add a diet COLA to a budget plan that already is regressive in its overall effect.

As this is being written, a group of fiscally conservative Democrats, known as the Coalition or Blue Dogs, has proposed a clever device that mitigates the regressive effect of the diet COLA on the spending side. As with other diet COLAs, they suggest that the cost-of-living adjustment for various spending programs be keyed to the official CPI minus some specified factor, like 0.5 percent. However, they would also stipulate that the reduced COLA received by all individual beneficiaries of a program be equal to the dollar amount for the average beneficiary. This means that those beneficiaries who are better off would receive a diet COLA that also was a smaller percentage adjustment than otherwise. Some beneficiaries well below the average would actually come out ahead.

THE EFFECTS OF THE DIET COLA ON THE AGE DISTRIBUTION

Part of the reason that the diet COLA has such a severe effect on very low income families is that the indexed spending programs are almost entirely retirement programs and elderly households tend to have low incomes. This highlights another distributional issue for those who care about such things: the impact of the diet COLA on the age distribution. Here again, the question is not just its effect on the elderly but whether that effect compounds sacrifices called for elsewhere in the deficit reduction plan.

The proposals being offered in the budget negotiations already get the bulk of their savings from Medicare and Medicaid. All Medicare spending and about a third of Medicaid spending goes to support health care for the elderly. In fact, about half of all nursing home expenditures are paid for by Medicaid. The most severe budget plans propose sharp cuts in service at the individual level because projected program growth would be insufficient to cover increases in the medical costs and the number of beneficiaries.

Adding a diet COLA, with its heavy impact on retirement programs, to any budget plan with large Medicare and Medicaid cuts would be doubly severe for the elderly. These are citizens who have few options with regard to working longer or harder to offset the effect of cuts. They also tend to have fewer health care options, because the medical attention that they usually need is acute care and it often is too late for preventive care. Expecting the elderly to take a leading role in medical cost containment through individual choice also seems unrealistic, because they may see choice as threatening and confusing rather than liberating. Using a diet COLA to get additional budget savings on top of the sacrifices from the elderly already being contemplated strikes me as unjust.

There is another important reason to think that price indexing should not be scaled back for retirement programs. Research suggests that these programs actually have been underindexed in the past because spending patterns for the elderly differ from those of consumers in general. Two years ago, the BLS reformulated the raw data underlying the CPI to take account of the different expenditure weights in the ''market basket'' of the typical older consumer.[9] The results shown in Table 4 indicate that this reconfigured index for the elderly increased by 4.1 percentage points, or 8.2 percent, more than the official CPI between December 1982 and December 1993. This resulted from the greater weight of out-of-pocket medical expenses for the elderly and the smaller weight for transportation, apparel, and restaurant meals. Of course, out-of-pocket medical expenses for the elderly would become an even larger item in the household budgets of the elderly under most of the deficit reduction plans being discussed.

TABLE 4.—DECEMBER TO DECEMBER CHANGE IN OFFICIAL CPI AND EXPERIMENTAL PRICE INDEX FOR THE ELDERLY

	CPI–U (percent)	Experimental price index for the elderly (percent)
1983	3.8	3.7
1984	4.0	4.1
1985	3.8	4.1
1986	1.2	1.8
1987	4.4	4.5
1988	4.4	4.5
1989	4.6	5.2
1990	6.3	6.6
1991	3.0	3.4
1992	3.0	3.0
1993	2.7	3.1
1982–93	49.7	53.8

Source: Nathan Amble and Ken Steward, ''Experimental price index for elderly consumers,'' Monthly Labor Review, May 1994.

The BLS researchers stressed that one would need a much more comprehensive effort to create a reliable CPI for the elderly. In particular, one would have to discern whether they shop at the same kinds of outlets as younger consumers and whether they purchase the same kinds of items. Anecdotal evidence suggests that they don't and the divergence between the CPI and the cost of living for the elderly might be even greater if these factors were taken into account. It appears that the elderly tend to shop more at neighborhood stores rather than discount outlets and that they have limited options to save by buying in bulk.

CONCLUSION

As a longtime proponent of better statistics, the sudden awakening of interest in price measurement issues is gratifying. However, I am dismayed that this has not been accompanied by an equal commitment to fund or even to acknowledge the analytical effort needed to address these issues sensibly. The public discussion of the CPI's biases has been carried away on a tide of outrageous claims that have little scientific basis. Most disturbing is the apparent willingness to make arbitrary adjustments to one of our most important economic indicators rather than improve it with more frequent updates and careful research.

Very large estimates of CPI bias that range as high as two percentage points appear to result from ignorance about what the CPI actually contains and what the BLS actually does. Full-time professionals responsible for properly surveying the mix of outlets certainly are aware of the giant discount chains familiar to the rest of us. Claims that BLS has not addressed the most important quality adjustment issue are patently false. Speculations about huge quality bias seem to result from extrapolating the characteristics of household appliances that average consumers buy once every few years to the much larger and more prosaic spending that they do every month. Arguing that the CPI ignores the great benefits of new product introductions probably fails to note that most such ''new'' products are merely new styles.

A solid scientific consensus does exist regarding substitution bias and formula bias. Not surprisingly, BLS already is moving to correct these biases. The Bureau also attempts to correct for quality adjustment and new product biases within the constraints of their budget. Although there is no convincing evidence that quality biases are large for items that they do not adjust, BLS undoubtedly would welcome additional resources for more extensive and sophisticated research. Presumably, they also would be happy to have funds for more frequent rebench- marking and more frequent sample rotation.

The budget negotiators already have incorporated adjustments in their baseline assumptions to account for the two most firmly established components of the CPI bias; substitution and formula bias. Going beyond this is not justified by firm evidence. To do so while claiming a scientific justification amounts to an attempt to camouflage an increase in taxes and a cut in Social Security. A diet COLA should not be adopted as part of a deficit reduction plan that already is likely to be fairly regressive unless some effort is made to counter the regressive effects. In addition to remediating the income regressivity of the diet COLA, one also would need to ensure that it was not part of a deficit reduction plan that called for excessive sacrifice by the elderly, whose retirement benefits may well have been underindexed in the past.

FOOTNOTES

[1] Jim Klumpner is chief Minority Economist, U.S. Senate Budget Committee, Washington, DC. The opinions expressed in this paper are those of the author and do not necessarily represent official positions of the Democratic members of the Senate Budget Committee.

[2] Quoted in Washington Post, January 18, 1995.

[3] Michael J. Boskin, Ellen R. Dulberger, Robert J. Gordon, Zvi Grilliches, and Dale Jorgenson, ''Toward a more accurate measure of the cost of living,'' September 15, 1995, Senate Finance Committee.

[4] Bureau of Labor Statistics (BLS), ''Report from the Bureau of Labor Statistics for the House Budget Committee,'' House Budget Committee, p. 13.

[5] BLS, op, cit., p. 14.

[6] Jerry A. Hausman, ''Valuation of new goods under perfect and imperfect competition,'' NBER Working Paper No. 4970, December 1994.

[7] BLS, op, cit., pp. 21–23.

[8] Boskin et al., op. cit., p. 21.

[9] Nathan Amble and Ken Stewart, ''Experimental price index for elderly consumers,'' Monthly Labor Review, May 1994.

Mr. EXON. Mr. President, I hope we could move ahead now, if we might, with the agreement.

Mr. CHAFEE. I wonder if I might have that 30 seconds?

Mr. KENNEDY. Then I would ask for 30 seconds, too.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, I ask the Senator look at our proposal. He will see there is $25 billion of corporate welfare cuts that he is discussing. Perhaps if he became more familiar with it we would all be better off.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

HONORING ADM. JEREMY M. ''MIKE'' BOORDA

Mr. LOTT. Mr. President, I ask unanimous consent the Senate proceed to the immediate consideration of a Senate resolution I now send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 255) to honor Admiral Jeremy M. ''Mike'' Boorda.

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. LOTT. Mr. President, today a grateful nation pays its final tribute to a true patriot and hero, Admiral Jeremy ''Mike'' Boorda, who died on

Thursday, May 16, 1996, at the age of 56. There will be a memorial service today at the Washington Cathedral to honor Admiral Boorda. I want to take this opportunity, on behalf of many of my colleagues on both sides of the aisle, to honor this man and his truly vital contributions to our Navy. His service to our Nation was a model to which every American could aspire.

Admiral Boorda was a high school dropout who joined the Navy at the young age of 16 as a seaman recruit. After rising to become a petty officer first class in 1961, at the urging of a chief petty officer, Mike Boorda applied for admission to an enlisted commissioning program, but he had no confidence of success. He was selected on his second application and commissioned an officer in 1962.

In 1991 he received his fourth star and became the commander-in-chief of Allied forces in Southern Europe. As CINCSOUTH, he was in charge of an air strike in February 1994 against four Bosnian Serb aircraft flying in violation of the U.N. ban on fixed-wing flights. This was the first time that a NATO commander had ordered alliance forces to use deadly force on an offensive mission in the organization's 44-year history.

On April 23, 1994, Admiral Boorda became the 25th Chief of Naval Operations. He assumed command of the world's greatest Navy while it was still suffering from the aftermath of the Tailhook scandal. Despite Tailhook, a rash of cases of sexual misconduct, and several plane crashes, Mike Boorda tackled all these problems with energy that many of us could not match. Why? Because Mike Boorda loved the Navy.

He once said, ''I stayed in the Navy because I love going to sea. I hope everybody is experiencing that. If you're fortunate enough to be at that stage in your career where you still get to go to sea, relish it. Enjoy it and have fun. Realize that you are a part of a long line of people who have gone down to the sea in ships, and it's a special thing to do.''

Mike Boorda was a ''Sailor's Sailor.'' He devoted his life to making our Nation more secure and to securing a better life for those who serve our country. As the only sailor to rise from E–1 to become Chief of Naval Operations, he knew what it meant to be at the bottom and top of the chain of command. This experience instilled in him an unwavering desire to help sailors and their families serve proudly and live in a manner in which they could be proud.

He was a man of both physical and moral courage. From Southeast Asia to Bosnia, he was willing to put his life on the line to serve his Nation, but he was also willing to put his career on the line for the sailors he loved and the principles he stood for: duty, honor, and commitment.

Admiral Boorda's entire Navy career was marked by a single characteristic—compassion. He cared more for others than he ever cared for himself. He cared more for his Navy than he ever cared for his Navy career. All that he did and all that he gave will live on forever in the men and women that he loved so much.

More than anything, he loved being around sailors. When he went on board a ship or walked into a room full of sailors, you could see the twinkle in his eyes and a caring smile come across his face. He made sailors and their families feel better about themselves and better about what they did. He used to say almost everyday, ''we have the best sailors in the world, let's treat them that way.'' His love of sailors drove him to personally talk with more than 200,000 sailors, and visit more than 100 of the 360 ships in the fleet in his 2 years as CNO.

As I said earlier, he was a man of the sea, he believed that going to sea, getting underway, was about the most special thing one could do. He used to joke that he would like to change places with the younger officers so he could return to driving ships and personally leading sailors. He prided himself on his ship handling skills and talked often about how much it meant to him to be considered one of the best ship drivers in our Navy.

Like most sailors, he was a storyteller. He loved to captivate an audience with a yarn about his days at sea, or about his family, especially his grandchildren. Almost everyday at his office, he would come in with a new tale about what one of his grandchildren had done or how something reminded him of when he was a young seaman or junior officer. He had a way about him, so that when he spoke, everyone would instinctively rise and fall on his every word.

He was a man of great humor and of great humility. At serious meetings or in tense congressional hearings, he would break the tension with his dry and self-effacing sense of humor. He also never spoke of ''I''—he only spoke of ''we''—when talking about what our Navy had accomplished. He would go to great lengths to ensure that others were not embarrassed or publicly humiliated when things went wrong. He always took responsibility for the bad, and always avoided praise for the good.

Admiral Boorda was a visionary in naval strategy. When he became CNO, he recognized that the post-cold-war era required a strategy that retained the Navy's tradition of forward presence, but he also knew that it was much more likely that we were going to fight near land, in the world's littorals. He transformed the Navy's approach to meet this new strategy situation in ''Forward . . . From the Sea,'' the strategy that will carry the Navy into the 21st century.

He was a visionary in technology. He spearheaded such projects as the arsenal ship, the new attack submarine, theater ballistic missile defense, and cooperative engagement capability. These programs, and many others, put the Navy on the cutting edge of technology and did so in a way that was efficient, affordable, and flexible. He also recognized our Navy needed a strategy to accompany emerging technology, so he developed ''2020 Vision,'' a long range plan for acquiring and using future technology to achieve our strategic objectives.

Because he cared so much about his sailors, he took real steps to improve their lives: He significantly increased military housing starts. He fought for and achieved pay raises and increases in BAQ amounts and eligibility. Despite significant cuts in ships and sailors, he was able to prevent a rise in the deployment time of sailors. He revamped the officer and enlisted evaluation system so that it provided clear standards and accurately reflected performance, and he successfully integrated women into combatant ships and aircraft squadrons.

Like many of my colleagues, I have had the privilege of working closely with Adm. Mike Boorda for several years. I came to admire him immensely—his intelligence, common sense, energy, sense of humor, and most important, his commitment to our Navy, our country, and his family.

Admiral Boorda once said of Adm. Arleigh Burke, ''he defined what it means to be a naval officer: relentless in combat, resourceful in command, and revered by his crews. He was, indeed, 'a sailor's sailor'.'' I think Admiral Boorda also exemplifies these words.

Adm. Mike Boorda was a man who loved his country and served it with distinction from the age of 16 to the day he died. He was an American success story and a hero who will be missed by all of us.

Mr. President, I submit this resolution and ask for its immediate consideration.

Mr. EXON. Mr. President, I yield myself as much time as I am in need of off the resolution.

I thank Senator LOTT. I am a cosponsor of the amendment. It is very appropriate. We, on this side, join in and thank him for honoring the memory of Mike Boorda, our dear and departed colleague who we shall all miss very much. Thank you, Senator LOTT, for the excellent statement in behalf of all of us in the U.S. Senate.

Mr. LOTT. Mr. President, I ask unanimous consent the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table and any statements relating to the resolution appear at the appropriate place in the RECORD.

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

The resolution (S. Res. 255) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 255

Whereas Admiral Jeremy M. ''Mike'' Boorda was the 25th Chief of Naval Operations;

Whereas as the Chief of Naval Operations, Admiral Boorda commanded the foremost Navy in the World;

Whereas Admiral Boorda's career in the Navy reflected his lifelong dedication to the United States and to the principles he held dear—duty, honor, and commitment;

Whereas Admiral Boorda is the only member of the Navy ever to rise from the lowest enlisted grade to the position of Chief of Naval Operations, and his rise gave him a full and unique perspective on the opportunities and obligations of command;

Whereas this perspective instilled in Admiral Boorda an unwavering concern for the members of the Navy and their families;

Whereas as Commander-in-Chief of NATO forces in Southern Europe, Admiral Boorda ordered the first offensive use of deadly force in the history of NATO, an air strike in February 1994 against four Bosnian Serb aircraft flying in violation of a United Nations ban on such flights;

Whereas Admiral Boorda was a visionary in naval strategy who recognized that circumstances in the post-Cold War era made necessary a strategy that retained a forward presence for the Navy even as it recognized that future Navy operations would most likely occur in the littoral zones of the world;

Whereas this strategy, which Admiral Boorda called ''Forward . . . From the Sea'', will serve as the basis for Navy strategy well into the 21st century;

Whereas Admiral Boorda was a visionary in naval technology who spearheaded programs for the development of the arsenal ship, the new attack submarine, theater ballistic missile defense, and cooperative engagement capabilities;

Whereas these programs, and many others spearheaded by Admiral Boorda, put the Navy on the cutting edge of technology and did so in an efficient, affordable, flexible manner;

Whereas Admiral Boorda recognized the need for the Navy to develop a strategy for utilizing emerging technology effectively and developed in response to that need the plan known as ''20/20 Vision'', a long-range plan for the acquisition and utilization of technology in the future in order to achieve the strategic objectives of the United States; and

Whereas it is fitting that Admiral Boorda be remembered as he described Admiral Arleigh Burke when saying that ''. . . he defined what it means to be a naval officer: relentless in combat, resourceful in command, and revered by his crews . . . He was, indeed, a sailor's sailor.'': Now, therefore, be it

Resolved, That the Senate honors Admiral Jeremy M. ''Mike'' Boorda for a career that included extraordinary contributions to the defense of the United States and a singular commitment to the members of the Navy and thereby exemplified all the best qualities in an officer in the United States Navy.

Mr. LOTT. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

UNANIMOUS-CONSENT AGREEMENT—SENATE CONCURRENT RESOLUTION 57

Mr. DOMENICI. Mr. President, I understand that in a minute or so we are going to go in recess. We will be in recess until 2:15 this afternoon. We would have been functioning on the floor here until 12:30 but for the Boorda funeral, and then been in recess from 12:30 to 2:15. So what we are going to do is go in recess now. I ask unanimous consent that when we go in recess at 10:30, that we reconvene at 2:15 p.m. this afternoon.

We had already had unanimous consent that the time we would be in recess to go to policy meetings would be charged against the resolution. I ask that 1 additional hour be added to that time, charged against the resolution. That means that half of the time we are out for the Boorda funeral will be charged to Senate business, half will be left on the resolution, and that will be equally divided.

Mr. EXON. Mr. President, we have agreed to this on this side. I have checked with our leader. I think this is the proper way to proceed.

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

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, at 10:29 a.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Ms. SNOWE).

CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with the consideration of the concurrent resolution.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. I thank the Chair.

Madam President, suffice it to say, we are now ready for business. If there is any Senator who wishes to offer an amendment, this is an opportune time to do it.

The basic situation is this: We have approximately 4 hours left under the agreement. That is 2 hours on each side. We have a large number of amendments still outstanding and Senators have not indicated to either manager of the bill whether the amendments are actually going to be offered or not.

I suppose the question is being asked, ''Well, when are we going to start voting?'' As of now, the time will run out on the resolution sometime between 6 o'clock and 6:30. I suggest we could not start voting before that time, unless time is yielded back. But my experience has been that normally time is not yielded back. At the end, we have Senators clamoring for time and, yet, the time will have run.

So it appears now, unless time is yielded back, that we could not possibly start voting any earlier than 6, probably sometime after that. There is an event scheduled tonight that is absolutely going to prevent us from being here and holding rollcall votes, I would think, much after 6 o'clock. So I think it is safe to say we should get over here and get our work done. Maybe we can get one or two rollcall votes in before we adjourn for the day, but certainly that is not assured.

It appears to me now, that we are looking at not more than one or two rollcall votes—if that, and a whole series of individual rollcall votes, maybe 20 to 40, somewhere in that neighborhood, are a possibility for tomorrow and the days and hours that follow. When Senator DOMENICI comes to the floor—and I think he will be here shortly—he may have some additional information because he will be calling the shots.

So, once again, in the absence of anyone offering an amendment or seeking recognition at this time, I suggest the absence of a quorum, with the time to be charged equally to each side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. KYL. Thank you, Madam President.

AMENDMENT NO. 3996, AS MODIFIED

Mr. KYL. Madam President, I ask unanimous consent that my amendment No. 3996 be modified, which I send to the desk.

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

The amendment (No. 3996), as modified, is as follows:

On page 4, line 10, decrease the amount by $90,000,000.

On page 4, line 11, decrease the amount by $181,000,000.

On page 4, line 12, decrease the amount by $181,000,000.

On page 4, line 13, decrease the amount by $181,000,000.

On page 4, line 19, decrease the amount by $85,000,000.

On page 4, line 20, decrease the amount by $174,000,000.

On page 4, line 21, decrease the amount by $181,000,000.

On page 4, line 22, decrease the amount by $181,000,000.

On page 5, line 3, decrease the amount by $85,000,000.

On page 5, line 4, decrease the amount by $174,000,000.

On page 5, line 5, decrease the amount by $181,000,000.

On page 5, line 6, decrease the amount by $181,000,000.

On page 31, line 17, decrease the amount by $90,000,000.

On page 31, line 18, decrease the amount by $85,000,000.

On page 31, line 24, decrease the amount by $181,000,000.

On page 31, line 25, decrease the amount by $174,000,000.

On page 32, line 6, decrease the amount by $181,000,000.

On page 32, line 7, decrease the amount by $181,000,000.

On page 32, line 13, decrease the amount by $181,000,000.

On page 32, line 14, decrease the amount by $181,000,000.

On page 52, line 24, decrease the amount by $90,000,000.

On page 52, line 25, decrease the amount by $85,000,000.