerce's main export promotion entity, the U.S. And Foreign Commercial Service, is actively supporting the USTR. For example, it plays an important role in the USTR's annual National Trade Estimates Report. There is logic behind bringing Commerce and USTR trade functions together under one cabinet-level voice.

I would like to comment briefly on some of the concerns that have been raised with respect to merging these functions. One major concern is related to moving import Administration functions to the USTR because of possible trade-offs that might be made between trade negotiations and administration of our trade laws. I would simply make two points in this regard. The first point is that the administration of antidumping and countervailing duty laws is a quasi-judicial process and must be implemented strictly according to law. The second point is that these functions are already part of a department that has trade advocacy as one of its primary function, something which one could argue would exert more pressure for trade-offs than would negotiations. It is my understanding that Commerce's Office of Import Administration is kept separate from other trade functions and that is how it should remain under any single trade structure. At the same time, we should recognize that, while the administration of these laws must be isolated from other primary trade functions, these issues are in fact part of trade negotiations—they were a major issue in the WTO and are an active part of past and current free trade talks.

Other strong concerns have been raised about the USTR's role as an honest broker and interagency coordinator. While I appreciate some of the concerns that have been raised, and I agree that there must be an honest broker in the White House at the highest levels on major trade decisions, it is not the USTR that seems to be performing that role. As far as I can tell, every President has created his own small White House office to broker controversial trade decisions. Ambassador Kantor has himself testified that of the three tiers of the interagency coordinating mechanism, and I quote, ''(a)t the highest level is the National Economic Council (NEC).'' At the lower levels, there is no reason why the USTR or a single cabinet trade structure should not perform the lower level interagency process that exists.

Things have dramatically changed since the USTR, then the STR, was created in 1962. We are no longer simply negotiating occasional GATT rounds of tariff talks. While we have made some organizational changes along the way, they have been relatively limited in scope, and the last time we made any significant change was in 1979. Since then, our trade negotiating agenda has taken center stage and has grown tremendously. The issues are much broader and more complex than ever before, and the implementation of trade agreements has also grown enormously in significance. Our Government's foreign commercial presence is often on the front lines in discovering trade problems that might need to be negotiated or are related to lack of implementation of certain agreements. Our current institutional structure that divides these and other major trade functions among separate entities is not, I would argue, in our national trade interest.

It is in our national trade interest to restructure trade functions in a way that builds on and improves the best features that exist. We want to preserve the lean and mean negotiating structure of the USTR and to also ensure that there is an effective interagency and private sector advisory process that allows for legitimate input from other agencies and voices as needed. But our negotiators should have the necessary support structure in place to achieve ambitious negotiating objectives. We also should be implementing and administering trade agreements and trade programs in one house. There is not a whole lot of sense, for example, to the USTR administering the GSP program, while Commerce implements major bilateral trade agreements such as the semiconductor agreement.

The specific business concerns that have been raised about the trade provisions of the Commerce Dismantling Act must be examined very closely, and the Committee on Governmental Affairs will be holding hearings on these and other aspects of the bill after the July recess. I share some of the concerns that have been raised, including those relating to the international economic policy and trade development functions of the Commerce Department. I also believe greater consolidation should be accomplished. A cabinet level trade structure should include, for example, the Commerce Department's existing export control functions.

Mr. President, citizens are demanding a government that works better, as well as costs less. An integrated trade structure within our Government will not only work better for our citizens, but it will also achieve efficiencies, synergies and cost savings.

In closing, I would just to like to say that there is a window of opportunity here to reflect in a comprehensive way about how we should be organized to address the many trade challenges ahead of us. I hope we can prevent jurisdictional concerns from becoming the driving force in this debate, and that we move it instead in a positive and constructive direction. I look forward to working with my colleagues to achieve the best trade structure for our country, one which will promote an effective national trade agenda for the 21st century.●

SINO-U.S. RELATIONS

Mr. THOMAS. Mr. President, as the Chairman of the Subcommittee on East Asian and Pacific Affairs, I rise today to voice my concern over a disturbing trend which I see making itself manifest in certain government and other circles in the People's Republic of China: the growing view that the sole driving force in the United States' policy towards China is a desire on our part to weaken China and prevent its emergence as a player on the world stage. I have seen this view—in some cases bordering on the paranoid—reflected in statements from the Foreign Ministry, articles in the official and semi-official Chinese media such as a June 12 story by Wang Guang in Renmin Ribao entitled ''Where Is the United States Taking Sino-American Relations?'', and in talks with some Chinese government representatives.

This viewpoint worries me primarily because it is wrong, but it also concerns me because of the underlying thinking which it reflects. If the Chinese are sincere in their beliefs, then this view reflects a complete misunderstanding of us and how we as a country operate. On the other hand, if the view is being disseminated by conservative party factions as part of a xenophobic campaign designed to bolster their credentials during the present struggle to replace Deng Xiaoping, then it demonstrates a willingness on their part to baselessly poison our relationship for domestic political gain. Finally, it is not outside the realm of possibility that certain factions in the government are manufacturing the entire thing in an effort to place the United States on the defensive and wring a unilateral concession or two out of us; they have done it before with other countries. Under any scenario, the result is disturbing.

I believe that Beijing's new view is well summed up in the Renmin Ribao article:

> Over the past few years, only after going through setbacks and difficulties has the United States improved and developed relations with China. After the disintegration of the Soviet Union, one view prevailed in the United States, which maintained that ''China was a counterweight to the Soviet Union'' during the Cold War and that it was ''no longer important'' to set store by relations with China in the wake of the Cold War. In September 1993, Washington came to understand that ''China is a crucially important country and that China's importance

has been neglected in the preceding few years.'' The United States then modified its China policy. After that, while pursuing its ''total contact'' policy, the United States continued to put pressure on China over a series of issues. In May 1994, Washington realized that the United States' pressures was hardly effective for ''a country with a population of 1.2 billion people,'' that ''China is a very large and very important country,'' that ''its economy has the fastest growth rate in the world,'' that its international status and role are important, and that the United States needs to maintain and develop relations with China. The United States then separated the so-called human rights question from China's MFN trading status. Only since then have Sino-American relations developed vigorously.

During this time, however, another tendency in United States-China policy grew. Following China's economic development, Americans are vigorously advocating the ''China threat theory.'' On 17 April, the Los Angeles Times carried an article saying '' United States officials ''are beginning to pay close attention to China and view it as a possible long-term rival and threat to United States interests in the Asia-Pacific region.'' U.S. officials have repeatedly denied that the United States will isolate and contain China. However, what is notable is that, while briefing the House of Representatives International Relations Committee on 9 February, a U.S. State Department official in charge of East Asian and Pacific Affairs said: China ''does not pose a direct threat to us. But what is obvious is that as we look over the next decades, China will become increasingly strong. Therefore, we are pursuing several policies so as to curb this potential threat through all possible means.

Mr. President, let me try to dispel this conspiracy theory. First of all, the basic flaw in the Chinese position is that it assumes a monolithic China policy on our part; but anyone who actually thinks there could be such a thing is sorely misinformed. With a liberal Democrat President drifting aimlessly through the sea of foreign policy and a conservative and assertive Republican Congress feeling the need to fill the void, the probability of there being a grand unitary U.S.-China plan is about zero. The thought of the amount of accommodations that would be necessary to achieve such a goal almost boggles the mind.

The second flaw in such a position is that the disparate events which the Chinese draw together to form their conspiracy theory are just that—disparate events each with its own, mostly unrelated, causes. For example, the PRC views stronger U.S. interests in Taiwan, Tibet and Hong Kong as a concerted effort on our part to, as a Library of Congress senior analyst recently put it, ''keep [them] preoccupied with tasks of protecting China's sovereignty and territorial integrity and less able to exert influence elsewhere.'' The PRC also sees confirmation of this view in a recent spurt in the growth of our interest in these areas. The Chinese, however, completely miss both the real sources of our interest and the reason for the perceived acceleration therein.

Principle among these three is the Taiwan issue; or, as Beijing is fond of calling it, the ''Taiwan card.'' With the recent decision to admit President Lee Teng-hui to the United States for a private visit, the PRC is convinced that we have embarked on a new path to upgrade our relationship with Taiwan at their expense. The PRC, however, must remember to view the decision within the overall context of our relationship with Taiwan. We have been close friends with Taiwan for over 40 years, a considerably longer period of time than with the PRC. Taiwan is a fellow democracy in an area not known for its commitment to democratic ideals, and is one of our strongest trading partners. There are also strong cultural ties between us; for example, many of Taiwan's leaders, President Lee included, have attended university in this country.

Yet for years we have officially relegated Taiwan to less than second-class status among our friends, principally out of fear of offending mainland sensibilities. This treatment has included prohibiting its President from visiting our shores, even for a private visit, a position which has long been viewed by Congress and the American people as completely inequitable. As I have previously noted on several occasions, the only persons to whom we regularly deny entry to this country are terrorists and criminals. It was strongly felt in Congress, and the country as a whole, that to add President Lee to that list was a gratuitous insult to our friends. With the coming of a Republican-controlled Congress, the desire to remove that insult found a voice which, finally and rather sensibly, the administration heeded. The PRC should remember, then, to view the decision in these simple terms—not as a major policy shift, not as a rejection of the Three Communiques, not as a desire to create—in their parlance—''two Chinas'' or ''one China one Taiwan,'' and not as a part of some hidden agenda. It was, rather, a gesture of equity to a friend. Furthermore, the reason for the sudden acceleration in this process is not because of some deliberate plan, but for a more simple reason. Republicans have traditionally been stronger supporters of Taiwan than Democrats, and in November of last year took control of both Houses of Congress for the first time in decades. As a result, we finally found ourselves in a position to be able to effectuate our policies . . . thus the sudden spurt of activity.

Our interest in Tibet is also one unrelated to some sinister desire to preoccupy Beijing; rather, it is based on our desire to see that the Tibetan people are not physically or culturally extinguished. Since Tibet was forcibly incorporated into China by the PLA, the Beijing Government has committed acts in that country which shock the conscience. Thousands of irreplaceable Buddhist temples have been gutted and destroyed, many hundreds of Tibetans have been arrested and killed, Han Chinese have been encouraged to relocate to Tibet in a clear effort to make the Tibetan people a minority in their own land, Tibetan culture has been sinocized . . . the list goes on. There is enough there to spark our interest, without us having to manufacture an issue to keep the Chinese busy. And as with Taiwan, Republican control of Congress is likely behind the increased interest. Senator HELMS, the present chairman of the Senate Foreign Relations, has long been a strong and vocal champion of the Tibetan people, and is now in a position to be able to effectuate some of his desired policy changes.

Similarly, our preoccupation with Hong Kong is not the third leg of some organized scheme. Rather, while our interest in Taiwan stems from our long friendship and our interest in Tibet stems from concern about human rights, as I have also noted on previous occasions our Hong Kong concerns are predominantly economic. Since I have already spoken at length about this issue both on the floor and in my subcommittee, suffice it to say here that we have a substantial economic stake in the continued viability of Hong Kong as a international financial center after its reversion to Chinese sovereignty after 1997. While issues involving that transfer are primarily bilateral ones between China and the United Kingdom, where decisions made by the two parties may effect our legitimate concerns we have a legitimate interest in speaking out about them. The explanation for why our interest there has grown recently is quite simple: 1997 is getting closer and closer, and the two parties are making more and more decisions about the colony's fate with each passing day.

These, then, are the reasons for our strong interest in Taiwan, Tibet and Hong Kong, and for any recent increase in that interest. Each has its own set of distinct causes, and are not part of some unified plot to keep the Chinese sufficiently busy at home so as to prevent their emergence abroad.

The Chinese have also begun to see an evil intent in the attention we have been paying to their trade and other economic practices. Over the last year we have pressed China to observe its commitments to a series of multilateral and bilateral obligations in areas such as intellectual property rights, arbitration, the WTO, and so forth. The Chinese have begun to see these moves as part of an attempt to keep them economically less powerful and influential than they would otherwise grow to be. Such a conclusion stretches the bounds of reason, though, and completely overlooks the underlying basis for our actions. China has insisted that it be treated as a player on the world economic stage. Well, Mr. President, along with the benefits such a role brings come certain responsibilities. Unfortunately, the PRC has made it

clear through its actions that it intends to live up to those responsibilities only when it feels like it. Therein lies the problem.

Intellectual property rights became an issue not as some manufactured attempt to weaken China's economic expansion but because the Chinese were allowing, even encouraging in some cases, widescale piracy in contravention of a series of international and bilateral agreements. Chinese companies were, in effect, stealing from us to the tune of several billion dollars a year. Is it any wonder, then, that we showed an interest in the topic? As for its entry into the WTO, China's position on accession can best be likened to wanting to have its cake and eat it too. It wants to have the benefits of that international agreement, but will not live up to others it has signed such as the Convention on Arbitration. It wants to be treated as a developed country where such treatment suits its needs, but as a developing country in other areas. For example, although the Chinese Minister of Chemical Industry Gu Xiulian has proudly noted that China's soda ash production has ''leapt to the front row in the world'' and is one of the top three chemicals produced in China—a statement one would logically assume is concomitant with developed status—it has instead demanded developing status for this chemical industry. This would allow it to continue to leave in place artificially high tariffs imposed against United States imports of soda ash. China cannot have it both ways, and our calling them on this and similar attempts is simply a matter of equity and nothing more. It is of some interest to note at this juncture that if we were involved in some overall scheme to hinder China's economy, the President would hardly have recommended renewing that country's MFN status as he did this month. And, as I strongly suspect it will, Congress would have hardly gone along with that renewal.

There are other areas where the PRC appears to see the conspiracy at work: the restriction on sales to that country of United States technology with possible military applications, calls for greater access to Chinese markets, statements of concern about the possibility of regional conflict in the Spratly Island group, et cetera; but I will not belabor my point lest our Chinese friends decide that I protest too much. Let me just state that while the paranoid can manufacture a conspiracy out of any given set of facts, regardless of how unrelated they may be, I hope that the Chinese will reflect on the issues as I have briefly outlined them and see that there is no unified plan to get them.

It is unfortunate that Sino-American relations have taken a downturn over the past few weeks, and that there might be some who view that downturn as evidence of the so-called conspiracy in United States/China policy. I can assure our Chinese friends that such a downturn was not desired, and should not be allowed to linger. Having said that, let me also state emphatically that it will not behoove some isolated circles in the PRC to exacerbate or overreact to the present situation for ulterior reasons; I have seen some disturbing signs that there may be a growing tendency on the Chinese side for some to do just that. It may be thought that by placing the United States on the defensive, United States officials— ''anxious to restore meaningful dialogue with China presumably would be expected to 'prove' their intentions with some gestures designed to show the Chinese that their conspiratorial view of U.S. policy is no longer correct.'' As proof of our goodwill, the Chinese side might suggest a series of unilateral gestures on the part of the United States.

This is not just hypothesizing on my part; I have already seen a few examples of it. For instance, a June 27 KYODO news agency broadcast reported that Zhou Shijian, deputy head of the Research Institute of International Trade at MOFTEC—the Ministry of Foreign Trade and Economic Cooperation—had said in an interview that the United States should take three steps to sooth the PRC's rancor over the President Lee visit: send a special envoy to Beijing to apologize, support PRC membership in the WTO, and lift restrictions on technology transfers to China.

Mr. President, let me note first that I—and I believe most other Members of Congress—would strongly oppose any move by the administration to make any unilateral concessions of this magnitude under this type of circumstance; it would set a very distasteful precedent. Moreover, Mr. Zhou could not have picked a less likely three areas in which to expect gratuitous action on our part. Let me explain.

First, while we regret the effect of President Lee's visit on the United States-China relationship, and regret that it has upset the Chinese side, sending an envoy to apologize presupposes that the decision to admit Lee was wrong. It was not; and given the votes calling for Lee's visit in both the House and the Senate, I think one would be hardpressed to find more than three of the 535 Members who would agree that was.

Second, we have made clear that our support for the PRC's accession to the WTO is dependent on China's adherence to the provisions of other multilateral economic agreements to which it is a party such as international IPR and arbitration conventions. While the PRC has made strides in the IPR field, its compliance in others has been less than satisfactory. For example, although a signatory to the international arbitration convention, the Chinese have steadfastly refused to honor a $6 million award against a Shanghai firm in favor of a United States company named Revpower. Until China lives up to commitments such as this one, I and many others do not believe that our support should be forthcoming, especially on a unilateral basis.

Finally, we come to restrictions on technology transfers. These restrictions were put into place after the Tienanmen massacre, and are designed to keep technology with military applications out of the hands of the PLA. Although there had been some discussion here of loosening the restrictions, that possibility has pretty much evaporated in light of credible information that the Chinese have been involved in transfers of technological and military hardware to rogue countries such as Iran. Given the very real possibility that were we to resume some transfers China might simply transship our materials to these countries, I do not think that the Chinese will see a change in that position anytime soon.

Mr. President, let me close by reiterating that there is no grand design to keep China from occupying its proper place in the world. And, as for the present souring in the relationship, I hope that, like the ripples in a pond after a stone is thrown into it, the ripples in the relationship will continue to grow smaller until things are once again smooth.●

IMPORTATION OF SPENT NUCLEAR FUEL FROM FOREIGN RESEARCH REACTORS

● Mrs. MURRAY. Mr. President, I wish to comment this morning on the Department of Energy's proposal to import spent nuclear fuel from foreign research reactors through commercial ports such as Tacoma, WA.

Before I begin, I would like to thank DOE, and in particular Mr. Charles Head, for the outstanding efforts put forward by DOE to ensure that the citizens of Tacoma have had adequate opportunities to review information and make comments on DOE's proposal. The additional public hearing held last week was well received and well attended and the extension of the public comment period until July 20th is appreciated. DOE's efforts have not gone unnoticed.

Mr. President, I fully appreciate the United States nuclear nonproliferation policies and objectives. I also understand the important role that removing spent nuclear fuel from the global marketplace plays in those policy objectives. Nonetheless, I would like to express my serious concerns regarding DOE's proposal. DOE's draft environmental impact statement on the handling of foreign spent nuclear fuel does not adequately assess the potential risks that alternative #1, the importation and interim storage of foreign spent nuclear fuel in the United States, could pose to the citizens of the United States, particularly those who reside in the port communities suggested as points of entry in the DEIS and those near proposed waste storage facilities.

Along with my colleagues from the State of Washington, I recently sent a

letter to Secretary O'Leary outlining the reasons behind our concerns. I ask that a copy of that letter be printed in the RECORD. In summary, we raised concerns over the evaluation of the potential exposure of the general public to radiation, the inadequate training and equipment possessed by Tacoma emergency response units to deal with a radiation emergency, the failure to address the potential for terrorist activities during the importation process, and the proposal to use the Hanford nuclear facility as an interim storage facility. Given these concerns, we asked DOE to no longer consider using commercial ports such as Tacoma, but to limit further consideration of alternative #1 to military ports.

It has recently come to my attention that alternative #2 in the DEIS, facilitating the management of the spent nuclear fuel overseas, may be a better choice. Although the DEIS presents a number of difficulties in implementing alternative #2, it may be more feasible than previously thought. There is a processing facility in Scotland that is apparently both able and willing to take the spent nuclear fuel and reprocess it into more stable, less threatening material. I want to encourage DOE to fully investigate this possibility. It could ensure that we meet our nuclear nonproliferation goals without threatening the health and safety of United States citizens.

I look forward to working with DOE and the administration to ensure that we meet our nuclear nonproliferation objectives while simultaneously protecting the citizens of the United States.

The letter follows:

U.S. SENATE
Washington, DC, June 8, 1995.

HAZEL O'LEARY,
Secretary, U.S. Department of Energy, Washington, DC.

DEAR SECRETARY O'LEARY. We are writing to express our concerns over the alternatives proposed in the Department of Energy's (DOE) Draft Environmental Impact Statement (DEIS) on the management of spent nuclear fuel (SNF) from foreign research reactors. We are concerned about the proposed option of importing the foreign SNF through commercial ports such as Tacoma, WA.

While the desire to encourage other nation's research reactors to switch to low-enriched uranium (LEU) from highly-enriched uranium (HEU) is an integral component of the United States overall nuclear nonproliferation policy, importing foreign SNF through commercial ports may not be necessary. The DOE DEIS lists two military ports among the ten possible ports of entry for the SNF. We feel that DOE should limit further consideration of importing SNF to these or other appropriate military ports because of the considerable concern amount citizens and city officials about importing SNF through commercial ports.

First, there is significant apprehension about the threats to public health importing this SNF through commercial ports would create. Although DOE has stated that the threats to public health are not significant given the state of the material and the overly cautious design of the storage casks, we are not convinced that no public health threat exists. There is public concern that longshoremen, sailors, and average citizens could potentially become exposed to significant radiation levels. Whether this risk is real or only perceived is irrelevant. Importing foreign SNF through commercial ports would at best threaten public confidence and citizens' sense of security and at worst pose a significant threat to public health.

Second, the DEIS states: ''Primary responsibility for emergency response to a foreign research reactor SNF incident would reside with local authorities.''. Although the port and city of Tacoma have emergency response plans for hazardous materials, neither the Police and Fire Departments nor the Port workers are properly equipped or trained to contend with a significant radiation emergency. Properly equipping and training these people would add a significant and unnecessary cost to the overall proposal. In addition, it is not clear that Police Officers, Fire Fighters, and port workers would be willing to undergo such training, knowing that it opens them up to potential future radiation exposure. In fact, port workers in Tacoma may declare their unwillingness to handle the material during even routine transport procedures, let alone emergencies.

Third, importing foreign SNF through commercial ports runs contrary to the overall policy objective of reducing the worldwide availability of HEU and other nuclear waste. If lengthy, unnecessary and relatively low-security transportation of SNF occurs through commercial ports, the increased opportunities for theft, hijacks, and sabotage could result in greater accessibility to the SNF than desired. As current events have unfortunately revealed, the United States is not immune to terrorism, either foreign or domestic. Even if this material could not be used in the making of nuclear weapons, and some of it could, the very fact that it is radioactive makes it dangerous. Transporting this material through commercial ports would create an unnecessary threat to national security.

These concerns present a compelling case for DOE to preclude further consideration of commercial ports like Tacoma, WA for the importation of foreign SNF. While removing HEU and other nuclear waste from the global marketplace is an essential aspect of nuclear nonproliferation, importing this material through military ports may prove more reasonable given the increased protection that could be provided to public health and safety and national security.

We are also concerned about the proposal to store the foreign SNF at the Hanford Nuclear Reservation. This idea is unacceptable given the current state of affairs at that facility. The current environmental problems associated with the storage of nuclear waste at the Hanford site have resulted in clean up costs near $50 billion. In addition, current budget pressures will make it difficult for DOE to meet its legally enforceable clean up schedule. Additional waste management responsibilities could further hamper the Department's efforts at the site.

In summary we would appreciate DOE limiting further consideration of this proposal to military ports and adequate storage facilities.

Thank you for your consideration. We look forward to your response.

Sincerely,

PATTY MURRAY.
JIM MCDERMOTT.
NORM DICKS.●

EBOLA

● Mr. SIMON. Mr. President, one of the Americans who has a great deal of firsthand knowledge of Zaire, the troubled country in Africa, is Dr. William Close, a physician who spent a number of years in Zaire.

He is a remarkable person whose 16 years were not only given to service of the people of Zaire but given to keen observation.

Dr. Close, whose instincts and insights I have come to trust, believes that the United States should be backing Prime Minister Kengo more firmly. It is the peaceful way out for a nation that is now destitute. It is a way out from Mobuto dictatorship.

He has written a novel about the disease that we have heard so much about, ebola. That is also the title of his book. I have not read the book, but I understand it provides real insights into Africa.

I have read the epilog to the book, which is not fiction. The book is fiction but based in large part on facts. The epilog contains insights, not only into Zaire but into international tragedies, as well as domestic tragedies.

For example, when Dr. Close writes: ''Devastating diseases breed in the cesspools of poverty,'' he could be writing about other countries, but he could also be writing about our country.

He prods our consciences when he writes:

> When the people of one nation are crushed by destitution, disaster from revolutions or plagues are inevitable. Then, countries such as ours, which with small amounts of timely assistance could have prevented the worst from happening, are forced into more massive involvement. Recent history proves the point.

I ask that Dr. Close's epilog to his book, ''Ebola,'' be printed in the RECORD.

The epilog follows:

EPILOG

After the first explosion of Zaire's Ebola virus in 1976, the country continued on its inexorable decline into economic collapse and political chaos. A different strain of Ebola erupted in south Sudan three years later. As before, it came . . . it killed . . . it disappeared.

Ten years after the tragedies in Yambuku, I had settled into a remote rural medical practice in Wyoming. One morning I opened the newspaper and read that the United States Army intended to build an aerosol lab at Dugway Proving Ground near Salt Lake City to test hemorrhagic fever viruses, including Ebola, for ''defensive purposes.'' With Salt Lake City only a three-and-a-half-hour drive from my Wyoming home, I felt a tightening in my gut: there would be no defense against a laboratory accident. An outcry from the people of Utah delayed the project—for the time being.

Four years ago, Zaire was again on the front pages. Like a coup de grace, a violent mutiny gripped the country by its throat. The troops, backed by a desperate, hungry population, rampaged through the major cities and destroyed what little remained of industry, commerce, and the rotting infrastructure.

In August of 1994, I returned to Zaire at the invitation of the Prime Minister of the transitional government, Mr. Kengo wa Dondo, an old friend. With Zairian and Belgian colleagues, we reviewed the medical crises that continue to overwhelm the country. Sleeping sickness, river blindness, goiters and cretinism, and malaria had been under effective

control during the decades before independence and into the sixties and early seventies. But, with the disintegration of Zaire's economy, exacerbated by gross corruption and mismanagement, by the early 1990s these diseases were again ravaging large segments of the population and AIDS played out its slow-death scenario in every city. I visited the capital city's general hospital, called ''Mama Yemo'' after the president's mother. Her bronze bust still stands among fetid, skeletal buildings of what had been a proud and efficient referral center of two thousand beds. Old midwives walk four hours to come to work. Doctors thumb rides to be on call. The personnel is there, trained and ready to work, but there is no equipment, no medicines, no IV fluids worth mentioning. The medical staff come, still hoping that they can do something for people.

Prime Minister Kengo's government has started up the long and dangerous road to reforming the national economy. This means eliminating powerful and wealthy forces that have profited from the virtual collapse of government. This means countering political egos and stepping on sensitive toes. Communications, schools, medical services, and normal government functions like tax collecting and customs at the ports of entry must be rebuilt from scratch. For this to happen, roads, telephones, postal services, water supply, and sewer systems must function properly. The disintegration of these combined services signifies an infrastructure that has plummeted to catastrophic levels. In such conditions, it is not surprising that major epidemics are flourishing, and devastating diseases like hepatitis, AIDS, ''red diarrhea,'' and now, once more, Ebola, are threatening the population and, possibly, the world.

In 1976, Zaire was still a client state of the West, and although President Mobutu's long, all-powerful dictatorship had stifled progress and milked profits for himself and his entourage to the detriment of his people, some services were still working, especially the mission hospitals and schools. Today this situation is far worse. Zaire, Rwanda, and Burundi are examples of countries whose strategic value to the West all but disappeared when the Berlin Wall came down. ''Africa has fallen off the horizon.'' ''We will help you, Mr. Kengo, when you have straightened out the country.'' Catch-22 nonsense dressed in meaningless, diplomatic jargon and papered with documents that begin, ''We deplore . . .'' It takes a corrupter to exploit the leader of a client state.

The present resurgence of Ebola in Zaire, the deaths in Kikwit of patients along with their Zairian doctors, nurses, hospital workers, and Italian nursing sisters, can either generate fear and more panic-provoking films, or it can give rise to an awakening in all of us. We live in a small community of nations. When one nation coughs, others cannot sleep. When the people of one nation are crushed by destitution, disaster from revolutions or plagues are inevitable. Then, countries such as ours, which with small amounts of timely assistance could have prevented the worst from happening, are forced into more massive involvement. Recent history proves the point.

Devastating diseases breed in the cesspools of poverty. Many Zairian doctors and nurses are well-trained, competent professionals, but they have little or nothing with which to work. Maintenance and even the most basic supplies are lacking in government hospitals because of the gross mismanagement characteristic of regimes that preceded Mr. Kengo's government. We must graduate from judgment and neglect to realistic actions, and we must encourage the handful of men and women now struggling against monumental odds in countries all but abandoned by the West.

I am sad that the occasion for the publishing of my book ''Ebola'' coincides with another outbreak of this African hemorrhagic fever in Zaire. My heart joins the many who mourn. I bow to the courage of those who take care of the sick and dying. Whether this resurgence is caused by our trifling with nature's balance or by some other tragic circumstance, let us hope that Ebola's hiding place will be found this time.

If this book opens hearts, stimulates minds, and broadens our human perspectives, it will have played a small part in surmounting an immense challenge.

W.T.C.,
Big Piney, Wyoming.

WELCOMING THE SPECIAL OLYMPIC ATHLETES TO THE SPECIAL OLYMPICS WORLD GAMES IN NEW HAVEN, CT

• Mr. DODD. Mr. President, it is with great pride and anticipation that I join all of Connecticut in extending our warmest welcome to the athletes, families, coaches and friends of the 1995 Special Olympics World Games. Right now, more than 6,700 athletes from every State in the Union, and from 125 nations around the world, are traveling to New Haven, CT, to compete in a world-class sporting event from July 1–9. These games constitute the largest sporting event in the world this year.

Twenty-five years ago, Eunice Kennedy Shriver established the Special Olympics—an international sports organization for people with mental retardation. She envisioned bringing joy and pride, developed through competition, to those about whom the world had forgotten, and believed could not compete. We are thrilled to have the privilege of hosting an event that has been an inspiration to the world. It is impossible to watch these games, witness the tremendous skill and courage of these truly special athletes, and not be changed in some way.

It is in that spirit that thousands of people have worked for more than a year to help make the dreams of these athletes a reality. I would like to commend the Shrivers, former Governor Weicker, the entire World Games Organizing Committee, the towns and families throughout Connecticut, and the thousands of volunteers who have so generously opened their hearts and homes to the athletes and their families.

In a world where professional athletics has often become synonymous with multimillion-dollar contracts and endorsements, the Special Olympics remind us of what sport is truly about—the thrill of accomplishment and the satisfaction that comes from giving your all.

The excitement and splendor of the Special Olympics extends beyond sports competition. The worlds of science, diplomacy, art, culture, and entertainment unite to honor the spirit of Special Olympics and achievements of people with mental retardation. There will be extraordinary events juxtaposing the drama of world-class sports with the power of courageous competitors achieving their personal best before the eyes of the world.

The talent and dedication of these athletes, their love for their sport, and their extraordinary sportsmanship are an inspiration to us all.•

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, it is my understanding that the negotiations are still in the process of negotiation on H.R. 1944, the rescissions bill. We are not quite in a position yet to say whether or not there will be a vote when it comes to the Senate, if it passes the House or if it is taken up by the House. And we are advised we will not know that for another additional 2 hours. So it seems to me, after discussion with the Democratic leader, Senator DASCHLE, that our best hope is to come back in the morning. I regret I cannot absolutely guarantee Members there will be no votes tomorrow. But it is our hope that, if the House acts and if the rescissions bill comes to the Senate, we can do it quickly. It may require a vote on final passage. It may require additional votes. But I hope we can do it by noon or 1 o'clock tomorrow.

Is that satisfactory with the Democratic leader?

Mr. DASCHLE. If the distinguished leader would yield, it is satisfactory. I think Senators ought to be aware that there is a possibility of votes tomorrow. But like the majority leader, I would like to see if we can resolve whatever differences remain and work through this and hopefully even come up with a way by which a vote would be unnecessary. But as the distinguished leader said, the negotiations are still under way on the House side, and it is unclear when or if sufficient progress would be made to bring the issue to a closure on the House side. So, all we can do at this point is to wait and assume that sometime tomorrow we could bring it up. So, I think the distinguished leader's recommendation is a good one. And I hope we can finally come to closure on it sometime tomorrow.

Mr. DOLE. So, I would say to my colleagues, we hope there will not be any votes tomorrow. I cannot promise that. We believe—not certain—but believe on this side we have cleared action on H.R. 1944 without votes. But that could change depending on what the House does. I can say that for certain.

We will be working together tomorrow morning—myself and the Democratic leader—to let our colleagues go at the earliest possible time.

UNANIMOUS-CONSENT AGREEMENT—S. 343

Mr. DOLE. Mr. President, I ask unanimous consent that at 1 p.m. on Monday, July 10, the Senate resume consideration of S. 343, the regulatory reform

bill; that at that point, Senator ABRAHAM be recognized to offer an amendment to the Dole substitute relative to small business and no second-degree amendments be in order; and that the vote occur on or in relation to the Abraham amendment at 5 p.m. on Monday, July 10, 1995.

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

Mr. DOLE. Mr. President, I further ask unanimous consent that at 3 p.m., the Abraham amendment be laid aside and Senator NUNN be recognized to offer the Nunn-Coverdell amendment relative to the Regulatory Flexibility Act and that no second-degree amendments be in order to the Nunn-Coverdell amendment; and that the vote occur on or in relation to the Nunn-Coverdell amendment immediately following the Abraham vote.

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

Mr. DOLE. Mr. President, I inform my colleagues, there will be votes on Monday, July 10. They will begin at 5 o'clock. They are substantive votes. It is my hope that after the votes, we can have additional amendments offered that evening.

ELECTING MARTIN P. PAONE, SECRETARY FOR THE MINORITY

Mr. DASCHLE. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution.

The legislative clerk read as follows:

A resolution (S. Res. 145) to elect Martin P. Paone Secretary for the minority.

Resolved, That Martin P. Paone be, and he is hereby, elected Secretary for the Minority of the Senate, effective July 11, 1995.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOLE. Mr. President, not only do I have no objection, I applaud—though I am sorry to see Abby leave—I applaud the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

So the resolution (S. Res. 145) was agreed to.

Mr. DASCHLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PROVIDING FOR CONDITIONAL RECESS OR ADJOURNMENT OF THE TWO HOUSES

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Con. Res. 20 submitted earlier by myself.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 20) providing for a conditional recess or adjournment of the Senate on Thursday, June 29, 1995, or Friday, June 30, 1995, until Monday, July 10, 1995, and a conditional adjournment of the House on the legislative day of Friday, June 30, 1995, until Monday, July 10, 1995.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. DOLE. Mr. President, I ask unanimous consent that the resolution be considered and agreed to; that the motion to reconsider be laid upon the table; and that any statements relating to the resolution appear at the appropriate place in the RECORD.

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

So, the concurrent resolution (S. Con. Res. 20) was agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, June 29, 1995, or Friday, June 30, 1995, pursuant to a motion made by the Majority Leader or his designee, in accordance with this resolution, it stand recessed or adjourned until 12:00 noon on Monday, July 10, 1995, or until such time on that day as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until 12:00 noon on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first; and that when the House of Representatives adjourns on the legislative day of Friday, June 30, 1995, it stand adjourned until 2:00 p.m. on Monday, July 10, 1995, or until 12:00 noon on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occur first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and the House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

ORDERS FOR FRIDAY, JUNE 30, 1995

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. on Friday, June 30, 1995; that following the prayer, the journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day; that there then be a period for the transaction of morning business until the hour of 10:30 a.m., with Senators permitted to speak for up to 5 minutes each, with the following exceptions: Senator CRAIG, 15 minutes; Senator SMITH, 15 minutes; Senator PRYOR, 10 minutes; Senator GRAMS, 10 minutes.

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

PROGRAM

Mr. DOLE. Mr. President, following morning business, it is hoped that the Senate will receive from the House the rescissions bill. As I said before, we should be aware there possibly could be rollcall votes. The two leaders will do their best to avoid any rollcall votes tomorrow. If we cannot reach an agreement, there could be rollcall votes.

ORDER FOR RECESS

Mr. DOLE. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that after the statement by the distinguished Democratic leader, Senator DASCHLE, the Senate stand in recess under the previous order.

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

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The distinguished Democratic leader.

CONGRATULATIONS TO MARTY PAONE

Mr. DASCHLE. Mr. President, I will be very brief. Let me congratulate our new Secretary for the minority, Marty Paone, and thank him for taking on his new responsibilities.

As we all have seen in the last hour or so, he fills big shoes. As Abby Saffold leaves and as the obvious love and affection and respect that Abby has goes with her, we have the confidence in knowing that Marty will fill those shoes and do so just as ably in this capacity as he has in so many other roles in serving this Senate and our caucus in the past. We have the good fortune to rely upon Marty each and every day on the Senate floor.

As a result of a remarkable career, he has now gained the respect and the confidence of all of our colleagues in taking on this new responsibility.

So we wish him well as he begins. We look forward to working with him in this new capacity, and we know that our caucus and this Senate will be served well by all that he will do as he continues to come to work so faithfully and in such a dedicated way in the coming months and years.

With that, I yield the floor.

RECESS UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate now stands in recess until 9:30 a.m. tomorrow.

Thereupon, the Senate, at 8:05 p.m., recessed until Friday, June 30, 1995, at 9:30 a.m.