more money for us to pay for our borrowing. That will raise the cost of interest payments which I would suggest is a not very productive use of taxpayer dollars, causing taxpayers to have to pay more for our borrowing. But it goes well beyond the Federal taxpayers. It affects every family in America. The estimates are that the effect of the increase in U.S. obligations on interest rates will have an effect on all borrowing. So if a person is buying a home, they can expect the interest costs will increase by about $1,000 a year. If a person is a credit card holder, they can expect their interest rates to go up about $250 a year. That is the effect it is going to have on every American family if we pass August 2 without increasing our debt limit.

If a person has money in the stock market, they can expect there will be a reduction in the value of their wealth. We saw that happen once before when retirement account values slipped dramatically. We are at risk of having that happen again if we pass August 2 without increasing the debt limit.

The impact it will have on our economy, on jobs—we expect it will clearly have a negative impact on our job market. We will lose jobs and we very well may go back into a recession. That is why this is catastrophic if we don't deal with the debt limit in a mature way.

Let me cite the numbers. In the month of August, we expect we are going to have about $172 billion of revenue coming into our Treasury, but we are going to have $360 billion of bills coming in—spending we have already incurred that we have to pay for. There are those who say we can pick which bills we want to pay and let the others go. They say we will have some winners and losers. Well, I think we will have all losers, because we can't pick winners and losers.

There are some who say, well, obviously, we will pay interest on the national debt. OK, we will pay that. How about Social Security, and how long can we pay Social Security? If we don't pay Social Security, what happens to those on fixed incomes or, if we reduce the Social Security payments, how does someone who has planned their monthly budget manage with getting, say, 40 percent less of their Social Security in August? How do they handle their obligations?

Then what do we do about Medicare? Do we continue to pay Medicare at 100 percent? Well, I assume we are going to run out of money.

What do we do about our military, our soldiers, who we all say we want to support? Do we continue their salaries or do we reduce their amounts by, say, 40 percent? If we pay all of those, there is no money left over to pay veterans' benefits. What happens to our veterans who are depending on their checks to be able to meet their obligations?

Then what do we tell our students who are preparing to go to school in the fall about their Pell grants, that their Pell grants aren't going to be available and maybe they can't go to school in the fall? They have to make plans right now.

What do we do about small business owners who are depending upon their contracts with the Federal Government in order to make their payroll? Is their money going to be coming in on August 3? We can't pay those bills unless we raise the debt limit. It has nothing to do with increased obligations of this country; we are talking about spending we have already incurred, that has already been obligated, and now the people who are entitled to the money are asking for their checks. What do we do on August 3?

I don't believe we have a choice. I think we must increase the debt limit. I don't think it is an option not to. No responsible legislator would consider that to be an option.

Yes, let's use that opportunity to manage our deficit. I still hold out hope we can get this grand deal. It has to be fair. It has to be balanced. It has to allow America to grow and it has to allow us to create more jobs. It has to invest in education and innovation and infrastructure so America can compete. We know we can get that done if we use a balanced approach: Reduce government spending at all levels, including the military, as we bring our troops home from Afghanistan. Yes, we need to look at the money we spend through our Tax Code. We have talked about this over and over. We need to have a balanced approach, a credible approach, to manage our debt. That should be our first option. But under no circumstances should we allow America to default on its obligations, causing harm to every American family.

I urge my colleagues to put the national interests first and to take off the table the default on our debt. Take that off the table. Let's put the national interests first and work together to bring about a credible plan to manage our national debt.

With that, Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. MCCASKILL). Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—H.R. 2055

Mr. DURBIN. Madam President, I ask unanimous consent that at 1:20 p.m., the Senate proceed to the consideration of H.R. 2055, the Military Construction, Veterans Affairs and Related Agencies appropriations bill; further that following the opening remarks of the two managers of the bill, Senator SESSIONS be recognized to raise a 303(c) Budget Act point of order; that Senator JOHNSON be recognized to waive the applicable portion of the Budget Act; that there be 4 hours of debate, equally divided, between Senators JOHNSON and SESSIONS or their designees prior to a vote on cloture on the motion to waive; provided further, that if cloture is invoked, the Senate immediately proceed to a vote on the motion to waive, with no intervening action or debate.

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

Mr. DURBIN. Madam President, I ask unanimous consent to speak as in morning business.

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

U.S. CREDIT RATING

Mr. DURBIN. Madam President, this morning's Wall Street Journal has a headline which I hope America will pay close attention to: ''Raters put U.S. on notice.'' The United States of America has a credit rating, much as we do as individuals, businesses, and families. The credit rating of the United States is AAA, the very best.

What does it mean? It means two things. First, that those who do business with America think it is the best place to do business—the most reliable economy, the rule of law, transparency. It says good things about America. It translates into the lowest interest rates charged when America borrows money. That is a good thing because we borrow a lot of money.

This AAA rating, of course, is something that is not guaranteed. You have to work for it. Countries around the world now, particularly in Europe, are struggling and failing economically, some in worse shape than others. In the Irish Times yesterday they referred to what they called the ''PIGS''. I had never seen that term before. It refers to Portugal, Ireland, Greece, and Spain. They said this week Italy was joining the PIGS, the seventh largest economy in the world, roiling in euro debt, being called on to transform and change their economies and their government to deal with their national debt.

It is a tough time in the European Union, and the jury is still out about any one of those countries and how this will end. The United States is not in that situation, thank goodness. Our economy has its problems. We know that: 9.2 percent of our workforce is unemployed, a situation where many small businesses are still struggling, where families struggle, many of them paycheck to paycheck, to get by. But still, the fact that we have to guard our borders to keep people from coming here is an indication of what America's promise means to the rest of the world.

This notice from the rating agencies that now we are on a watch, a credit watch, as to whether our AAA credit rating in America should be diminished