

VIOLATING THE BUDGET
AGREEMENT

Mr. LAUTENBERG. Mr. President, I rise to express some concerns that I have about recent developments that are occurring in the House of Representatives related to the budget. It was just a few nights ago, a few evenings ago, that we got a conference report from the House that was passed by a substantial margin in the Senate that confirms that the work we did in the budget negotiations was satisfactory to both the Members of the other body and the Senate. We had been through it here once before, the conference report, to get the budget resolution confirmed. It passed 78 to 22. The vote was almost identical when we got the conference report back. That was Thursday evening. I was stunned to read in Friday morning's newspaper that there were challenges to the assumptions that were made, to the agreements that were made to try to get that budget done, to try to forge a consensus agreement.

I must point out that this is not an agreement that I have heard people standing up and lauding and saying, "I love it. It is the perfect budget agreement. It is everything my constituents want it to be." By no means. But there is in this budget agreement something I think both parties can salute. There is an investment in the middle class, there is an investment in education, there is some tax relief for the middle class. Once again, if we look at the extremes, we are all woefully short of things that I would have liked to have if I had an ideal opportunity to design it myself. But I do not, and we represent a consensus. Mr. President, 50 States are represented here by the two Senators from each State who are here to argue the case from their particular point of view.

A bipartisan budget agreement was the product of extensive negotiations involving compromises by everyone involved, and many provisions were the subject of protracted discussion, with each word carefully considered and debated. In the end, we struck a delicate balance, and the resulting agreement, if implemented, will provide, I believe, great benefits to our Nation. It will give us the first balanced budget since 1969. It will provide tax relief, as I said earlier, to the middle class. It will protect Medicare, extend its solvency, and it will do something about cleaning up the environment, investments in education, and other significant national priorities.

Unfortunately, since the handshake that took place here—it took place in the negotiating room between the chairman and the ranking members and the representatives of the President—two House committees are now moving to alter the bipartisan budget agreement when the ink is barely dry. It is a matter of great concern to me and it ought to be a matter of great concern to everybody here who thought we had accomplished something sig-

nificant when we passed that budget agreement. Although the steps have been taken in the other body, I want to raise my concerns here before Senate committees begin the process of marking up their own reconciliation packages.

For instance, one important provision of the bipartisan budget agreement would protect immigrants, legal immigrants who have come to this country, who paid their taxes, played by the rules, and who then suffer from a disability—perhaps from an automobile accident or an illness that robs them of their ability to function as they used to—eyesight or other physical ailments that affect their capacity to walk or to work. The budget agreement says these people should be protected.

It states on page 22 of the agreement of the budget resolution that Congress will:

... restore SSI and Medicaid eligibility for all disabled legal immigrants who are or who become disabled and who entered the United States prior to August 23, 1996.

That was a compromise date, I point out. Unfortunately, last week in the House Ways and Means Subcommittee on Human Resources, they reported a bill that fails to do this and suggests reducing the numbers of people and reducing the availability of these services, these programs for these disabled people. It directly violates this portion of the agreement, the compromise that they are proposing. The compromise was already done. The subcommittee's action is not an innocent mistake. It is not based on differences in interpreting the agreement. This is a blatant, intentional violation of the bipartisan budget accord which should not be tolerated. Certainly it should not be begun unilaterally so soon after the agreement is done.

If we had things that we wanted to talk about, they ought to be talked about cautiously and not entered into the news media immediately as something they want to change.

Mr. President, I ask unanimous consent to have printed in the RECORD two letters from the Director of OMB, Frank Raines, to the chairman of the Budget Committee and to Representative SHAW, the chairman of the Subcommittee on Human Resources in the Committee on Ways and Means, that outline this and other similar concerns about the implementation of the budget agreement.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT
AND BUDGET,

Washington, DC, June 5, 1997.

Hon. JOHN KASICH,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed is a letter I sent earlier today to the Chairman and Ranking Member of the Ways and Means Human Resources Subcommittee regarding Subcommittee markup of legislation to implement the Bipartisan Budget Agreement.

The preliminary markup documents we reviewed were inconsistent with the agreement in several important respects. I hope that by identifying these issues as early as possible, we will be able to implement the agreement in a bipartisan manner.

Sincerely,

FRANKLIN D. RAINES.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT
AND BUDGET,

Washington, DC, June 5, 1997.

Hon. E. CLAY SHAW, JR.,
Chairman, Subcommittee on Human Resources,
Committee on Ways and Means, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996; extending from five to seven years the exemption in last year's welfare law for refugees and asylees for the purposes of SSI and Medicaid; and making other important changes.

We have reviewed the Subcommittee's draft markup document, however, and we have found a number of provisions that are inconsistent with the budget agreement in these and other areas. Consequently, if the Subcommittee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call on the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

We appreciate the fact that the Subcommittee has a mark that includes several provisions that the Administration supports, such as in the areas of welfare to work and State SSI administrative fees.

Welfare to Work.—We are pleased the budget agreement includes the President's \$3 billion welfare-to-work proposal and that the Subcommittee included provisions that meet many of the Administration's priorities. Specifically, we are pleased that the mark provides funds for jobs where they are needed most to help long-term recipients in high unemployment-high poverty areas; directs funds to local communities with large numbers of poor people; awards some funds on a competitive basis, assuring the best use for scarce resources; and gives communities appropriate flexibility to use the funds to create successful job placement and job creation programs.

Though your mark does not address a performance fund, we appreciate your willingness to consider a mechanism to provide needed incentives and rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. In addition, we stand ready to continue to provide assistance in refining targeting factors.

State SSI Administrative Fees.—The Administration is pleased that the Subcommittee has included a provision, consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

In a number of areas, however, we have serious concerns with provisions that do not

reflect the budget agreement. The Administration has separately transmitted draft legislation that reflects the budget agreement's provisions on benefits to immigrants.

Continued SSI and Medicaid Benefits for Legal Immigrants.—The Administration strongly opposes the provision that denies coverage to many legal immigrants who were in the United States when the welfare law was signed but who become severely disabled after that date. The budget agreement explicitly states, "Restores SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The mark fails to reflect that agreement by only "grandfathering" those now receiving SSI, therefore dropping those who would become disabled in the future and would be eligible for benefits under the agreement. Instead of enacting the budget agreement, the Subcommittee would grandfather immigrants who were on the SSI rolls on August 22, 1996, thus protecting 75,000 fewer immigrants than the budget agreement by the year 2002. By contrast, the agreement targets the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered—or may suffer in the future—a disabling accident or illness.

In contrast with the budget agreement, which was designed to restore benefits, the markup document would provide SSI and Medicaid benefits to immigrants now on the rolls only if the immigrant has no sponsor, the sponsor has died, or the sponsor has income under 150 percent of the poverty level. The Administration strongly opposes this provision, which would cut off about 100,000 severely disabled legal immigrants who would receive benefits under the budget agreement. We understand that the Subcommittee may drop this provision, and we hope that is true.

As noted above, the agreement provided for both SSI and Medicaid eligibility for disabled legal immigrants. The mark, however, also fails to guarantee Medicaid coverage for all disabled legal immigrants who continue to receive SSI. For States in which SSI eligibility does not guarantee Medicaid coverage and for States that choose not to provide Medicaid coverage to legal immigrants who were in the U.S. prior to August 23, 1996, legal immigrants who receive SSI would not be guaranteed to continue receiving Medicaid. To conform to the policy in the budget agreement, the Subcommittee should include a provision in its bill to explicitly guarantee Medicaid coverage to disabled legal immigrants who continue to receive SSI.

Refugee and Asylee Eligibility.—The budget agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. However, the Subcommittee's proposal would provide that extension for refugees and not for asylees and others. Such asylees and others should receive the additional two years to naturalize.

In addition to the provisions in the Subcommittee markup related to immigration, the Administration has the following concerns:

Unemployment Insurance Integrity.—The Subcommittee draft does not include the provision of the budget agreement that achieves \$763 million in mandatory savings over five years through an increase in discretionary spending of \$89 million in 1998 and \$467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and which would be subject to appropriation, would support the nec-

essary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Subcommittee to adopt this provision to achieve the specified savings.

The Federal Unemployment Account.—The Administration supports the proposed increase in the Federal Unemployment Account ceiling, which reflects the budget agreement. The mark, however, does not accomplish another aspect of the agreement, because it only "authorizes" \$100 million to the States in 2000–2002 for Unemployment Insurance administrative funding, rather than making the payments mandatory as the agreement provides. We look forward to working with the Subcommittee to address this issue.

The Subcommittee mark also includes a member of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare.—The Administration strongly opposes the Subcommittee's proposal on the minimum wage and welfare work requirements.

First, the proposal goes beyond the scope of the budget agreement and, thus, should not be included in the reconciliation bill.

Second, the proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work should earn the minimum wage—whether they are coming off of welfare or not. The proposal does not meet this test.

Worker Protections in Welfare to Work.—We are deeply disappointed in the Subcommittee draft's lack of adequate worker protection and non-displacement provisions. We strongly urge the Subcommittee to adopt, at a minimum, the provisions included in H.R. 1385, the House-passed job training reform bill.

Repeal of Maintenance of Effort Requirements on State Supplementation of SSI Benefits.—Historically, the Administration has strongly opposed the repeal of maintenance-of-effort requirement because it would let States significantly cut, or even eliminate, benefits to nearly 2.4 million poor elderly, disabled, and blind persons. Congress instituted the maintenance-of-effort requirement in the early 1970s to prevent States from transferring Federal benefit increases from SSI recipients to State treasuries. The proposal also could cause some low-income elderly and disabled individuals to lose SSI entirely and to lose Medicaid coverage as well. The Administration opposed this proposal in last year's welfare reform debate.

Other TANF Provisions.—The Administration is concerned with several provisions in the mark that were not in the budget agreement. For example, the agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration opposes the provision allowing States to divert TANF funds away from welfare-to-work efforts to other social service activities.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

FRANKLIN D. RAINES,

Director.

Mr. LAUTENBERG. Mr. President, today the House Commerce Com-

mittee, the Subcommittee on Health and Environment, will consider legislation introduced by the chairman of that subcommittee that also breaks the bipartisan budget agreement. The budget agreement calls for \$1.5 billion to ease the impact of increasing Medicare premiums on low-income beneficiaries. This provision was included because the budget agreement calls for phasing in increases in Medicare premiums to accommodate the shift of home health care expenditures from part A to part B. We were worried because there is going to have to be, in order to provide the solvency that we found for Medicare to continue, or the Medicaid programs, we had proposed expanding Medicaid premium coverage for Medicare recipients who had incomes of 120 to 150 percent of poverty. That is pretty modest going.

The final agreement threw out the specifics of the premium proposal. However, it did call for spending the \$1.5 billion on whatever policy Congress chose to enact. But that was not the understanding. Regrettably, the House committee with jurisdiction of Medicaid will only include \$300 to \$400 million for this provision, one we labored long and hard over. It is another clear violation of the budget agreement, and it is very troubling.

I am also concerned about the tax bill that the chairman of the House Ways and Means Committee outlined yesterday. The chairman's bill would only provide \$30.8 billion—not an insignificant amount—in tax incentives for higher education. But that was fought for very stoutly; that it was to get \$35 billion. And only about \$22 billion of the proposal of this type is for the benefits that were advocated by the President, understood to be something we could agree on, falling far short of, and I quote here, the "roughly \$35 billion." That language was struggled over, "roughly \$35 billion." I tell you this, no one can buy a house for "roughly \$35,000," or a car for "roughly \$15,000." How much is it? Well, that is what it ought to be. That language was compromise language, because we knew the intent or believed the intent of both Speaker GINGRICH and/or the distinguished leader here, Senator LOTT, was their commitment to the program. Although the word "roughly" was there, it should be interpreted broadly, and I think this, frankly, goes too far, when they start making the cuts in the House committee that are inconsistent with the agreement.

Mr. President, the bipartisan budget agreement calls on the House and Senate leadership to take remedial efforts to ensure that this document is implemented in the legislative process. Leadership action is critical if the agreement is to be implemented properly. And, therefore, I hope that Speaker GINGRICH will intervene promptly and require that in all cases I have mentioned the relevant committees make the changes necessary to be consistent with the agreement that we have.

If the congressional leadership fails to enforce the agreement, it will not be worth the paper it is written on and in the process of reconciliation we could be looking at very serious problems getting this program into place.

Mr. President, I also want to take a moment to talk about the disaster supplemental. I am pleased to note that yesterday the President vetoed the bill because it contains the so-called automatic CR. The automatic CR also violates the bipartisan budget agreement for two reasons.

First, it would lower the amount of discretionary spending available for fiscal 1998. The budget agreement calls for \$527 billion in discretionary spending for fiscal year 1998, which is \$17 million over last year's level. If the automatic continuing resolution is enacted, the majority could refuse to pass the 13 appropriations bills, thereby cutting the \$17 billion in discretionary spending. That would absolutely violate one of the basic Democratic accomplishments in the budget agreement and, again, the consensus.

The automatic CR would make deep cuts in programs that are protected in the budget agreement. The bipartisan negotiators agreed to provide large increases in 13 major discretionary programs. Examples of these programs include elementary and secondary education, Pell grants, child literacy, Head Start, national parks, job training, Clean Water Act, Superfund, and the COPS Program. Some of the programs are preferred by Democrats, some preferred by Republicans, but the fact is we arrived at a consensus. Both parties wanted this done. An automatic CR would freeze these programs at last year's level, and they would not get the increases promised in the budget agreement, at least without further congressional action.

So, I hope the leadership will comply with the budget agreement, put the plight of disaster victims above politics, strip the automatic CR from the bill and send the President a clean version of the disaster relief bill that he can sign.

Mr. President, I conclude and I thank you for your indulgence with this simple message: A promise is a promise. A deal is a deal. The Republican leadership made a promise to the Democrats in the Congress and to the President. What I am asking here today is that they make sure that promise is kept by their committee chairs, subcommittee chairs, and those who would violate the agreement after all of that labor and what I think was a smashing success.

I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I send a bill to the desk and ask for its appropriate referral.

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

Senator, we have passed the hour for recess.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent we extend this time for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The time is extended for 10 minutes.

The Senator from Texas.

Mrs. HUTCHISON. I thank the Chair.

(The remarks of Mrs. HUTCHISON pertaining to the introduction of S. 866 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

DISASTER RELIEF BILL

Mrs. HUTCHISON. Mr. President, I would like to finish by adding to what Senator LAUTENBERG has said, that we sent a bill to the President for disaster relief for the victims of North and South Dakota and Minnesota. We sent him a bill that we hoped he would sign. I don't think the President has explained why he would veto a bill that he says is necessary for these disaster victims when, in fact, all we did was say we are also going to make sure that we don't shut down the Government so that the very people we are trying to help will not be able to get the checks that they need after September 30 if Congress and the President have not come to agreement.

It is very important that people understand that the budget agreement for the 1998 budget year are allocations, they are not appropriations. In fact, to actually spend the money, it takes both Congress and the President to agree. Sometimes, the Congress and the President don't agree before September 30, which is the end of the fiscal year. So we have to start a new fiscal year. Now, if there is not an agreement and we don't have a provision for continuing Government, then we can shut down Government again. That is not what anyone wants to do.

So Congress has in the disaster relief bill and the supplemental appropriations to go with that bill, the process that says we are not going to shut down Government, we are going to keep spending money at the same level that is being spent this year, and then when the agreement is made between Congress and the President, we will be able to go into whatever Congress and the President agree on.

When anyone talks about cuts in spending because we go into the 1998 year under the 1997 spending, there are no cuts because there have been no appropriations for 1998, and we haven't come to agreement on the specifics.

I think it is very proper to ask why the President did not sign the bill. I think it is proper to say to the President, "We did send you a bill; you chose not to sign it. I think you owe an explanation to the disaster victims of why you would stand for the authority to shut down Government when we are trying to continue the process of covering people in case some of the appropriations bills are not passed at the end of the fiscal year."

We just want to make sure that people can plan ahead, that they will know that their paychecks will be there if they work for the Government, that their pensions will be there if they are veterans who have earned their pensions, that there will not be a disruption of our Government. We are not cutting back from this year's expenditures. We will say we will keep on going until we have an agreement, and when that agreement is made, then we go forward and the President and the Congress together do the job that both of us were elected to do. So I think it is very important the people of this country have the facts and know that we are trying to help with all of the Federal emergency management funds that need to be replenished as well as the funds to replenish the Bosnia accounts and the many other supplemental expenditures that are in that bill.

Mr. President, I think it is very important that the President of the United States sign the bill and continue the operation of Government as usual so that the people in our country, on September 30, will not have to worry about a disruption in their lives if they work for the Government or if they have earned veterans' pensions or if they plan a family vacation or if they are going on a business trip and they have not renewed their passports. Those are the things that are at stake here.

We have a lot of responsibility. We can meet that responsibility by making sure that the disaster victims are covered and that we keep Government going on a rational and responsible basis.

Thank you, Mr. President. I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 1 p.m. having arrived, the Senate will now be in recess until 2:15 p.m.

Thereupon, at 1:05 p.m., the Senate recessed until 2:16 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. COATS).

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)