HOUSE OF REPRESENTATIVES—*Monday, May 22, 1995*

The House met at 12 noon and was called to order by the Speaker pro tempore [Mr. KIM].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
May 22, 1995.

I hereby designate the Honorable JAY KIM to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We are thankful, O gracious God, that we have been given responsibility for our lives and times and are accountable for the way we use our talents and the resources of the land. We know that people in every place and in every age have obligations to lead and protect the gifts that have been given them as individuals and as a nation. We pray this day, O God, that Your Spirit would focus our hearts and minds on how we can be faithful in our tasks, trustworthy in our work, and enthusiastic about the issues of justice and mercy. May Your blessing be with us and all Your people, now and evermore. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Florida [Mr. GOSS] come forward and lead the House in the Pledge of Allegiance.

Mr. GOSS led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 1421. An act to provide that references in the statutes of the United States to any committee or officer of the House of Representatives the name or jurisdiction of which was changed as part of the reorganization of the House of Representatives at the beginning of the 104th Congress shall be treated as referring to the currently applicable committee or officer of the House of Representatives.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 184. An act to establish an Office for Rare Disease in the National Institutes of Health, and for other purposes.

The message also announced that pursuant to section 9355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints Mr. BURNS, Mr. KEMPTHORNE, Mr. HOLLINGS, and Mr. EXON to the Board of Visitors of the U.S. Air Force Academy.

The message also announced that pursuant to section 4355(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints Mr. COCHRAN, Mrs. HUTCHISON, and Mr. REID to the Board of Visitors of the U.S. Military Academy.

The message also announced that pursuant to section 6968(a) of title 10, United States Code, the Chair, on behalf of the Vice President, appoints Mr. HATFIELD, Mr. MCCAIN, Ms. MIKULSKI, and Mr. SARBANES to the Board of Visitors of the U.S. Naval Academy.

TRIBUTE TO LES ASPIN

(Mr. SKELTON asked and was given permission to address the House for 1 minute.)

Mr. SKELTON. Mr. Speaker, last night America lost a great military thinker and I lost a friend. The death of Les Aspin, former Democratic Congressman from Wisconsin and Secretary of Defense, shocked our Nation. Les Aspin was my friend. I enjoyed my association with him while we worked together in the House Armed Services Committee and later while he was Secretary of Defense.

He was a genuine defense intellectual who understood military and strategic issues. More important, he recognized the threats we face in a dangerous and unstable world. As chairman of the Committee on Armed Services, he helped fashion the Goldwater-Nichols Department of Defense Reorganization Act of 1986. He also supported the use of American arms to bring an end to the regime of Manuel Noriega in Panama in 1988 and to eject Saddam Hussein from Kuwait in 1991.

He shaped the Bottom-Up Review which is the framework of today's force structure and our national strategy.

I was active in his campaign, his election, and reelection as chairman of the House Committee on Armed Services. While chairman, he was kind enough to appoint me to head the military education panel which examined all 10 of America's war colleges.

I shall miss him. We shall miss him. America has lost an outstanding expert in military and national security. And I have lost a good friend.

LES ASPIN

(Mr. GOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I come to the well this morning for the same reason the gentleman from Missouri [Mr. SKELTON] did, to say that this weekend our Nation has lost a very stalwart son and a good friend of ours. To many of us here, he was an especially good friend.

Les Aspin's untimely death at the age of 56, after suffering a massive stroke on Saturday, underscores both how much he accomplished and yet how much more he could have done. In the days ahead we are going to be reminded of those accomplishments as we seek to send sympathy and comfort to his family and those close to him. I am sure that important and caring leaders in many places around the world will remember to say, I knew Les, what a great job he did for this country for so many years. Equally, many just plain folks who knew Les around town here or back in his longtime Wisconsin congressional district or wherever it was will say, I knew Les. What a great guy.

Mr. Speaker, as a classmate and a friend for many years at college and as a colleague here in Congress for a while and finally as a member of the Commission on Intelligence Roles and Capabilities, which is better and properly known simply as the Aspin Commission, which he was chairing at the time of his death, I had the privilege and the fun of knowing Les and working with him. I think the statement that I read this morning of his cardiologist and the news accounts says it best: It says

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

simply, Les was an extraordinarily fine man. For those of us who knew him in this body, that vote is unanimous.

TRIBUTE TO A GOOD FRIEND AND GREAT AMERICAN

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute.)

Mrs. SCHROEDER. Mr. Speaker, I, too, rise to pay tribute to my good friend Les Aspin. This is a man who was never about power or never about pretense. He was about public service and the highest quality of public service. He truly gave it his all, every single day he got out of bed. No taxpayer could ever complain that Les Aspin did not put his whole self into what he was doing, no matter what it was.

We have really, indeed, lost a great mind, a very energetic person, and a person who did not come with a certain ideology but came, instead, to listen to the facts and try and do what was right.

One of the things that he did as Secretary of Defense that probably will go unnoticed but should not go unnoticed is he was brave enough to start putting some of the rhetoric aside and open the doors for many of America's young women who had been waiting outside that door to serve more fully in the armed services. Les was the kind of guy who would look at the studies, who would look at the performance ratings, who would look at the tests, and who would say, of course, they can.

There is absolutely no reason except bias and prejudice that they cannot move forward. He opened those doors, and many of the young women proudly serving today in America's military can be looking to Les Aspin and saying, thank you, because he was the one who put aside many of those superstitions and moved that forward.

But that was the kind of person who he was. We will miss that kind of person very desperately and I will miss him as a friend.

IN MEMORY OF LES ASPIN

(Ms. HARMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. HARMAN. Mr. Speaker, "HARMAN, how ya' doing?"

That was Les Aspin's upbeat greeting each time we spoke.

His tennis game was not much, but he sure was.

Loyal always to his beloved Wisconsin. A man who loved the House and excelled at the legislative function. A big thinker on defense issues who probably contributed more to conceptualizing our modern defense policy than anyone else. And a true friend.

He was certainly there for me as I laid my plans to run for public office for the first time in my middle age.

He helped me strategize, he reviewed issues, he gave me credibility, and he personally came to California to campaign for me.

After I won, he was there for counsel. And I tried to be there for him too in some tough times.

Through it all, he was upbeat. Scarcely a week after his pacemaker was inserted in 1993, Defense Secretary Aspin testified for a marathon 10 hours before his beloved House Armed Services Committee. Near the end, this freshman was temporarily in the chair. When he saw me, he laughed. "Oh," he said, "when they said there was reform up here, I had no idea it would go this far!"

Aspin, I will miss you.

MEDICARE BUDGET CUTS

(Mr. FORD asked and was given permission to address the House for 1 minute.)

Mr. FORD. Mr. Speaker, I rise today because I am receiving a number of letters from my constituents back home in addressing the budget cuts in the Medicare budget, cuts as being proposed by the new Republican majority in this Congress. As I read through all of the letters that my constituents are sending to me, they do not feel that it is fair in America for the elderly to add on an additional $1,000 in costs and additional premiums for Medicare.

It is true that we must do something about the huge deficits that we are faced with, but we know that we ought to share that responsibility among all Americans. For the Republicans to think that children and the elderly population of this Nation should bear that brunt, it is wrong.

Just to share a few things with you that I am receiving in the mail, senior citizens are saying the need to fix Social Security and Medicare can no longer be denied. They acknowledge the fact that we can no longer deny it. They say it can be done. And we as Republicans and Democrats in this House can work together in a bipartisan spirit to do so.

I do not think that we ought to say to the wealthy and the rich of this Nation, yes, just for your $350 billion tax cut, we are going to increase and cut the Medicare Program in a fashion that will cause burden and undue harm to the elderly population of this country.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

TERM LIMITS RULING BY SUPREME COURT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Colorado [Mrs. SCHROEDER] is recognized for 5 minutes.

Mrs. SCHROEDER. Mr. Speaker, as many people know, the Supreme Court just came down with a five to four decision on terms limits, saying that the States could not impose term limits on Federal officeholders.

I think it is a very interesting day to look at that decision, which I think was the correct answer, on the very same day that we are here memorializing Les Aspin. Had term limits been in effect, be they 8 or 12 years, Les Aspin, who spent 22 years in this House, would not have been able to do the things that we were talking about today in which he contributed so much to this great Nation.

I think also as we look at term limits, we look at something that is going to be coming up this week that concerns me a lot, about whether we do not jump into some things too fast and do not have people able to really understand some of the unintended consequences of policies that come in front of us. There may be a reason, Mr. Speaker, that some of us with gray hair are needed around here.

I guess that is what I am doing today, as I salute the Supreme Court's decision and say, I think that we do need some people who have been around more than 8 years or 12 years to kind of guide this great ship of state and to have a little corporate memory.

One of the things I particularly would like to address that I will be talking about later this week when we get to the foreign aid bill that will be coming to the floor is that the provision in that bill, I think, is very dangerous. I certainly hope it will be struck.

There is a provision in that bill that I think on first blush sounds wonderful, as so many things do. But then let us examine it more carefully. The provision I am talking about is the provision that says, people in the world who live in a country that has a population policy that they think is oppressive can come to America. This is the new way to get to that Great Golden Gate in America and come in and become an American.

Now, I certainly do not approve of immigrant bashing, and I do not approve of doing those kinds of inflammatory things, but let me say, are we really serious about this and have Americans thought about where this policy would lead if we put it into effect.

In essence, what we are really targeting with this provision is China. People are saying that China and their one-child policy is very oppressive and that people who want to have more children or people who do not like the one-child policy, under this provision, if it becomes law, can then make themselves an immediate qualifier for immigration status to the United States.

Now, the real problem is, I am sure, there are people who do sincerely feel very repressed and there will be other people who will find that these are magic words that you can utter and then you get to come to America.

Let us be perfectly honest, thank goodness this is still a wonderful country where everybody wants to come. So we are talking about a country that has a population of a billion two, a billion two.

Over the Easter break, I happened to be in China. I was there with the Committee on the Judiciary talking about the intellectual property issues, because, as you know, China has been ripping off many of our very important assets, such as movies, such as CD's, and so forth. They signed an agreement on intellectual property, and we were there to test the enforcement and see what was happening.

But in being there, one of the things that transpired was I got to talk to many of our folks over there and many people on the ground, and they were very concerned about this policy that we are going to vote on this week. They were saying they were seeing any number of people getting ready to apply for this new immigration status should it appear, that large families were coming in and saying, because they had had a large family, they felt discriminated against in their village. Single people were coming in saying they might want a large family, just the very fact that that family, that one-child policy was in effect was there, they might want to come in. All of these people were lining up and beginning to line up, and the rumble was going on to come line up soon if this passed and this is how you get to come to America.

We remember just a few years ago when many Chinese came here on boats illegally because they wanted to come so desperately.

I as an American, and I am sure every other American is terribly flattered that people want to come to this country, but I think Americans who are here wonder how many can we let in reasonably and keep America at the same standard.

I hope all of us take this very seriously when it comes to the floor, think about the unintended consequences and salute the Supreme Court who today said maybe some of us here with gray heads should remain to keep talking about these issues and make sure we do not get off the road.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess, subject to the call of the Chair.

Accordingly (at 12 o'clock and 20 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1600

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. SOLOMON] at 4 o'clock p.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1561, AMERICAN OVERSEAS INTERESTS ACT OF 1995

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–129) on the resolution (H. Res. 155) providing for consideration of the bill (H.R. 1561) to consolidate the foreign affairs agencies of the United States; to authorize appropriations for the Department of State and related agencies for fiscal years 1996 and 1997; to responsibly reduce the authorizations of appropriations for United States foreign assistance programs for fiscal years 1996 and 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

AMMONIUM NITRATE FERTILIZER

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Louisiana [Mr. TAUZIN] is recognized for 60 minutes as the designee of the minority leader.

Mr. TAUZIN. Mr. Speaker, I take this special order this afternoon to report to you and to the American public on a hearing that was just completed by the Commerce Subcommittee of the Committee on Commerce, a hearing designed to explore the possibility that may have existed as long as 25 years or more ago to render ammonium nitrate fertilizer insensitive to its use as a bomb material in America.

I hold in my hand a patent that was issued by the U.S. Patent Office on January 20, 1968, a patent developed by Mr. Sam Porter in Arlington, VA, here, that literally details how a simple addition of diammonium phosphate to ammonium nitrate fertilizer in the manufacturing process could, in fact, desensitize the product so that it cannot be turned into a bomb, much like the bomb which may have been used to detonate the Murrah Building in Oklahoma City.

My interest in this subject matter goes back a long time. It was in 1970 that a Mr. Bob Colbert of Kansas was in Louisiana, building, in fact, or helping in the construction of an ANFO plant. An ANFO plant is a plant that takes industrial grade ammonium nitrate and converts it into blasting material.

He was in the State on behalf of his company, and my father and uncle were doing electrical work for him in the construction of that facility. I came to know him. As a young practicing attorney in the State then many years ago, he requested and I performed for him an incorporation of a company known as DEFGAN for desensitizing fertilizer grade ammonium nitrate.

The company was incorporated, in fact, to own and to market the Sam Porter process that was patented in the patent I just described to you.

As a result of that incorporation, Mr. Colbert and Mr. Porter and their colleagues tried in Louisiana and Wisconsin and other places to interest the fertilizer industry in using that process. They did so because they were concerned, as we should all be concerned, with the ease in which ammonium nitrate fertilizer in large quantities available very cheaply on the marketplace can and has been converted into bomb material used in terrorist acts and the ease in which in fact under some improper storage conditions ammonium nitrate can cause a great accident and damage to people and property.

In 1947, for example, a shipload of ammonium nitrate fertilizer being loaded aboard a ship in Texas City exploded accidentally, killing over 500 people and I believe injuring as many as 3,000 people as it almost devastated the entire community.

Similar accidents in Europe, leading to the deaths of not hundreds but thousands of people, have led many European countries to require that ammonium nitrate fertilizer be desensitized with certain additives before it is put on the marketplace.

The Sam Porter process is simple, the simple addition of about 5- to 10-percent diammonium phosphate, which is another fertilizer, the simple addition of that fertilizer to ammonium nitrate fertilizer in the manufacturing process. When the stuff is trilled down in granular form, it creates a single fertilizer process and product with the integrated crystaline structure that is not easily separated, we are told, may not be easily separated, we are led to believe, and may, in fact, produce a process for making sure that ammonium nitrate fertilizer, sold commonly in feed stores and garden stores across America, cannot be turned by a terrorist into bomb or blasting material.

Now, how much of this ammonium nitrate fertilizer is on the marketplace today? We are told that in 1993, 2.2 million tons, that is 4.4 billion pounds, of ammonium nitrate fertilizer grade product was sold commonly in America, across the counter in fertilizer, farm, and garden stores. The bomb material used in Oklahoma City lightly comprised about 5,000 pounds out of this 4.4 billion pounds that is sold and marketed in our country.

That does not include another several million tons of industrial grade ammonium nitrate that is produced

and is unregulated by any Federal agency until it is converted into ANFO for blasting material purposes.

What a huge volume of ammonium nitrate is manufactured and sold in America, unregulated, not desensitized as it is in other foreign countries and available for terrorists or anyone to turn into a bomb. I do not have to remind Americans that today the Internet is filled with kitchen formulas for turning that material into bombs, that in Ohio today on the AP wire two children were, in fact, suspended for 3 days for carrying to school formulas for changing this ammonium nitrate fertilizer into a bomb. The material is widely distributed today, widely understood and known today. The material is easily available and easily converted into a bomb.

So we had this hearing today. We had Mr. Sam Porter there. We had Mr. Colbert there. They told the story how in the late 1960's they tried to encourage one chemical company after another to get interested in this process only to be turned down at every turn. They told a story how in 1970, I was able to get a bill introduced in the State legislature by a Senator friend of mine who is now deceased, Senator Harvey Belchate, Jr. How that bill was easily defeated in the State senate in Louisiana. How a similar bill introduced in Wisconsin had a hearing but was also easily defeated by the chemical lobby who had decided to spend whatever it took to make sure that they were never required to use this process.

Let me tell you what we learned today in the hearing. We learned, one, Mr. Porter's patent has to be studied further and that it deserves additional study. We learned from the Office of Technology Assessment that a study lasting no more than 3 to 4 weeks could determine for us whether or not this process was, in fact, as good as it appears to be and whether or not, in fact, the process could be easily reversed. Mr. Porter tells us he thinks it cannot be easily reversed. We need to study it to find out.

We do know that Mr. Porter conducted enough research to obtain a patent. We do know that Atlas Chemical produced several tons of his product and did some tests that confirmed Mr. Porter's primary claims that his process desensitized ammonium nitrate fertilizer so that it could not be made into a bomb.

We do know that all of the witnesses testifying today, all of them, including Mr. Porter, Mr. Colbert, representatives of the ATF, and the OTA, as well as the fertilizer institute, which communicated with us via letter, have all indicated support for more study on the Porter process as required, by the way, in the President's domestic antiterrorism bill, H.R. 1635, which has been filed in this House.

Statistics indicate to us, we have also found out, that the number of fertilizer bombs used in the United States has been relatively small, but the numbers are increasing, as many as 27 in the last 6 years, and that the Oklahoma City bombing where ammonium nitrate fertilizer was probably used was the most extensive use of that material in a bombing.

We were also told that the size of that bomb could easily be doubled and tripled and multiplied with exponential results as easily as that bomb was likely produced.

We do know that it is easy to obtain information on how to make these bombs and that in other European countries, particularly Spain and Northern Ireland, homemade fertilizer bombs are the preferred option for terrorists. According to OTA's testimony, studying Mr. Porter's product is important for no other reason than it may hold some promise for decreasing the possibility of accidental detonations of large stores of ammonium nitrate fertilizer and industrial grade ammonium nitrate.

Large amounts, indeed, are being sold in America as we speak. Large amounts are out there in storage in America as we speak. We were told that it would take as much as 10 years to get rid of the shelf life of all the ammonium nitrate fertilizer that is currently available in nondesensitized form.

There are economic and technical issues about Mr. Porter's product that deserve study today. Certainly the cost of manufacturing the product is important. We were told today that the cost of ammonium nitrate fertilizer is about $180 a ton; the cost of diammonium phosphate is in the range, we think, of about $250 a ton. The addition of 5- to 10-percent diammonium phosphate to the ammonium nitrate fertilizer would not likely increase the cost of the product desensitized by more than about 2 or 3 percent.

Is that extra cost worth the margin of safety? Is that extra cost worth having a product that cannot easily be turned into a terrorist bomb? I suggest to you we ought to know those answers.

We need to know if there are any agricultural or agronomic reasons why Mr. Porter's product would not work. He has told us and others have confirmed to us that the addition of diammonium phosphate to the ammonium nitrate fertilizer may product a better product, not, indeed, a product in any way less important as the fertilizer to America's farmers.

Finally, there are other technical issues that deserve serious analysis, such as whether the process can be reversed chemically and if so, how easily it could be reversed and whether the effectiveness of the Porter process can be circumvented by simply coming up with one of these reversal processes.

We know there is no silver bullet for preventing terrorist attacks in America, but we also know that there is something fundamentally wrong about closing off Pennsylvania Avenue, about going into a bunker mentality here in America. How many more streets will we have to close up? How many more public buildings will we turn into virtual bunkers because of this product out there that is so easily converted into a major bomb?

How far do we go out of fear into this bunker mentality? How will Americans, in fact, resist this temptation to be held hostage to that kind of fear? We suggest that America will not be hostage to that fear, that solutions such as the Porter process may, in fact, be available, may have been available for 27 years and certainly cannot be ignored today.

Even if Mr. Porter's process is completely effective, as he intended, we know that ammonium nitrate can be chemically produced relatively easily instead of purchased. There are many other ways to make an explosive, other than using fertilizer in our country. In fact, according to ATF statistics, most criminal explosives in the United States involve something other than fertilizer and there would need to be effective compliance by fertilizer manufacturers worldwide if we are going to get control of this problem.

So I do not want to leave the impression that ammonium nitrate fertilizer is in and of itself a present and clear danger to the public. It can safely be used and stored; in fact, it is. The bottom line is that experts have concluded that it should be relatively easy to look at the technical and economic issues regarding Mr. Porter's patent developed and issued in 1968 and that it is highly desirable for us to conduct those studies not in the near future but in the very near future.

□ 1615

In light of the commonly available information on fertilizer, its low cost, the commonly available information on how this common fertilizer can be converted into this huge bomb material, as well as the tragic incidents we have seen, when, in fact, someone has become so insane as to do what we saw in Oklahoma City, it would be irresponsible for us to fail to follow up on the work Mr. Porter conducted 30 years ago.

Thirty years ago, 28 years ago, 25 years ago, this Nation and the fertilizer industry were asked to take this issue seriously. Today, can we fail, after having seen what happened in Oklahoma City, after having seen how easy it is for that to happen again anywhere in America, if someone is insane enough to conduct that kind of terrorist attack upon public or private buildings, can we not take it seriously today? Do not Mr. Porter and Mr.

Colbert deserve our attention to that issue today?

Mr. Porter appeared today after his patent has long expired, after he has no financial interest whatsoever in this process, he appeared today to urge us to take it seriously.

Mr. Colbert came from Kansas City on his own nickel to fly to Washington, DC, without a financial interest left in this issue, to come and tell us to take it seriously. Can we not heed their advice? Can we not heed, I am sure, the message of Oklahoma City and take seriously what may be one of the answers, not all of the answers, to making this country a little more safe, to ending some of this fear which causes us to close down avenues like Pennsylvania, and to shut ourselves up into some kind of bunker mentality?

Mr. Speaker, I urge those within near reach of this special order to encourage this Congress, to encourage all who have something to say about what may be done in the next several weeks or months, to study this issue to make sure that it is not ignored in 1995 the way it was ignored in the late 1960's, the way it was ignored in 1970 and later on in Wisconsin when lawmakers had a chance then to visit this issue seriously and do something about the problem.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 184. An act to establish an Office for Rare Disease Research in the National Institutes of Health, and for other purposes; to the Committee on Commerce.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. SCHROEDER) to revise and extend their remarks and include extraneous material:)

Ms. KAPTUR, for 5 minutes, today.

Mr. OWENS, for 5 minutes, today.

Mrs. SCHROEDER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mrs. SCHROEDER) and to include extraneous material:)

Mr. SERRANO in three instances.

Mrs. SCHROEDER.

Mr. STARK.

Mr. LANTOS.

Mr. OWENS.

Ms. KAPTUR.

(The following Members (at the request of Mr. GOSS) and to include extraneous material:)

Mr. TALENT.

Mr. MARTINI.

Mr. PORTMAN.

Mr. SHAYS.

Mr. SHUSTER.

Mrs. JOHNSON of Connecticut.

ADJOURNMENT

Mr. TAUZIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, May 23, 1995, at 10:30 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

889. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

890. A letter from the Secretary of State, transmitting a letter expressing his concerns with regard to H.R. 1561, the American Overseas Interests Act; to the Committee on International Relations.

891. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-51, "Toll Telecommunication Temporary Amendment Act of 1995," pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform and Oversight.

892. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-52, "Emergency Assistance Clarification Temporary Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

893. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-53, "Merit Personnel Early Out Retirement Revisions Temporary Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

894. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-54, "Revolving Credit Account Late Fee Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

895. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-55, "Budget Implementation Exemption Temporary Amendment Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

896. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-56, "Foreign Trade Zones Act of 1995," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

897. A letter from the Agency Freedom of Information Officer (1105), Environmental Protection Agency, transmitting a report of activities under the Freedom of Information Act for calendar year 1994, pursuant to 5 U.S.C. 552(d); to the Committee on Government Reform and Oversight.

898. A letter from the Chairman, Federal Trade Commission, transmitting a report of activities under the Freedom of Information Act for calendar year 1994, pursuant to 5 U.S.C. 552(d); to the Committee on Government Reform and Oversight.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GOSS: Committee on Rules. House Resolution 155. Resolution providing for the consideration of the bill (H.R. 1561) to consolidate the foreign affairs agencies of the United States; to authorize appropriations for the Department of State and related agencies for fiscal years 1996 and 1997; to responsibly reduce the authorizations of appropriations for U.S. foreign assistance programs for fiscal years 1996 and 1997, and for other purposes (Rept. 104-129). Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

[Pursuant to the order of the House on May 18, 1995, the following report was filed on May 19, 1995]

Mr. GILMAN: Committee on International Relations. H.R. 1561. A bill to consolidate the foreign affairs agencies of the United States; to authorize appropriations for the Department of State and related agencies for fiscal years 1996 and 1997; to responsibly reduce the authorizations of appropriations for United States foreign assistance programs for fiscal years 1996 and 1997, and for other purposes, with an amendment; referred to the Committee on Judiciary for a period ending not later than May 20, 1995, for consideration of such provisions of the amendment recommended by the Committee on International Relations as fall within the jurisdiction of that committee pursuant to clause 1(j), rule X (Rept. 104-128, Pt. 1). Ordered to be printed.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of Rule X the following action was taken by the Speaker:

[The following action occurred on May 20, 1995]

H.R. 1561. The Committee on the Judiciary discharged.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 70: Mr. RIGGS.

H.R. 104: Mr. JACOBS.

H.R. 218: Ms. KAPTUR, Mr. RAHALL, and Mr. GILMAN.

H.R. 359: Mr. MEEHAN and Mr. JOHNSON of South Dakota.

H.R. 390: Mr. EHRLICH, Mr. WELDON of Florida, Mr. HAMILTON, Mr. KING, Mr. CAMP, and Mr. LUTHER.

H.R. 497: Mr. HERGER, Mr. STENHOLM, Mr. BROWDER, Mr. STOCKMAN, Mr. COLLINS of Georgia, Mr. SOLOMON, Mrs. SEASTRAND, and Mr. HOEKSTRA.

H.R. 682: Mr. KLECZKA and Mr. MORAN.

H.R. 782: Mr. LEWIS of Georgia, Mr. MFUME, Mr. SOLOMON, Mr. HOYER, and Mr. MCDERMOTT.

H.R. 788: Mr. HOKE.

H.R. 972: Mr. BILIRAKIS and Mr. EMERSON.

H.R. 1103: Mr. GEKAS.

H.R. 1118: Mr. BUNNING of Kentucky.

H.R. 1299: Mr. MARTINEZ.

H.R. 1383: Mr. EWING.

H.R. 1425: Mrs. SEASTRAND.

H.R. 1448: Mr. PETERSON of Florida.

H.R. 1496: Mr. LEWIS of Georgia and Mr. ACKERMAN.

H.R. 1533: Mr. BEREUTER and Mr. CHABOT.

H.R. 1555: Mr. COX.

H.R. 1611: Mr. STUMP.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1561

OFFERED BY: MR. BEREUTER

AMENDMENT NO. 3: In section 2104(a)(1(A) (relating to authorizations of appropriations for migration and refugee assistance) strike "$560,000,000" and insert "$590,000,000".

In section 2104 strike subsection (a)(4), subsection (b), and subsection (d).

In section 2104 redesignate subsection (c) as subsection (b).

H.R. 1561

OFFERED BY: MR. BEREUTER

AMENDMENT NO. 4: In section 3241 of the bill strike all and insert the following.

Section 204(a) of the Agricultural Trade Development and Assistant Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1)(E), by striking "for fiscal year 1995" and inserting "for each of the fiscal years 1995 through 1997, is not less than 2,050,000 metric tons"; and

(2) in paragraph (2)(E), by striking "for fiscal year 1995" and inserting "for each of the fiscal years 1995 through 1997".

H.R. 1561

OFFERED BY: MR. BROWNBACK

AMENDMENT NO. 5: In section 2101(a)(1) (relating to the Diplomatic and Consular Programs) strike "$1,676,903,000" and insert "$1,656,903,000".

In section 2101(a)(2) (relating to the Salaries and Expenses) strike "$355,287,000" and insert "$335,287,000".

In section 2101(a)(4) (relating to Acquisition and Maintenance of Buildings Abroad) strike "$391,760,000 for fiscal year 1997" and insert "$376,760,000 for fiscal year 1997".

In section 2101(a)(7) (relating to the Office of the Inspector General) strike "$23,469,000 for fiscal year 1997" and insert "$21,469,000 for fiscal year 1997".

In section 2101(a)(8) (relating to the Payment to the American Institute in Taiwan) strike "$14,710,000" and insert "$13,710,000".

In section 2102(a) (relating to the Assessed Contributions to International Organizations) strike "$867,050,000" and insert "$828,388,000".

In section 2102(b)(1) (relating to the Voluntary Contributions to International Organizations) strike "$302,902,000" and insert "$290,680,000".

In section 2102(c)(1) (relating to Assessed Contributions for International Peacekeeping) strike "$345,000,000" and insert "$300,000,000".

In section 2102(d)(1) (relating to the Voluntary Contributions to Peacekeeping Operations) strike "and $68,260,000 for fiscal year 1997" and insert "and $62,260,000 for fiscal year 1997".

In section 2102(e)(1) (relating to International Conferences and Contingencies) strike "$6,000,000" and insert "$5,000,000".

In section 2106(1) (relating to Salaries and Expenses) strike "$428,080,000" and insert "$407,080,000".

In section 2106(3(A) (relating to Fulbright Academic Exchange Programs) strike "$113,680,800" and insert "$93,680,800".

In section 2106(3)(F) (relating to Other Programs) strike "$87,341,400" and insert "$67,341,400".

In section 2106(4)(A) (relating to International Broadcasting Activities) strike "$286,191,000" and insert "$256,191,000".

In section 2106(5) (relating to Radio Construction) strike "$67,647,000" and insert "$57,647,000".

In section 2106(9) (relating to the Center for Cultural and Technical Interchange between East and West) strike "$10,000,000" and insert "$8,000,000".

In section 2106(10) (relating to the National Endowment for Democracy) strike "$34,000,000 for fiscal year 1997" and insert "$32,000,000 for fiscal year 1997".

In section 2107(1) (relating to the Arms Control and Disarmament Agency) strike "$40,500,000" and insert "$39,500,000".

In section 3101 (relating to the Foreign Military Financing Program) strike "$3,240,020,000" and insert "$3,226,020,000".

In section 3201 (relating to the Economic Support Fund) strike "$2,283,478,000" and insert "$2,248,478,000".

In section 3221(a)(1) (relating to the Development Assistance Fund) strike "for each of the fiscal years 1996 and 1997" and insert "for fiscal year 1996 and $745,000,000 for fiscal year 1997".

In section 3221(a)(2) (relating to the Development Fund for Africa) strike "for each of the fiscal years 1996 and 1997" and insert "for fiscal year 1996 and $614,214,000 for fiscal year 1997".

In section 3221(a)(3) (relating to the Assistance for Independent States of the Former Soviet Union) strike "$650,000,000" and insert "$625,000,000".

In section 3221(a)(5) (relating to the Inter-American Foundation) strike "$10,000,000" and insert "$7,000,000".

In section 3221(a)(6) (relating to the African Development Foundation) strike "$5,000,000" and insert "$4,000,000".

In section 3232(3) (relating to the Operating Expenses of the Office of the Inspector General) strike "$31,685,000" and insert "$30,685,000".

In section 3261 (relating to the Peace Corps) strike "for each of the fiscal years 1966 and 1977" and insert "for fiscal year 1996 and $215,000,000 for fiscal year 1997".

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 6: At the end of title XXXIII (relating to regional provisions), add the following new section:

SEC. 3314. ASSISTANCE FOR INDIA.

(a) FINDINGS.—The Congress finds the following:

(1) In India, tens of thousands of political prisoners, including prisoners of conscience, are being held without charge or trial under special or preventive detention laws.

(2) The special and preventive detention laws most frequently cited by human rights organizations are the Terrorist and Disruptive Activities (Prevention) Act (TADA) of 1987, the National Security Act of 1980, the Armed Forces (Punjab and Chandigarh) Special Powers Act of 1983, the Armed Forces (Jammu and Kashmir) Special Powers Act of 1990, and the Jammu and Kashmir Public Safety Act of 1978.

(3) These laws provide the military and police forces of India sweeping powers of arrest and detention with broad powers to shoot to kill with virtual immunity from prosecution.

(4) These laws contravene important international human rights standards established under the International Covenant on Civil and Political Rights, to which India is a party, such as the right of liberty and security, the right to a fair trial, the right to freedom of expression, and the right not to be subjected to torture or arbitrary arrest and detention.

(5) Throughout India, political detainees are often held for several months, and in some cases a year, without access to family, friends, or legal counsel.

(6) Throughout India, the torture of detainees has been routine, and scores of people have died in police and military custody as a result.

(7) Throughout India, scores of political detainees have "disappeared" and hundreds of people are reported to have been extrajudicially executed by military and police forces.

(8) In Punjab, the Punjab Government encouraged extrajudicial executions by offering bounties for the killing of militants and paid over 41,000 such bounties between 1991 and 1993.

(9) Abuses by the military and police forces of India are particularly widespread in the states of Punjab, Assam, Manipur, Nagaland, and the portion of the disputed territory of Jammu and Kashmir under the control of the Government of India.

(10) Many victims come from underprivileged and vulnerable sections of society of India, particularly the scheduled castes and tribes.

(11) The establishment of the National Human Rights Commission by the Government of India is an important first step toward improving the human rights record of India.

(12) However, many human rights organizations are deeply concerned about the severe limitations placed on the powers, mandate, and methodology of the National Human Rights Commission.

(13) In 1994, the decision by the Government of India to allow the International Committee of the Red Cross to provide limited humanitarian assistance in the portion of the disputed territory of Jammu and Kashmir under the control of the Government of India was an important first step in providing international humanitarian organizations greater access to troubled areas of India.

(14) However, in 1994, the Government of India continued to prohibit several international human rights organizations from conducting independent investigations in the portion of the disputed territory of Jammua and Kashmir under the control of the Government of India and provided only limited access to such organizations to other states such as Punjab, Assam, Manipur, and Nagaland where significant human rights problems exist.

(15) In India, armed opposition groups have committed human rights abuses.

(16) Several human rights organizations have called on such armed opposition groups to respect basic standards of humanitarian law which require that individuals not taking part in hostilities should at all times be treated humanely.

(b) LIMITATION ON DEVELOPMENT ASSISTANCE.—

(1) LIMITATION.—The President may not provide development assistance for India for any fiscal year unless the President transmits to the Congress a report containing a certification for such fiscal year that the Government of India meets the following requirements:

(A) The Government of India has released all prisoners of conscience in India.

(B) The Government of India ensures that all political prisoners in India are brought to trial promptly and fairly, or released, and have prompt access to legal counsel and family members.

(C) The Government of India has eliminated the practice of torture in India by the military and police forces.

(D) The Government of India impartially investigates all allegations of torture and deaths of individuals in custody in India.

(E) The Government of India has established the fate or whereabouts of all political detainees in India who have "disappeared".

(F) The Government of Indian brings to justice those members of the military and police forces responsible for torturing or improperly treating prisoners in India.

(G) The Government of India permits citizens of India who are critical of such Government to travel abroad and return to India.

(H) The Government of India ensures that human rights monitors in India are not targeted for arrest or harassment by the military and police forces of India.

(I) The Government of India permits both international and domestic human rights organizations and international and domestic television, film, and print media full access to all states in India where significant human rights problems exist.

(2) REQUIREMENT FOR CONTINUING COMPLIANCE.—Any certification with respect to the Government of India for a fiscal year under paragraph (1) shall cease to be effective for that fiscal year if the President transmits to the Congress a report containing a determination that such Government has not continued to comply with the requirements contained in subparagraphs (A) through (I) of such paragraph.

(3) WAIVER.—The limitation on development assistance for India contained in paragraph (1) shall not apply if the President transmits to the Congress a report containing a determination that providing such assistance for India is in the national security interest of the United States.

(4) DEFINITIONS.—As used in this section:

(A) DEVELOPMENT ASSISTANCE.—The term "development assistance" means assistance under chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.).

(B) INDIA.—The term "India" includes the portion of the disputed territory of Jammu and Kashmir under the control of the Government of India.

(5) EFFECTIVE DATE.—The prohibition contained in paragraph (1) shall apply with respect to the provision of development assistance beginning 9 months after the date of the enactment of this Act.

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 7. At the end of title XXXIII (relating to regional provisions), add the following new section:

SEC. 3314. ASSISTANCE OF PAKISTAN.

Section 620E(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2375(e)) is amended—

(1) by striking "No assistance shall be furnished to Pakistan and" and inserting "(1) Except as provided in paragraph (2),";

(2) by striking "assistance is to be furnished or"; and

(3) by adding at the end the following new paragraph:

"(2) The prohibition on the sale or transfer of military equipment or technology contained in paragraph (1) shall not apply with respect to military equipment or technology sold to Pakistan pursuant to agreements between the United States and Pakistan entered into before September 30, 1990.".

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 8. In paragraph (1) of section 3221(a) (relating to authorization of appropriations for development assistance fund), strike "$858,000,000" and insert "$650,000,000".

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 9. In section 3231 of the bill (in section 667(a)(1) of the Foreign Assistance Act of 1961, as proposed to be amended by such section 3231; relating to operating expenses of the United States Agency for International Development), strike "$465,774,000" and insert "$396,770,250" and strike "$419,196,000" and insert $396,770,250".

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 10: In paragraph (3) of section 3417(d) (relating to prohibition on assistance to countries that consistently oppose the United States position in the United Nations General Assembly), insert after the matter preceding subparagraph (A) the following new subparagraph (and redesignate subsequent subparagraphs accordingly):

(A) chapter 1 of part I of the Foreign Assistance Act of 1961 (relating to development assistance),

H.R. 1561

OFFERED BY: MR. BURTON OF INDIANA

AMENDMENT NO. 11: At the end of chapter 3 of title XXXII (relating development assistance), add the following new subchapter:

Subchapter C—Personnel of Agency for International Development

SEC. 3236. LIMITATION ON NUMBER OF PERSONNEL.

On and after February 28, 1997, the number of individuals authorized to be employed by the Agency for International Development (excluding temporary and intermittent employees), as determined on a full time equivalent basis, and the number of individuals serving with such Agency under a personal service contract, shall not exceed 7,054.

H.R. 1561

OFFERED BY: MR. LANTOS

AMENDMENT NO. 12: After section 3211, insert the following new section:

SEC. 3212. CENTRAL ASIAN ENTERPRISE FUND.

Notwithstanding section 201(d)(3)(A) of the Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5421(d)(3)(A)), the Central Asian-American Enterprise Fund may, in lieu of the appointment of citizens of the host countries to its Board of Directors, establish an advisory council for the host region comprised of citizens of each of the host countries or establish separate advisory councils for each of the host countries, with which such Fund shall periodically consult with respect to the Fund's policies and proposed activities. Such host country citizens shall satisfy the experience and expertise requirements set forth in section 201(d)(3)(A) and (d)(3)(C) of that Act.

H.R. 1561

OFFERED BY: MR. LIVINGSTON

AMENDMENT NO. 13. Strike section 348(e); strike section 2101(a)(1)(B); strike section 2101(a)(2)(B); strike section 2102(b)(2)(A); strike section 2102(b)(2)(B); strike section 2102(b)(2)(C); strike section 2102(b)(2)(D); strike section 2102(b)(2)(E); strike section 2102(b)(2)(G); strike section 2106(4)(B); strike section 2106(4)(C); strike section 3222; and strike section 3227.

AMENDMENT TO H.R. 1561, as Reported

OFFERED BY: MR. MCINNIS OF COLORADO

AMENDENT NO. 14. In section 2644 (relating to further steps to promote United States security and political interests with respect to North Korea) by striking paragraph (1) and inserting the following:

(1) action by the Government of North Korea to engage in a North-South dialogue with the Government of the Republic of Korea to facilitate progress toward—

(A) holding a North Korea-South Korea Summit;

(B) resuming North-South joint military discussions regarding steps to reduce tensions between North and South Korea;

(C) expanding trade relations between North and South Korea;

(D) promoting freedom of travel between North and South Korea by citizens of both North and South Korea;

(E) cooperating in science and technology, education, the arts, health, sports, the environment, publishing, journalism, and other fields of mutual interest;

(F) establishing postal and telecommunications services between North and South Korea; and

(G) reconnecting railroads and roadways between North and South Korea;

H.R. 1561

OFFERED BY: MR. MCINNIS

AMENDMENT NO. 15 Strike chapter 2 (relating to the United States—North Korea Agreed Framework) of title XXVI (relating to foreign policy provisions) and insert the following:

CHAPTER 2—NORTH-SOUTH DIALOGUE ON THE KOREAN PENINSULA AND THE UNITED STATES-NORTH KOREA AGREED FRAMEWORK

SEC. 2641. FINDINGS.

The Congress makes the following findings:

(1) The Agreed Framework Between the United States and the Democratic People's Republic of Korea of October 21, 1994, states in Article III, paragraph (2), that "[t]he DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula".

(2) The Agreed Framework also states "[t]he DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue".

(3) The two agreements entered into between North and South Korea in 1992, namely the North-South Denuclearization Agreement and the Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation, provide an existing and detailed framework for dialogue between North and South Korea.

(4) The North Korean nuclear program is just one of the lingering threats to peace on the Korean Peninsula.

(5) The reduction of tensions between North and South Korea directly serve United States interests, given the substantial defense commitment of the United States to South Korea and the presence on the Korean Peninsula of United States troops.

SEC. 2642. STEPS TOWARD NORTH-SOUTH DIALOGUE ON THE KOREAN PENINSULA.

It is the sense of the Congress that—

(1) substantive dialogue between North and South Korea is vital to the implementation of the Agreed Framework Between the United States and North Korea, dated October 21, 1994; and

(2) together with South Korea and other concerned allies, and in keeping with the spirit and letter of the 1992 agreements between North and South Korea, the President should pursue measures to reduce tensions between North and South Korea and should facilitate progress toward—

(A) holding a North Korea-South Korea summit;

(B) initiating mutual nuclear facility inspections by North and South Korea;

(C) establishing liaison offices in both North and South Korea;

(D) resuming a North-South joint military discussion regarding steps to reduce tensions between North and South Korea;

(E) expanding trade relations between North and South Korea;

(F) promoting freedom to travel between North and South Korea by citizens of both North and South Korea;

(G) cooperating in science and technology, education, the arts, health, sports, the environment, publishing, journalism, and other fields of mutual interest;

(H) establishing postal and telecommunications services between North and South Korea; and

(I) reconnecting railroads and roadways between North and South Korea.

SEC. 2643. REPORT TO CONGRESS.

Beginning 3 months after the date of enactment of this Act, and every 6 months thereafter, the President shall transmit to the appropriate congressional committees a report setting forth the progress made in carrying out section 2642.

SEC. 2644. DEFINITIONS.

As used in this chapter—

(1) the term "appropriate congressional committees" means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives;

(2) the term "North Korea" means the Democratic People's Republic of Korea; and

(3) the term "South Korea" means the Republic of Korea.

H.R. 1561

OFFERED BY: MS. MCKINNEY

AMENDMENT NO. 16. After chapter 5 of title XXXI of the bill, insert the following new chapter (and redesignate the subsequent chapter accordingly and make other appropriate conforming amendments):

CHAPTER 6—ARMS TRANSFERS CODE OF CONDUCT

SEC. 3174. SHORT TITLE.

This chapter may be cited as the "Code of Conduct on Arms Transfer Act of 1995".

SEC. 3175. FINDINGS.

The Congress finds the following:

(1) Approximately 40,000,000 people, over 75 percent civilians, died as a result of civil and international wars fought with conventional weapons during the 45 years of the cold war, demonstrating that conventional weapons can in fact be weapons of mass destruction.

(2) Conflict has actually increased in the post cold war era, with 34 major wars in progress during 1993.

(3) War is both a human tragedy and an ongoing economic disaster affecting the entire world, including the United States and its economy, because it decimates both local investment and potential export markets.

(4) International trade in conventional weapons increases the risk and impact of war in an already over-militarized world, creating far more costs than benefits for the United States economy through increased United States defense and foreign assistance spending and reduced demand for United States civilian exports.

(5) The newly established United Nations Register of Conventional Arms can be an effective first step in support of limitations on the supply of conventional weapons to developing countries and compliance with its reporting requirements by a foreign government can be an integral tool in determining the worthiness of such government for the receipt of United States military assistance and arms transfers.

(6) It is in the national security and economic interests of the United States to reduce dramatically the $1,038,000,000,000 that all countries spend on armed forces every year, $242,000,000,000 of which is spent by developing countries, an amount equivalent to 4 times the total bilateral and multilateral foreign assistance such countries receive every year.

(7) According to the Congressional Research Service, the United States supplies more conventional weapons to developing countries than all other countries combined, averaging $14,956,000,000 a year in agreements to supply such weapons to developing countries since the end of the cold war, compared to $7,300,000,000 a year in such agreements prior to the dissolution of the Soviet Union.

(8) In recent years the vast majority of United States arms transfers to developing countries are to countries with an undemocratic form of government whose citizens, according to the Department of State Country Reports on Human Rights Practices do not have the ability to peaceably change their form of government.

(9) Although a goal of United States foreign policy should be to work with foreign governments and international organizations to reduce militarization and dictatorship and therefore prevent conflicts before they arise, during 4 recent deployments of United States Armed Forces—to the Republic of Panama, the Persian Gulf, Somalia, and Haiti—such Armed Forces faced conventional weapons that had been provided or financed by the United States to undemocratic governments.

(10) The proliferation of conventional arms and conflicts around the globe are multilateral problems, and the fact that the United States has emerged as the world's primary seller of conventional weapons, combined with the world leadership role of the United States, signifies that the United States is in a position to seek multilateral restraints on the competition for and transfers of conventional weapons.

(11) The Congress has the constitutional responsibility to participate with the executive branch in decisions to provide military assistance and arms transfers to a foreign government, and in the formulation of a policy designed to reduce dramatically the level of international militarization.

(12) A decision to provide military assistance and arms transfers to a government that is undemocratic, does not adequately protect human rights, is currently engaged in acts of armed aggression, or is not fully participating in the United Nations Register of Conventional Arms, should require a higher level of scrutiny than does a decision to provide such assistance and arms transfers to a government to which these conditions do not apply.

SEC. 3176. PURPOSE.

The purpose of this chapter is to provide clear policy guidelines and congressional responsibility for determining the eligibility of foreign governments to be considered for United States military assistance and arms transfers.

SEC. 3177. PROHIBITION OF UNITED STATES MILITARY ASSISTANCE AND ARMS TRANSFERS TO CERTAIN FOREIGN GOVERNMENTS.

(a) PROHIBITION.—Except as provided in subsections (b) and (c), beginning on and after October 1, 1996, United States military assistance and arms transfers may not be provided to a foreign government for a fiscal year unless the President certifies to the Congress for that fiscal year that such government meets the following requirements:

(1) PROMOTES DEMOCRACY.—Such government—

(A) was chosen by and permits free and fair elections:

(B) promotes civilian control of the military and security forces and has civilian institutions controlling the policy, operation, and spending of all law enforcement and security institutions, as well as the armed forces;

(C) promotes the rule of law, equality before the law, and respect for individual and minority rights, including freedom to speak, publish, associate, and organize; and

(D) promotes the strengthening of political, legislative, and civil institutions of democracy, as well as autonomous institutions to monitor the conduct of public officials and to combat corruption.

(2) RESPECTS HUMAN RIGHTS.—Such government—

(A) does not engage in gross violations of internationally recognized human rights, including—

(i) extra judicial or arbitrary executions;

(ii) disappearances;

(iii) torture or severe mistreatment;

(iv) prolonged arbitrary imprisonment;

(v) systematic official discrimination on the basis of race, ethnicity, religion, gender, national origin, or political affiliation; and

(vi) grave breaches of international laws of war or equivalent violations of the laws of war in internal conflicts;

(B) vigorously investigates, disciplines, and prosecutes those responsible for gross violations of internationally recognized human rights;

(C) permits access on a regular basis to political prisoners by international humanitarian organizations such as the International Committee of the Red Cross;

(D) promotes the independence of the judiciary and other official bodies that oversee the protection of human rights;

(E) does not impede the free functioning of domestic and international human rights organizations; and

(F) provides access on a regular basis to humanitarian organizations in situations of conflict or famine.

(3) NOT ENGAGED IN CERTAIN ACTS OF ARMED AGGRESSION.—Such government is not currently engaged in acts of armed aggression in violation of international law.

(4) FULL PARTICIPATION IN U.N. REGISTER OF CONVENTIONAL ARMS.—Such government is fully participating in the United Nations Register of Conventional Arms.

(b) REQUIREMENT FOR CONTINUING COMPLIANCE.—Any certification with respect to a foreign government for a fiscal year under subsection (a) shall cease to be effective for that fiscal year if the President certifies to the Congress that such government has not continued to comply with the requirements contained in paragraphs (1) through (4) of such subsection.

(c) EXEMPTIONS.—The prohibition contained in subsection (a) shall not apply with respect to a foreign government for a fiscal year if—

(1)(A) the President submits a request for an exemption to the Congress containing a determination that it is in the national security interest of the United States to provide military assistance and arms transfer to such government; and

(B) the Congress enacts a law approving such exemption request (including a law containing an approval of such a request); or

(2) the President determines that an emergency exists under which it is vital to the interest of the United States to provide military assistance and arms transfer to such government.

(d) NOTIFICATIONS TO CONGRESS.—

(1) IN GENERAL.—The President shall submit to the Congress initial certifications under subsection (a) and requests for exemptions under subsection (c)(1) in conjunction with the submission of the annual request for enactment of authorizations and appropriations for foreign assistance programs for a fiscal year and shall, where appropriate, submit additional or amended certifications and requests for exemptions at any time thereafter in the fiscal year.

(2) DETERMINATION WITH RESPECT TO EMERGENCY SITUATIONS.—The President shall submit to the Congress at the earliest possible date reports containing determinations with respect to emergencies under subsection (c)(2). Each such report shall contain a description of—

(A) the nature of the emergency;

(B) the type of military assistance and arms transfers provided to the foreign government; and

(C) the cost to the United States of such assistance and arms transfers.

SEC. 3178. SENSE OF THE CONGRESS.

It is the sense of the Congress that the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate should hold hearings on—

(1) controversial certifications submitted under section 3177(a)'

(2) all requests for exemptions submitted under section 3177(c)(1); and

(3) all determinations with respect to emergencies under section 3177(c)(2).

SEC. 3179. UNITED STATES MILITARY ASSISTANCE AND ARMS TRANSFERS DEFINED.

For purposes of this chapter, the terms "United States military assistance and arms transfers" and "military assistance and arms transfers" means—

(1) assistance under chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to military assistance), including the transfer of excess defense articles under section 516 of that Act;

(2) assistance under chapter 5 of part II of the Foreign Assistance Act of 1961 (relating to international military education and training); or

(3) the transfer of defense articles, defense services, or design and construction services under the Arms Export Control Act (excluding any transfer or other assistance under section 23 of such Act), including defense articles and defense services licensed or approved for export under section 38 of that Act.

H.R. 1561

OFFERED BY: MR. MICA

AMENDMENT NO. 17: At the end of division A insert the following new title:

TITLE VI—REORGANIZATION OF UNITED STATES EXPORT PROMOTION AND TRADE ACTIVITIES

SEC. 601. PLAN FOR REORGANIZATION OF UNITED STATES EXPORT PROMOTION AND TRADE ACTIVITIES.

(a) FINDINGS.—The Congress makes the following findings:

(1) Supporting American businesses overseas and assisting United States exporters to identify market opportunities is of increasing importance to America's economic health and competitiveness, and to the well-being of American workers.

(2) At least 18 different government-sponsored organizations or agencies spending over $3,300,000,000 exist to provide support to American exporters and international businesses. In the past, poor coordination among these organizations and a lack of accessibility often hindered the effectiveness of the Government's trade promotion activities.

(3) Recent efforts to improve coordination between many of these organizations and to increase their availability to exporters around the country were begun through the Trade Promotion Coordination Council. These efforts appear to have generated some improvement in the Government's trade promotion capabilities.

(4) Broader governmentwide reform efforts and future funding questions currently being addressed in Congress may affect different trade promotion organizations to varying degrees.

(b) REPORT REQUIRED.—In order to fully assess the organizational structure, capability, and spending levels of United States Government trade promotion organizations, the President, not later than March 1, 1996, shall submit to the Committee on International Relations of the House of Representatives, the Committee on Foreign Relations of the Senate, and to other appropriate committees of jurisdiction, a report detailing what steps are being taken to improve accessibility and coordination among all trade promotion organizations and agencies, what additional measures should be taken to further improve the efficiency of and reduce duplication among these organizations and agencies, and any suggested legislative actions that would further improve the Government's export and trade promotion activities.

(c) CONTENT OF REPORT.—The report required by subsection (b) shall—

(1) identify the name, number, function, and budget of all Government organizations or agencies with some responsibility for supporting, advancing, or promoting international trade or United States exports;

(2) assess the amount of exports directly generated by the activities of each organization or agency;

(3) describe the overall impact of the Government's trade and export promotion programs on increasing exports and overseas market share;

(4) identify areas where increased cooperation and interoperability would improve United States export promotion efforts;

(5) identify areas where greater efficiencies can be achieved through the elimination of duplication among the organizations and agencies included in paragraph (1);

(6) identify ways to improve the audit and accountability mechanisms for each organization or agency, with particular emphasis on ensuring independent oversight capabilities for each organization;

(7) assess the trade and export promotion activities of the major trade partners and competitors of the United States, including amounts of tied aid and export subsidization provided by the governments of those grade partners and competitors; and

(8) provide a plan to reorganize the United States trade and export promotion organizations and agencies, with legislative requirements if necessary, in order to more efficiently promote trade, increase organizational assessability, organize bureaucratic effort, and expend public resources in support of American exporters and international business.

H.R. 1561

OFFERED BY: MR. SMITH OF NEW JERSEY

AMENDMENT NO. 18. In section 2104(a)(1)(A) (relating to authorizations of appropriations for migration and refugee assistance) strike "$560,000,000" and insert "$590,000,000".

In section 2104(a)(4) (relating to authorizations of appropriations for the resettlement of Vietnamese, Laotians, and Cambodians) strike "There" and all that follows through "who—" and insert "Of the amounts authorized to be appropriated for fiscal year 1996 under paragraph (1) there are authorized to be appropriated such amounts as are necessary for the admission and resettlement, within numerical limitations provided by law for refugee admissions, of persons who—".

At the end of section 2104 add the following new subsection:

(e) STATUTORY CONSTRUCTION.—Nothing in this section may be construed to require or permit an increase in the number of refugee admissions for fiscal year 1996 from the numerical limitation for refugee admissions for fiscal year 1995.

H.R. 1561

OFFERED BY: MR. SMITH OF NEW JERSEY

AMENDMENT NO. 19: In title XXI (relating to authorization of appropriations for Department of State and certain international affairs functions and activities) insert at the end the following new chapter.

CHAPTER 2—GENERAL LIMITATIONS

SEC. 2121. PROHIBITION ON FUNDING FOR ABORTION.

(a) IN GENERAL.—

(1) Notwithstanding any other provision of law or of this Act, none of the funds authorized to be appropriated by this Act for population assistance activities are authorized to be available for any private, nongovernmental, or multilateral organization that, directly or through a subcontractor or subgrantee, performs abortions in any foreign country, except where the life of the mother would be endangered if the fetus were carried to term or in cases of forcible rape or incest.

(2) Paragraph (1) may not be construed to apply to the treatment of injuries or illnesses caused by legal or illegal abortions or to assistance provided directly to the government of a country.

(b) LIMITATION ON LOBBYING ACTIVITIES.—

(1) Notwithstanding any other provision of law or of this Act, none of the funds authorized to be appropriated by this Act for population assistance activities are authorized to be available for any private, nongovernmental, or multilateral organization that violates the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited,

or that engages in any activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited.

(2) Paragraph (1) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

SEC. 2122. PROHIBITION ON FUNDING FOR COERCIVE POPULATION CONTROL METHODS.

Notwithstanding any other provision of law or of this Act, none of the funds authorized to be appropriated by this Act are authorized to be available for the United Nations Population Fund (UNFPA), unless the President certifies to the appropriate congressional committees that—

(a) the United Nations Population Fund has terminated all activities in the People's Republic of China; or

(b) during the 12 months preceding such certification there have been no abortions as the result of coercion associated with the family planning policies of the national government or other governmental entities within the People's Republic of China. As used in this section the term "coercion" includes physical duress or abuse, destruction or confiscation of property, loss of means of livelihood, or severe psychological pressure.

In section 2102(b)(2)(F), delete subsections (iii), (iv), and (v).

H.R. 1561

OFFERED BY: MR. SOLOMON

AMENDMENT NO. 20. In section 2201, add the following at the end:

USE OF EARNINGS FROM FROZEN ASSETS FOR PROGRAM.—

(1) AMOUNTS TO BE MADE AVAILABLE.—Two percent of the earnings accruing, during periods beginning October 1, 1995, on all assets of foreign countries blocked by the President pursuant to the International Emergency Powers Act (50 U.S.C. 1701 and following) shall be available, subject to appropriations Acts, to carry out section 36 of the State Department Basic Authorities Act, as amended by this section, except that the limitation contained in subsection (d)(2) of such section shall not apply to amounts made available under this paragraph.

(2) CONTROL OF FUNDS BY THE PRESIDENT.—The President shall take possession and exercise full control of so much of the earnings described in paragraph (1) as are made available under such paragraph.

SENATE—*Monday, May 22, 1995*

(Legislative day of Monday, May 15, 1995)

The Senate met at 8:29 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:

Let us pray:

Lord of history, we gain perspective on the perplexities of the present by remembering how Your power has been released in response to prayer in the past. We think of Washington on his knees, of Franklin asking for prayer when the Constitutional Convention was deadlocked, of Lincoln praying for wisdom in the dark night of our Nation's divided soul. Gratefully, also we remember Your answers to prayers seeking Your strength in struggles and Your courage in crises. Most of all, today we remember those times when Your guidance brought consensus out of conflict, and creative decisions out of discord.

In the midst of the continuing discussion and debate over the budget, once again we need Your divine intervention and inspiration. Watch over this Senate during this strategic week. May the Senators be united in seeking Your best for the future of our Nation. Give them strength to communicate their perception of truth with mutual respect and without rancor. We are of one voice in asking for Your blessing on this Senate as it exercises the essence of democracy in this vital debate. You have been our guide over the 206 years of the history of the Senate of the United States, and we trust You to lead us forward today. In Your holy name. Amen.

RESERVATION OF LEADERSHIP TIME

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

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of Senate Concurrent Resolution 13, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

The Senate resumed consideration of the concurrent resolution.

Pending:

Rockefeller amendment No. 1112, to reduce the tax cut and apply the savings to Medicare and Medicaid.

The PRESIDENT pro tempore. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDENT pro tempore. The distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, does the Senator from Wyoming desire to speak on the pending amendment or the resolution?

Mr. THOMAS. Yes, I do wish to speak on the pending amendment.

Mr. DOMENICI. How much time would the Senator like?

Mr. THOMAS. Ten minutes.

Mr. DOMENICI. I yield 10 minutes to the Senator.

The PRESIDENT pro tempore. The Senator from Wyoming.

Mr. THOMAS. Thank you, Mr. President. I appreciate the opportunity to talk some about the budget considerations that we will have this week. We have had a good deal of discussion about it prior to now, both in the discussion of a balanced budget amendment and more specifically on the budget resolution that is before this Congress. We have talked, of course, in great detail and should and will continue to do that.

Mr. President, I think it is also useful perhaps to take a moment during the course of this discussion and go back to the real basic issue, and that is the question of whether or not it is morally and fiscally responsible for this Congress and this country to operate under a balanced budget, whether or not we can continue to go forward with endless budgets that are $200, $250 billion in arrears.

So, Mr. President, I would just like to talk a minute about the basic issue. Americans, it seems to me, quite clearly voted in 1994 for change. They voted for many changes. I think they voted with the notion that this Federal Government is too large and costs too much. I do not think there is any question about that. I think they also voted in terms of change for a balanced budget. We have not had a balanced budget for a whole generation, 25 years at least.

So I think people say, why should the Government not be fiscally responsible as we are expected to be in our families or in our businesses? Americans voted for change in 1994 and they want us to be fiscally responsible. Some say, "Well, the deficit does not matter, it is just a small percentage of the total." It does matter. It does matter to each of us. It matters to us currently. It matters to us in terms of the cost of interest which will soon be the largest single line item in the budget, interest on a budget that will soon be expanded to $5 trillion, and each of us each day must pay the interest on that debt.

It matters because it takes dollars out of the economy to finance this debt, dollars that could otherwise be spent for investments in business and in jobs to strengthen the economy. So it does matter.

It matters to us in that what we do now has great impact on our children and on our grandchildren and who is going to pay the bill. Our credit card is maxed out and we are passing it on to somebody else to pay for the things that we want now. Those are the large questions that are there. We can have a smaller, less expensive Government, and to me that is the most exciting part.

Of course, the dollars are the issue, the budget is the issue, but the exciting part is we have an opportunity for the first time in many years to really take a look at how Government functions, what functions the Government is involved in, how we might better provide those services in a more economic, more efficient way, and I do not think anyone would argue with the fact that most of the services could be delivered more efficiently.

We have an opportunity for the first time in a long time to move Government closer to people, to move it closer to the States where you and I as citizens have more input into the decisions made, where the programs that are designed to be used over the country are applied differently in Cheyenne, WY, or in Greybull, WY, than in Pittsburgh and they should be and we need to have the flexibility to do that.

For the first time, we have a chance to do that. For the first time, frankly, in my memory—I came from the House where one party had been in charge for 40 years and there were not many opportunities to evaluate programs and to change programs. If a program was not working, the solution was to put more money in there, put more money in the program, that will fix it. Of course, it does not fix it. You have to go in and see if there are some other kind of changes. For the first time in a very long time we have an opportunity to do that. That is all part of this budget issue.

So it is time to keep our promises. I am talking about a basic concept, and

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

it is tough. It is tough. No one suggests balancing the budget is an easy matter, no one suggests it is not going to cause pain. No one suggests that all of us are going to have to make some sacrifice or, indeed, some change, and change is not easy. But that is what it is all about.

I hope we do not forget the bottom line, and that is the real goal is to become financially and fiscally responsible, and that is what we are seeking to do. The goal is to change Government so that, indeed, we can continue to carry out those functions that are proper for the Federal Government, but carry them out in a manner that is efficient and effective and, indeed, goes to providing services.

The problem, of course, is runaway spending. Spending is much easier than reducing spending. It is great fun to spend. In our State in the late seventies and early eighties, we had a great economic boon with the oil industry and the mineral industry.

Being in the Wyoming Legislature was great fun. When we had a problem, we just gave them more money, tons of money. That has changed, of course. I went in the legislature in the mid-eighties. It was not nearly as much fun. I was on the Appropriations Committee and instead of saying, "Oh, yes, we can fix your problem, here is more dough, we can do that," we had to say, "I am sorry, we have to set some priorities and we do not have bucks for everything that everybody would like to have." But we did well and continue to do well and continue to have to set those priorities and decide what we think are the most important things that Government should do. I think that is even more important at the Federal level. It is awfully easy to move away from those things that most people would agree are fundamental to the Federal Government and move into things that more properly belong somewhere else.

So the question will be, as we hear it in just a few years, where will we be as we go into the next century, the new millennium? Will we have increasing debt out as far as we can go? Or will we be able to say to ourselves in 5 or 7 years that, yes, it was tough, but we were able to change the course of the Federal Government and the spending patterns to where we are moving or have attained a balanced budget? Will we be able to say we are doing what most people seem to think is reasonable, that is, not to spend more than we take in. You do that on your allowance, with your earnings, and in your family. Of course, there are times you borrow and you repay. Of course, there are times for special things. But, overall, you have to keep your spending where your income is.

If we do not do something, the projected deficits will be in the neighborhood of $275 billion—more than they are now—out as far as we can see. Is that what we want to happen?

By the year 2000, if we do not do something, we will have a $7 trillion debt. So we need to do it. We need to stand up now and we need to say come to the snubbing post and make some decisions. There are always reasons not to act. You have heard over the last few days, and listen to the next 3 days, the litany will be that we are all for a balanced budget. Yes, I want to balance the budget. But we will go through 10 or 12 reasons why you cannot do it this way or that way. The political reason, of course, is to be able to stand up and say that I am for that thing everybody is for—in this case, balancing the budget—but then have a number of reasons to justify voting no. And that is what you will hear all week.

Now is the time to stand up and say, yes, the basic issue is that we have to become fiscally responsible. How do we do it? Sure, there is a legitimate argument as to how you do it, a legitimate set of priorities for argumentation, and I understand that. But the fact is that you have to do it. It is one of those things that is morally and fiscally responsible to do. We are not asking for draconian changes. We are asking that instead of increasing spending at 5.5 percent over time, to increase spending at 3.2 percent over time. Only in Washington would that be considered a cut.

Unfortunately, the Clinton administration and the other side of the aisle do not address the problem. They simply say, yes, we want to balance the budget. We do not like what you are doing, but they do not have a solution. So we need to move forward and commit ourselves to the notion that we can balance the budget—and we can. We can do that over a period of time, and we can do that in 7 years, as proposed—a 7-year glidepath to balancing the budget and fixing things like Medicare.

There is not really a question as to whether we have to do something with Medicare. The point is, you do something or it goes broke. In 2 years, it begins to pull out of reserves, and in 7 years it is broke. The basic question there is, do we want to continue a program like Medicare to have health care for the elderly? Of course, we do. But in order to do that, you have to make some changes. Medicare has grown at a rate of 10 percent a year. We are suggesting that, as in the case of the other medical programs of delivery, we can make it more efficient. This weekend, I met in Cheyenne with the TriCare group. It is health care for active duty military or retired military and their dependents. They are changing TriCare, their program, which includes managed care; they are changing the way they have delivered the system. We have done that in the private sector. For the first time, health care costs have stabilized and in some cases have gone down—everywhere except Medicare and Medicaid. We can do that not by taking away benefits but by changing the delivery system and continuing to grow at 7.1 percent instead of 10 percent. Some will say there is growth in numbers. Keep in mind that this projected spending goes from now $4,600 per capita in Medicare, approximately, to $6,400 per capita. That takes into account the growth. So we are talking about fixing something that each of you wants to continue to go forward with.

So, Mr. President, first of all, I congratulate the chairman of the Budget Committee for his very tough work and leadership in bringing forth a proposal. Is it perfect? Of course not. Does it get us there? Yes. Does it solve the basic issue of balancing the budget? Yes. We have to keep our eye on the ball and say what is most important to us over time, to be fiscally responsible or to argue about the details? We can argue about details but we should not. I hope we are committed to changing the course of this Government, that we are going to make the changes that the voters asked for and bring forward to the Appropriations Committee a balanced budget amendment which will put us on a glidepath in 7 years to financial and fiscal responsibility.

I yield the floor.

Mr. President, I suggest the absence of a quorum, the time to be charged to the Republican side.

The PRESIDING OFFICER (Mr. DOMENICI). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. THOMAS). Without objection, it is so ordered.

Mr. DOMENICI. As manager of the bill and controller of the time, I yield to the Senator from Arizona, who is now on the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, let me speak for a few minutes as well. Mr. President, I noted with interest your comments of just a little while ago using some Wyoming phraseology to explain why we need to get on with this job. I think that is the thinking of most people in this country that kind of wonder why back here in Washington, DC, the people who have the responsibility for managing our financial affairs of the U.S. Government cannot quite see it the way they do, the way they have to manage their lives every day.

During the Easter recess, I traveled all around my State of Arizona, and I talked to people just like the folks you were referring to. They get up early in the morning, get their kids off to school, work hard all day long, come home tired, and they wonder why the Federal Government is asking them to

give more and more of what they have earned to the Federal Government so that people back here in Washington can make decisions about how that money should be spent. They wonder why the Federal Government cannot balance its budget like they have to balance their own families' budgets every day.

They understand that the Government is different than an individual or a family. They understand that there are tough decisions, that from time to time we are asked to spend money on things that have large political constituencies. They understand those things.

However, they have also come to the conclusion that by and large Government is not a really great buy. That all of these years they have been asking Government to do things for them they have, in effect, hired the Government to solve problems, it has not been a very good buy.

We have spent $5 trillion on welfare, and we have more people who are below the poverty line today than we did when the Great Society began, and a host of problems that clearly the welfare system has not solved.

They see a Federal debt that is now approaching numbers that no one can even comprehend—approaching $5 trillion, a number that none of us can really comprehend. They see annual deficits, and they wonder why after the politicians a couple of years ago promised them that we would achieve a balanced budget, at least the budgets would be submitted that would get America on a path to achieving a balanced budget, they see the President's budget this year that does not even try. It just gives up. It says, I understand that the American people want a balanced budget, but President Clinton says I am going to be spending, or recommend that the Congress be spending, about $200 billion each year more than we take in. So at the end of his 5-year budget we have added $1 trillion to the national debt.

They ask why this cannot stop, why the Congress cannot get its act together. In the very last election on November 8, I think they sent a very strong message which has been responded to in both the House and the Senate, at least by the Republicans. In the House, just about 5 days ago, a budget was passed which achieves balance in 7 years, the same amount of time that was called for under the constitutional amendment that failed by only one vote.

It says that by the year 2002 we will have a balanced budget, and at that time we begin actually paying off our national debt. It is too much of a task to be resolved in 1 year. It would be like asking people to pay off their home mortgage in 1 or 2 years. It is too big for that. But over 7 years, we can restrain the growth in spending to such a degree that even though most programs will continue to grow, it will grow at a slower rate, enabling the Government to save enough money, about $1 trillion over that 7 years, that by the end of the 7 years we will be in balance.

What does this mean to the average American? They know instinctively it has to be done. They know what happens when they do not balance their budget. They realize that their standard of living, and more importantly, their children's and grandchildren's standard of living is being threatened as a result of this huge deficit.

One of the problems, of course, caused by the deficit, is that it raises interest rates. By crowding out the market for money, interest rates go up. We have estimates that if we could get the budget balanced it would reduce interest rates by about 2 percent. Think what a reduction of 2-percent interest rates would mean on the average home mortgage or the car purchase, or anything else that we buy on time.

Of course, having a big deficit requires citizens to pay more in taxes. For one thing, we have to pay $200 to $300 billion interest on the Federal debt every year. Until we begin to pay that debt off, we will continue to have the interest expense every year. Not only is that more taxes we have to pay, but it is money that we cannot spend on other things that people would like Government to spend on.

There have been a lot of speeches particularly on the other side of the aisle during the last week that say, look what will happen if we pass this budget. Look what will happen if we balance the budget.

Mr. President, look what will happen if we do not balance the budget. That is the question. It reminds me of the true story one of my colleagues was telling me about. An oil rig was burning in the North Sea. It was 1,200 feet from the rig down to the North Atlantic. It was pitch black, except for the fact there was oil burning on the surface of the water. One of the people who was working on the rig jumped off of that platform, over 1,200 feet into the water. He survived.

A television person interviewing him in the hospital asked him the question, Why, knowing that it was 1,200 feet down, you could not see anything, it was pitch black except for the oil that was burning on the water, why did you jump in the water? And his answer was, of course, because there was so much fire at my back, I knew that if I did not, I would be burned alive.

In other words, the question was not might something bad happen to me if I jump off; the question is, most certainly something bad will happen to me if I do not.

The question is not, will something bad happen if we pass the balanced budget; the question is, what will happen to this country if we do not?

I think almost everyone recognizes that while there may be some concerns about the restraining of the growth in spending if we do pass this balanced budget, that the alternative is far worse, an alternative that relegates our future generation to a lower standard of living than we have been able to enjoy in this country. That is why we have to pass the balanced budget.

Now, Mr. President, one of the concerns that I have had is that we have not gotten a lot of leadership on the other side. There is no alternative budget. We put the President's budget on the floor last Friday, and said what about this? Do any Members think this is a good idea? Nobody did. It failed, 99 to 0. One of the reasons, of course, was that it did not even attempt to restrain spending and achieve a balance. Instead, it has deficits at the rate of about $200 billion each year, for the next 5 years.

Right now, the national debt is approaching $5 trillion. It is $4.8 trillion to be exact. That is about $18,500 for every man, woman, and child in the country. I just had a new grandchildren born about 12 days ago. His share of the national debt, right now, is $18,500. That is unfair to him.

In the last election, people were saying it is important we do something about the debt, because they saw for the first time in history that future generations did not have the same opportunity that we did, that the American spirit of optimism that each succeeding generation would do better than the last was not necessarily going to come true.

When they gave that message, they also gave a mandate to do something about it, to eliminate that $18,500 of debt for every man, woman, and child in the country. That is an average of about $74,000 of debt for the average family of four.

Even if Congress balanced the budget this very moment, the average American family would still be stuck with that bill of $74,000. Of course, that rivals the mortgage on most homes in this country. In order just to pay the interest on that, the average family will have to pay about $5,000 a year annually.

Mr. President, stop and think about that for a moment. What we are saying is, just to pay the interest on the debt, every family has to pay about $5,000 in taxes. This is one of the reasons we have to get the debt down, and why balancing the budget will help the average American people, because every year that that debt remains at the level it is that $5,000 in taxes goes to pay the interest on the debt. It cannot be used for other expenditures and we cannot reduce the tax burden. At least it said we cannot reduce the tax burden, because, obviously, the interest on the debt has to be paid.

Now, this $5,000 in taxes annually is about $430 a month, just in interest

payments. That assumes no other payment. So, that is what the average American family is spending every single month with the debt we have today.

As I said, put this into perspective for every year in which the Federal Government runs these $200 billion deficits. The average young person will pay an additional $5,000 in taxes over his or her lifetime. Right now, a child born this year will pay about $187,000 in taxes because of this debt. That is what my brand-new grandson is relegated to if we cannot get this debt under control.

This $5,000 in taxes, increased taxes for every year that we run these deficits, is not only a fiscal matter, Mr. President, but it is a moral matter. I think we can get bound up in all the numbers but we have to realize what we are doing to future generations. It is immoral to be spending money in our generation and not be willing to pay for it. It is as if we were running up credit card debt, and as we exit the scene we hand that debt to our children and say, "Will you please pay the bill for the excesses during our lifetime."

The $1 trillion in new debt that is proposed by President Clinton's budget over 5 years represents an additional $25,000 in taxes for every family, or I should say for every individual. That is $25,000 for every young man, woman, and child in this country. There is not a whole lot, Mr. President, that we can do worse for the future generations than to continue to run up this debt, because it guarantees a lower standard of living for future generations.

So, as we discuss the plans for achieving balance over the course of the next 5, 6, 7 years we have to examine the arguments pro and con that are being made here. A lot of arguments against this balanced budget from the other side expressed concerns about what will happen if we do not do it. They attack particular parts of the budget. They represent no alternatives.

The amendment that is pending on the floor right now, as a matter of fact, accepts the fact that we are going to achieve balance, and it says with the $170 billion that we are going to save as a result of that because of reduced interest rates, the so-called dividends that will result by doing the job we are supposed to do, the amendment on the other side says we will spend that money. We have a way of spending that money. So not only do many of the Senators on the other side of the aisle here object to balancing the budget by the year 2002 and raise arguments against balancing the budget by the year 2002, but they are very willing to take the savings that result from what we are willing to do by biting the bullet here, and spend that money before it has even been saved.

That is not being very constructive about solving these problems when we know we have a big deficit, we know we have to solve it, the President's budget was defeated by 99 to 0, there is no alternative budget on the other side, all that the Senators on the other side, most of them, have done is to carp about the fact that some segment of our society is not going to get quite as much money as they have been getting over the years if we balance the budget by the year 2002. Notwithstanding the fact that spending is going to go up in most categories, it will simply go up at a lesser rate than it would otherwise, the arguments are that somebody is going to suffer because they will not get quite as much money as they otherwise would have gotten; just negative criticism of what we are trying to achieve.

And, at the same time that negative criticism is coming out with no constructive alternative, the amendment on the floor now says, "By the way, with the money you are going to save by what you are willing to do, we would like to spend $100 billion of that."

That is not very constructive to this debate. So, as I said, during the next 3 days as we debate this and we consider the arguments back and forth, I think the primary thing we have to consider is the future of our grandchildren and our children. That is why it is important for us to accomplish this. It is important because of the savings, it is important because of what we can do with that money today, but more important, what it means to their future, what it means to the future prosperity of this country and the opportunity to create a better living in this country for those future generations.

If we do not accomplish our goal of achieving balance in our budget within the next 7 years, we will not deserve the title of Senator. We will not deserve to be serving in this body because we will have failed in our obligation to those future generations. And that ultimately is why most of us sought election in the first place and are so privileged to serve in this body.

The PRESIDING OFFICER (Mr. LUGAR). The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. Mr. President, my understanding is that by prior unanimous agreement, at 9:15, Democrats were to speak; is that correct? If not—is there no such understanding?

The PRESIDING OFFICER. The Chair states there is no agreement to that effect.

Mr. WELLSTONE. The Senator from Florida wants to speak now and that is absolutely fine with me. I just ask unanimous consent, after the Senator from Florida speaks, that the Senator from Minnesota have up to half an hour to speak.

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

Mr. WELLSTONE. I thank the Chair.

Mr. KYL. Mr. President, at this time, let me yield to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. MACK. Mr. President, during the next several days, as during the past few days, we are going to hear a lot of discussion about the numbers within the budget and a lot of statistics in the debate about economics. But the underlying reality of what we are debating is not really economics, and it really does not directly relate to numbers. What we really are talking about is the future of this great Nation. We are talking about the futures of our children and our grandchildren. We are talking about the futures of our moms and dads and our grandparents. And we are talking about the futures of working men and women in this country.

This comes to my mind, frankly, because over this weekend I had the opportunity to speak both to my mom and dad and to my grandchildren. My dad is 82 years old. My mother is 80. And I had the opportunity, believe it or not, to speak to the youngest of my grandchildren, who is 2 years old.

I thought about this earlier this morning. Some things never change. Because my little grandson said to me as we were chatting on the phone, "I am going to go watch baseball." You can imagine that out of a little 2-year-old, he said—"I am going to go watch baseball."

Talking with my mom and dad and to my daughter and my grandchildren over the weekend made me realize that what we are focusing on is the future of our Nation and the people of this great country of ours. My dad still volunteers over at one of the hospitals in my community—if you can imagine that—at the age of 82. He helps lift people out of their hospital beds, and puts them on a stretcher to take them down to the X ray or to the operating room. People from all over my hometown come up to me and tell me that my dad helped them when they were over at the hospital. The interesting thing is my dad just got out of the hospital a few weeks ago. My mother just returned from some 3, 3½ weeks in a nursing home.

In a sense, they represent the elderly of our Nation and their reliance on health care. Virtually every family in America experiences the same kind of thing I am talking about—the need of our elderly to look to health care. And the question we must consider is what their future going to be like if we do not address the question of Medicare.

The trustees of the Medicare trust fund have said now for 2 years in a row that Medicare is going to be bankrupt in the year 2001 or the year 2002, depending on what set of economic assumptions one uses. How will other folks' moms and dads and grandparents be able to rely on Medicare if we do not act? Frankly, this is not a Republican problem. This is a problem for the entire Nation. This is one where the

President of the United States should be taking the lead. There should be a bipartisan plan.

Frankly, when you look at the trustees' report and you see the hesitancy on the part of our colleagues on the other side of the aisle, and the President, to lead, we do not have any choice than to take the lead ourselves. We must act because 6 or 7 years from now there will not be a Medicare fund capable of paying the beneficiaries. We cannot allow that to happen. So I am proud to be part of this effort to solve the overall budget crisis and to address the question of Medicare, because we have to preserve Medicare for others in the future.

As I said, this is an American problem. It is one to which there ought to be a bipartisan response. Let me share some of the numbers which suggest the extent of the problem. Some of the reports indicate that the average retired couple today will receive back in benefits from the Medicare health system $126,700 more than they pay in. Common sense suggests this cannot continue. Common sense suggests that as long as you do have a system like that, it makes sense that it could go bankrupt. And that is exactly what the trustees have said.

Our response has been to recognize that we need to slow down the rate of growth in the Medicare system. It is growing now at over 10 percent per year. We are suggesting its growth should be slowed to 7.2 percent. What does this mean to the average beneficiary? Today, that average beneficiary is receiving about $4,800 per year from Medicaid. Under the proposal, it would go up to somewhere in the neighborhood of $6,800 to $7,000 per year. Certainly, we ought to be able to put together a Medicare system that can operate with those kinds of numbers. And that growth, by the way, is still 1½ times faster than the private sector. Certainly we can find a way to accomplish this task. And in the end what will we have done? We will have improved, protected, and preserved the Medicare system.

I think frankly the people in the country want this to happen. I would much rather this be a bipartisan effort. But, frankly, we cannot wait for the other side, if they are not going to be involved in solving the problem with respect to Medicare.

I mentioned earlier about trying to put this discussion within the framework of real people, and I know we have heard a lot from our colleagues on the other side of the aisle about the tragedy that will occur if some proposal like this budget resolution is put together. As a matter of fact, I heard over the weekend that Laura Tyson, Chairman of the Council of Economic Advisers to the President, said, if this balanced budget plan were to go into effect, that it would create a larger divide between those who have and those who do not have. She states that cutting down on education we will deprive the next generation of education benefits which will widen the gap.

Mr. President, I think most people in this country clearly understand that education is the responsibility of the local communities. In fact, most could make the claim that the larger the Government role in education, the worst off the education system in this country has gotten. And, our children are not receiving the kind of education that is necessary to enhance their ability to be able to compete in the 21st century.

I think that this comment by the Chairman is incredibly misleading, and I think it is important that we focus on what the benefits really are.

Let me talk for a moment about the kinds of people for whom this budget was drafted. I am thinking about the couple that gets up at 4:30 in the morning to begin their commute to work, whether that be by train or by car. Both work all day long, and by the time they get back home at night in the dark they are exhausted. And they do that 5 days a week, some 6. What about them? How much more are we going to ask them to provide to Washington to fund a set of programs that frankly they feel, and I feel, have failed us?

If one could make the argument that all of these programs have worked and have improved the lives of so many people, that would be a different story. But what do we see? We see the number of people who are relying on these programs is growing year after year, which is an indication, frankly, that we have failed to provide them opportunities. What we have done is to develop a trapdoor of dependency, and that needs to change. We ought to start thinking about those families whose moms and dads are working all day long struggling to take care of themselves and their children, to provide for their future. It is these families, frankly, who are getting tired of seeing more and more of their income taxed away by a Federal Government that continues programs that have proven to be a failure.

I also think about the young family, married couple with a young child, the husband has two jobs, works all week long at those two jobs, comes home for the weekend, and takes care of the child while the wife and mother goes to her job over the weekend. What about their future? What about developing a society and economy that provides them a future, one filled with opportunity and hope? Nobody seems to talk about those. All we hear about is the harm that may be caused by proposals that are put forward.

I ask my colleagues to think about those hard-working men and women who have been taxed year after year after year. Those are the kind of people on whom I think we ought to keep focused; or the family whose husband has to be away from home 3 or 4 or maybe 5 days a week traveling around his sales territory while his wife is at home. Many such wives having to manage a job and having to raise the children as well.

So, again, Mr. President, I say there is a debate which is much more about people and their futures as opposed to just hard statistics and cold numbers.

But we do have to talk about numbers. I would like to relate a story about the first budget hearing that I attended as a Member of the Congress. It occurred back in February 1982 during the Reagan administration. Stockman, Regan, and Feldstein, Director of OMB, Secretary of the Treasury, and Chairman of the Council of Economic Advisers all came to the Congress in February 1983 and told the Congress that if we did not change the spending patterns of this Nation that we would see deficits out into future as far as one can see—$200 billion plus.

Frankly, Mr. President, this Congress, controlled by the other party, that entire time did nothing to address their spending habits. Their response to a continuing deficit over and over and over again was to say to those families that I have just spoken about that you just are going to have to give up a little bit more of those hard-earned dollars for which you have been working. Well, frankly, in November of this past year the people of this country said enough is enough. And they supported the ideas of less taxing, less spending, less Government, and more freedom. That is what this debate is about as well.

Again, for the last 12 years, after being told we were going to see deficits of $200 billion plus out into the future, nothing was done by the Congress of the United States.

So what did we get from the President of the United States for his budget proposal? We got a budget that was referred to by a member of the administration at the time as a source of shame. Frankly, he was right. It is a source of shame. And I suspect that is why our colleagues on other side of the aisle—every single one of them—ran from it, would not vote, not one as far as I can recall, not one voted for the President's budget proposal.

That is an abdication of leadership. I would say that our colleagues find themselves, frankly, in somewhat of an embarrassing position. I mean, after all, they told us during the debate for the balanced budget amendment they were for a balanced budget. Many said that they really believed that we ought to get to a balanced budget just not with a constitutional amendment.

I think that the President's actual words were something like "We don't need the balanced budget amendment,

all we need is will." We are still waiting to see that will.

We know that they are opposed to our plan. We now know that they are opposed to the plan put forward by the President. But we see no plan at all from the other side; no plan at all when we are talking about the future of this Nation and the future of our children and our grandchildren. I can understand why they did not support the President's plan because, frankly, in today's environment, today's debate, it was not serious. It simply was not serious. In fact, it did not even stand up to the objectives that were established by the administration itself.

The one economic argument that Laura Tyson placed on why that was a good proposal was that, over a period of 5 years, it was showing a reduction in the deficit as a percentage of GDP. And after all, that was a worthwhile economic goal, and, frankly, a number of economists around the country support the concept that a reduction of the deficit as a percentage of GDP is a good goal. But guess what happened?

As a little interesting side comment here, I remember in the State of the Union Message a couple of years ago the President of the United States saying to us we are not going to use OMB to establish our budget numbers, the economic data. We are going to use the CBO, the Congressional Budget Office. We do not want anyone to say we are recalculating our way out of this deficit.

So we started out in 1993 and 1994 using the Congressional Budget Office. But now that we have entered into this debate about this budget, the President has moved back to the Office of Management and Budget, to use the numbers from the OMB. And when the CBO recalculated the President's budget, guess what happens? It is not a national $200 billion deficit for the next 5 years. It grows from $177, or $176 billion, to something like $276 billion.

In other words, it is a growing deficit, not a deficit that is staying still or declining. It is a growing deficit. And by their one measure, that is, as a percentage of GDP, the Congressional Budget Office says it goes from 2.5 percent of GDP up to 3.1 percent. So by their own measure, their own budget does not meet that target.

And so I think it is very unfortunate that we find ourselves in a situation where a budget has been proposed by Republicans without the help or support of our colleagues from the other side of the aisle. Frankly, I think that this budget is based on courage, commitment, and conviction and I am proud to be a part of that effort, to get us to a zero deficit in the year 2002. And again I think it is unfortunate that an alternative approach has not even been offered by our colleagues on the other side of the aisle.

We ought to ask ourselves the question, what happens if we do not act? I remember I made some comments during the balanced budget amendment debate a few months ago about the potential consequences for not acting. I have often thought it was quite interesting, as I listened to my constituents in the State of Florida and my colleagues here in the Congress, that there is an attitude which honestly believes the United States is so powerful and we are so right we would never have to pay the consequences associated with bad economic policy.

If you recall, the debate on the balanced budget amendment was taking place about the time that Mexico was going through some very difficult times. There was this feeling that somehow or another the United States would never have to pay for the consequences of bad economic policy, and I think that is fundamentally wrong. I would encourage people to take a look at what happened to the value of the U.S. dollar when this body defeated the balanced budget amendment.

I would also say take a look at what has happened to the U.S. dollar since this administration has come into power: a whole series of misdirected economic policies—higher tax rates, more regulation, more Federal spending, no constraint. People around the world have lost faith in U.S. currency.

Now, some people say, why should I worry about the value of the dollar? If I go to a local store, does that dollar not buy me the same thing? The drop in the value of the dollar, if it affects me in my purchasing power, does it not affect the value of the product as well? I do not see anything that has happened to me as a result of it.

Think of the currency of our country as being the common stock of our country, and what has happened in the last 2 years is we have lost one-third of the value of our common stock of this country because of failed economic policy.

There is an opportunity here to change that devaluation of our currency. Just to give you again an idea of what the consequences are for not acting, when interest rates, for example, go up by half a percent with the FHA fixed-rate mortgages, applications drop 27 percent. A half a point change, a 27-percent decline in the applications for FHA mortgages. In the conventional mortgage, we saw that where interest rates moved up 1.5 percent, somewhere around 200,000 to 300,000 people no longer could afford to buy a home.

Job creation: The rate of growth in job creation in this recent recovery is roughly half of what it has been in previous recoveries, and statistical data indicates to us that probably for the fourth year in a row we are going to see a decline in real median income earnings of America's families. And that will just continue to get worse, not better, if we do nothing. It appears this is what is being proposed by our colleagues on the other side of the aisle, or would result if we were to follow the plan that has been put forward by the President.

Now, we have some conflicting feelings with respect to what will happen economically. Again Laura Tyson tells us that it would be a tragedy to balance the budget. But Chairman Greenspan has said—and he has said this many times in the past—he never really has to worry about the Congress coming up with too much in the area of spending cuts. Chairman Greenspan has, in fact, embraced what we are doing. If I have to make my choice about which one of those economists to focus on and pay attention to, I think it is pretty obvious it would be Chairman Greenspan over Laura Tyson.

So again, the consequences are dramatic. We have an opportunity here to do something to change the direction of this Nation. We have an opportunity to provide for more jobs, more business formation, and greater opportunity for our children and our grandchildren if we pass this budget proposal. I would ask my colleagues to cast a vote in favor of this budget resolution.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I was going to ask my colleague from Florida to yield while he was speaking, but I did not want to break into the flow of what he had to say, so some of what I say in my remarks will be a response to my colleague from Florida. I do not know whether he will be able to stay or not, but I wish to let him know.

Mr. President, sometimes we do not know what we do not want to know. And as I was listening to my good friend from Florida speak, it occurred to me that that was an example of not knowing what he did not want to know.

There actually is a proposal out on the floor right now, and I will talk more in this overall debate about deficit reduction as I go forward with my remarks today, and that particular proposal is a Democratic amendment to restore some of the funding to Medicare and Medicaid using money that is currently slated to pay for tax cuts for, in the main, wealthy and high-income people. That is the proposal. We are not quite clear how much on the Senate side yet, but on the House side it is about $350 billion.

(Mr. MACK assumed the chair.)

Mr. WELLSTONE. So there is a proposal in the Chamber right now. And I would say to the Presiding Officer, as I was saying earlier before he was presiding, I did not want to break up the free flow of his remarks, and I was hoping he would respond while he was in the Chamber. But he is in the chair, and I will be kinder because he will not be in

a position to debate me. I do not want to go after my good friend since he has no chance to respond.

There is a proposal and there will be a number of alternative proposals over the next few days to this budget resolution. The Democratic amendment is to restore funding to the Medicare and Medicaid Programs using the money currently slated to pay for tax cuts for, in the main, wealthy, high-income citizens. It is that simple.

Mr. President, as I was listening to my colleague, the Presiding Officer, I thought to myself how ironic that those who fiercely blocked health care reform and took cost containment off the table in the 103d Congress now are willing to slash Medicare and Medicaid to pay for tax cuts for the wealthy and to balance the budget on the backs of elderly, low income, and, I would argue, students. And later on in this budget debate we will be talking about the very working families about which my colleague spoke.

Mind you, in this proposal there is no focus on all of the subsidies, tax breaks, loopholes, and deductions that go to some of the largest corporations of America. There is a commitment to several hundred billions of dollars of tax cuts for the wealthy. Some of the largest Pentagon contractors are not asked to tighten their belts. But when my colleague talks about the future of our children, let me just tell you that slashing some of the nutrition programs or saying to students you will not get an exemption on the interest that you pay on your loans while you are in school—though, by the way, many of us did—does not strike me as being a very wise investment in the future of our country.

(Mr. LUGAR assumed the chair.)

Mr. WELLSTONE. Mr. President, as long as medical inflation increases at a faster pace than general inflation, health care costs are going to continue to be the challenge for us, continue to be the Pac Man of both household budgets and the Government's budgets. That was precisely the problem we were trying to address last year.

And that is the flaw in my colleague's analysis—I am sorry he is not on the floor now to respond to this—that the President had no proposal, the Democrats had no proposal.

Mr. President, we have yet to hear exactly how the Medicare Program is going to be restructured to generate more than $250 billion in savings over the next 7 years. Actually, we have not heard anything in specifics. And the reason we have not heard anything in specifics is that there is no way to make these current cuts, massive cuts, easily and quickly without causing the current system to unravel. The public knows it, businesses know it, and the providers of our care know it, as do many elderly and other recipients.

Similarly, we have yet to hear whether or not the formula for Medicaid funding will adjust for population growth or how it is going to be divided among the States.

Two-thirds of Medicaid expenditures pay for long-term costs for the elderly and the disabled—two-thirds. So what we do know is that these cuts will be most devastating for the frailest of our citizens.

Mr. President, again my colleague says there is no proposal on the floor. Sure, there is a proposal on the floor. We have an amendment that says do not go forward with massive tax cuts flowing disproportionately to the wealthiest, highest income citizens of America. Instead, take that money and use that money to make sure that we continue to provide adequate funding for Medicare and for long-term costs through Medicaid. That is the tradeoff.

I have been a little bit dismayed about the debate, because I do not think we need to get into sound bites. I think we can get into sound policy analysis. Let me talk a little bit about some of the numbers that have been put out here on the floor, and I will be as rigorous as possible in my analysis.

When we hear about "No, no, no, we are not cutting; we are going to limit it to 5 percent of overall growth," what is misleading when we are talking about this, when we are talking about Medicare and Medicaid, since most of those Medicaid expenses go to nursing home expenses for the frailest and poorest of our elderly citizens, is that these projections that we are hearing on the floor do not take into account population growth.

In case anybody has not noticed the demography of our country, more and more people, citizens in the United States of America, are 65 years of age and over. And more and more of our elderly are 85 years of age. That is why the costs continue to go up. There are more and more people that are elderly.

My colleague said these programs have been a failure because more and more people are dependent on them. Of course, more and more people are dependent on Medicare and, for that matter, Medicaid expenses for nursing home expenses, because the program has been a victim of its own success. More and more are dependent because more and more people, thank God, live to be 65 years of age and over and our policy goal is not to make sure that fewer people live to be 65 years of age or older. I mean, it is sort of a preposterous argument. By definition, more people are eligible for Medicare because we have a larger percentage of our population that are elderly, and that is what I think we desire.

That has been one of the real pluses of having the Medicare Program, that we have been able to provide health care assistance to elderly people, whereas before 1965—please remember, Mr. President, this is not a price on each senior's head. This is not some sort of check we give people and say, "Go out wherever you want and purchase care."

We know all the problems the elderly people have with preexisting conditions. We know what happened prior to 1965; when people were retired, they did not have health care coverage.

This is a benefits program. This is an insurance program. Why not ask the Medicare recipients and ask their children and ask their grandchildren. It has made the United States of America a better country.

So, Mr. President, let us just look at the demography and the figures.

On Medicare, the current system—and I am talking about per person growth rates, CBO figures—the current system, with the private health insurance coverage, is going up 7.2 percent per person and Medicare 8.3 percent per person. These are budget proposals, Republican proposals, between now and 2002. I do no damage to the truth. I am willing to debate anybody on the floor on these figures. With the Republican proposal, the private will go up 7.2 percent and Medicare will go up 5.8 percent per person.

That is what you have to look at. That is what you have to look at.

By the way, there is an interesting point to be made. Since we are covered under the private health insurance plan, that means that we make allowances to make sure that our per person expenditure for each Senator goes up 7.2 percent but, for those people over 65, it is 5.8 percent. I may have an amendment to address that inequity later on in this debate.

But with Medicaid—I said this to my colleague from New Mexico last week, and I am still waiting for a response—these figures about, "Oh, no; it is going up 5 percent," I say to my colleague from North Dakota, these figures are a bit misleading because these figures do not take into account the number of individuals, as you just look at the demography, who will be eligible.

More and more a percentage of our population are aged. I do not know why colleagues are surprised about this.

Now with Medicaid, we are looking at Medicaid, and now unfortunately we see not only this related to an explosion of people that are over 65 years of age, but also the poor and the children. What we have here, although, again, two-thirds of Medicaid expenses are for nursing homes, the current system, private per-person coverage 7.2 percent, been going up; Medicaid, 7 percent.

Now, again, using the CBO baseline Health Care Financing Administration projections with the Republican proposals, private goes up 7.2 percent, Mr. President, and 1.4 percent—1.4 percent—per person under Medicaid.

Mr. President, I would just like to ask this question: What does that translate into in human terms? If you are going to limit between now and

2002 the increase of Medicaid reimbursement to a 1.4-percent increase per person, what is going to be that impact on those elderly citizens who receive Medicaid assistance for catastrophic care? And what will be that impact on those people who struggle with disability?

Mr. President, my colleague from Florida spoke about some of his meetings back home. On Friday night, Jill and I went to a ball that was a wonderful celebration with the developmental disabilities community. I met a man—I can barely read the type—Robert Gregory. He cannot speak but, through new technology, he was able to type this out for me. And what he wrote out for me was this: "Please, will you tell the Republicans, don't set the disabled back 18 years. We are happy at how far we have come."

Now, the Chair cannot respond, and I know that he would respond because I know he has a real commitment to the community, but I have to say—and I am waiting for someone to respond in debate, and I will be back later on today—if you are going to limit per person, that is the only way you can be rigorous in these figures; do not give me all these aggregate figures. They do not take into account the dramatic increase in the number of citizens that will be 65 years of age and over.

If you are going to limit it on Medicaid—which is frail, low-income elderly nursing home expenses, in the main, and also key to men and women and children with developmental disabilities—to 1.4 percent, and you are not doing a darn thing to control medical inflation systemwide, what happens to these people? That is my question. And so far in the debate, the silence has been deafening. What happens to these people?

Now, are fewer of them going to be, let us take, first of all, the disabilities community. Are fewer people going to be eligible? Less reimbursement for personal attendance? Where are you going to make the cuts? How are you going to do it?

I say to my colleague, somebody, somewhere, sometime, someplace, tell me. Come out here on the floor and tell me in debate how you intend to make these kind of cuts and limit per person expenditure to 1.4 percent a year without devastating consequences for some of the most vulnerable citizens in the United States of America and I will vote with you. You just come out here, be rigorous, and present the evidence.

Mr. President, there are no specifics about $250 billion in restructuring Medicare because it cannot be done. Well, I mean you could do it in a couple of different ways. You can, of course, provide less reimbursement for the providers, but right now the reimbursement is, roughly speaking, 58 percent of what is in the private insurance reimbursement.

Mr. President, I ask unanimous consent to have a number of statements from a number of different citizens and caregivers in rural Minnesota printed in the RECORD.

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

A couple from Detroit Lakes, Minnesota write: DEAR SENATOR WELLSTONE: My husband and I are concerned about Medicare cuts! When we reached 65 we were advised to sign up for Medicare—so we did, also taking out Medigap insurance. We pay over $3,000 for Medigap insurance plus the Medicare that is withheld from our social security * * *. Medicare is a great help to decent tax-paying people* * *. The GOP have a contract for the American people—we feel that social security and Medicare is also a contract with the American people.

A woman from Coon Rapids writes: We paid into both Social Security and Medicare all the working years of our life. Reducing the deficit must be done in a fair and balanced way* * *. They did not ask our wealthiest citizens and corporations to share the burden by giving up their tax loopholes.

And finally, a woman from Watertown, MN: I am writing to you about the proposal to cut Social Security and Medicare. I hope you will say "no" to these unfair and irresponsible cuts. I am 86 years old. My husband and I worked hard all our lives. He died eight years ago after being in a nursing home for 5 years. That took all of our savings. I receive $489 a month from Social Security and think I have saved enough for my funeral. We never wanted to be a burden to our children or anyone else. I recently had to go on medical assistance. I have enjoyed good health and am a foster grandparent to a child care center 3 mornings a week. We never missed voting and really worked hard for conservation and the betterment of our country. I hope this has not inconvenienced your time. Perhaps you never did find time to read it, but I surely hope you will vote "no" on that proposal.

Mr. WELLSTONE. Mr. President, I will just tell you something right now, if you are going to cut down on reimbursements, which, of course, you will have to do with Medicare, let us get real and honest about it, two things will happen. Either, I say to my colleague from North Dakota, the providers will be in a position to just simply transfer the cost, shift the cost, in which case—the Presiding Officer knows health care policy well—in which case then what happens is private health insurance premiums go up and then what happens is businesses either no longer can afford to cover employees or the premiums of everybody go up, and then what happens is we get into what is called a death spiral, which means premiums go up and yet fewer people are covered.

Every year, 1 million people less in the United States of America are covered by employment-based insurance. That is what you are going to set off. Get real. Let us debate health care policy. Our legislative proposals have consequences in people's lives. Do not give me these aggregate budgets unless you can explain to me what you, in fact, intend to do. For any colleague to come out on the floor and say the President has no proposal, the President has no alternatives, Democrats do not have any alternatives, welcome to health care reform. The reality of it is staring you in the face. We need to do systemwide cost containment, and let us do that, but for God's sake, let us not target the elderly, the poor, and the disabled.

Now, Mr. President, if the providers cannot shift the cost, which will be the case all too often in rural America, in greater Minnesota and in North Dakota, then many of them will go out of business. It is that simple. Do not take my word for it. Just ask the caregivers—nurses, doctors, you name it—all across rural America what the consequences of these cuts will be. Or you can just simply raise the cost of this for seniors. But please remember—I do not have the figures right in front of me—but please remember, I say to my colleagues, that right now elderly people 65 years and older are paying four times out of pocket already than citizens under 65 years of age. And please remember, I say to my colleagues, that about 85 percent of Medicare expenses go to households with incomes of under $25,000 a year.

So do not have the illusion that these benefits are going to people who have a lot of income. Please remember, I say to my colleagues, that the median income for a male 65 years of age and over is about $15,000 and the median income for a woman is about $8,500. So do not have any illusions that you can put this cost back on many of the senior citizens within this country.

Again, the real question on the Medicaid front is here we have a situation in our country where every year 1 million less citizens have employment-based coverage, and the only reason we have been able to do better on some of the statistics on infant mortality, the only reason we have been able to cover some of our citizens, many of whom are working poor who do not receive that coverage, is through the expansion of Medicaid, much less the ways in which we cover the way people who are elderly and ultimately wind up in nursing homes. If you want to get serious about the cost, do something about home-based care. Let us get back to health care policy. Now we are going to cut this 1.4-percent per person?

Mr. President, Minnesota is in a particularly precarious position when it comes to Medicare and Medicaid cuts or, what my colleagues like to call, capping the rate of growth of the programs.

HMO's that enroll Medicare beneficiaries in Kings County, NY, get $646 per month per enrollee, whereas HMO's in Hennepin County, MN, get $362 per month per enrollee. We have already kept our costs down. We do not get the high payments that other States get.

So a slash-and-burn approach for States like Minnesota that have done an admirable job of already keeping costs down ends up punishing us. We do not have any fat in our system. We are already penalized by the current reimbursement system. And now for recipients, they will be facing about $3,200 more in copayments and deductibles and premiums over 7 years; about $1,028 more in 2002.

By the way, I am assuming that in order to make up these cuts, there will be a 50–50 split between what older people will have to pay out of pocket and further cuts in reimbursement for the caregivers. Mr. President, after all we have heard on Capitol Hill lately about Medicare costs, it would be very easy to forget what the Medicare Program is all about. It is a health insurance program established in 1965 to provide benefits to those who need them the most. It is not a right to a certain dollar amount. It is not just a price tag on the head of every senior, and it is not a check to go shopping.

This Medicare Program provides the foundation of our health care system, especially in rural areas, and it provides support and protects those populations that would have the most trouble purchasing coverage in the private insurance market. Mr. President, I smile when I hear some of the proposals about vouchers and then go out and purchase health insurance. We have preexisting conditions. It has gotten to the point where you have to prove to the private health insurance companies in this country you will never use it in order to obtain it. And my colleagues think that elderly people who are sick, struggling with different illnesses, are going to go out with vouchers and purchase health insurance from these companies? Welcome to health care policy. Let us get substantive.

When Medicare was enacted 30 years ago, most elderly citizens were uninsured. They lost their health insurance coverage when they retired, and currently even with Medicare coverage, as I said before, seniors spend about four times as much out of pocket as individuals under 65. As I said before, 85 percent of Medicare expenditures pay for care for seniors with household incomes of less than $25,000.

Mr. President, I just simply do not understand how my colleagues intend to restructure to the tune of $250 billion on the Medicare and $150 billion, or whatever, on Medicaid without doing serious harm to many citizens in the State of Minnesota and all across this land.

So then the question, and it is a fair question to ask, is why is Medicare so costly? And the simple answer—as a matter of fact, this answer is so simple that the evidence is irrefutable and irreducible, and I would be pleased to debate any colleague on this proposition—the simple answer is that Medicare is costly because it covers very sick people and because health care costs for all Americans, whether privately insured or covered by Medicare or Medicaid, have risen rapidly over the last two decades. And increasing enrollment—I cannot say this too many times, because sometimes we do not know what we do not want to know. My colleagues on the other side of the aisle turn their gaze away from this truth. Increasing enrollment, especially for the over-age 85 population, and the renal-diseased beneficiaries, and increasing medical inflation account for the bulk of the Medicare's Program's increasing costs. It is simple—kidney transplants, dialysis, people living to be 85 years of age—people need more assistance. What is the policy proposal? To have fewer people living to be 85? Of course not. Nobody proposes that.

So, Mr. President, since Medicare is a victim of its own success and we cannot do anything about more and more people living longer lives, all of which I think we are grateful for—and we hope it for ourselves and for our parents and grandparents and other citizens—then what we ought to do is focus on medical inflation, systemwide.

Medicaid provides a safety net for pregnant women, children, as well as critical long-term services for the elderly. Already, as I pointed out, it is projected per person to grow at a slower rate than the private sector. What are we going to do about these citizens, Mr. President? You know, they do not have as powerful a constituency. But what do we intend to do? Women who are expecting children, and children, and elderly, who, by definition, have to go to the poor house, figuratively, to become eligible for Medicaid assistance, to receive nursing home coverage, and we are going to make draconian cuts in per-person expenditures—draconian.

I challenge any of my colleagues on this proposition. What is going to happen to those citizens? Is North Dakota going to pick up the cost? Is Minnesota? It is a shell game. We are not going to walk away from them. So nobody should have any illusion. I hear my colleagues say how we are going to reduce expenditures and let us get fiscally responsible. Yes, let us control costs systemwide. This simply shifts the costs. In this particular case, it is back to the States and local communities.

Mr. President, I am waiting for a discussion about health care policy. I will make two proposals. Colleagues do not have to accept them, but both are important. One proposal in the last Congress was that if you put some limit on insurance company premiums, as you remember the Congressional Budget Office said, by the year 2002, I say to my colleague from North Dakota, we would have saved $100 billion, in 1 year alone. That is systemwide. Maybe it is too controversial for colleagues. Sure, insurance companies are very powerful. Maybe that is not the proposal. But you have to contain the cost systemwide. You cannot just pick out one segment of the population. You target them, you hurt them, you shift costs, you do irreparable damage to some of the underserved communities, including rural America; you do not provide the assistance that we now provide for teaching hospitals; you do not provide the necessary assistance for the disproportionate share of payments for those hospitals who treat the poor citizens in this country. It does not work at all. You just shift costs. Someone pays for it. You make it a shell game if you do not do it systemwide. So let us get real and do it systemwide.

That is how you really begin to get some handle on the Medicare and Medicaid costs. If you do not do that, you scapegoat all too many citizens in this country.

Mr. President, the other thing that you can do, if you are serious about substantive policy—not just slash-and-burn, not just cut, cut, cut—invest in home-based care. For God's sake, why should elderly people not—I had a mother and father with Parkinson's disease. We lived this. Why should elderly people or people with disabilities not be able to live at home in as near as normal circumstances as possible, with dignity? Last Congress, we were debating health care policy. We wanted to expand home-based care. We wanted to control costs systemwide. We wanted to have more of a focus on primary care, preventive care out in the communities. But this Congress it is slash and burn.

Where is the voice of my colleagues who, when we talked about cost containment systemwide last Congress, we talked about rationing and limiting choice, and now they want to ration and limit choice among elderly, low-income, disabled people, and there is not a word? Their silence is deafening. Why are you not out on the floor talking about rationing and limiting choice now? We have an alternative. Our alternative is—there is no credibility to broad-based tax cuts going in the main to the wealthiest citizens of the United States of America while you proceed with a slash and burn approach toward the Medicare and Medicaid programs. Believe me you, we will have alternatives dealing with loopholes and deductions in corporate welfare. We will have a whole lot of other alternatives on the floor.

Mr. President—and I will conclude—again, my colleague from Florida is not on the floor right now, but the debate is not about deficit reduction—going toward deficit reduction. The debate is about where is the standard of fairness. The debate is about responsible economic policy. Some colleagues think

2002 is the date. I have always felt that was a political date, not a realistic date.

As a matter of fact, Mr. President, I heard so many of my colleagues in the course of this debate over the last several months say, "We will balance the budget by 2002. We will have broad-based tax cuts, and we will increase the Pentagon budget." Some of it is on record. I heard colleagues say that, "We will not make any cuts in Medicare. Do not worry, veterans, do not worry students, we will pay the interest on the debt and we will do all of it." Well, Mr. President, I do not think it turned out to be credible. So we are not arguing about deficit reduction, but what we are arguing about is where is the standard of fairness. Mr. President, there is no standard of fairness to the tax cuts for the wealthy and these kinds of cuts in Medicare and Medicaid.

Mr. President, I will conclude by saying we have 2 days of debate on the budget. I think we finish up Wednesday night. But as far as I am concerned, this debate just begins. My good friend from Florida said that people in the last election voted for change. They did. But it begged the question, what kind of change? Did people vote for this kind of slash-and-burn approach, not based on substantive, I think, policy analysis about what we need to do in health care reform in the Medicare and Medicaid area? Did people vote for these kinds of cuts? We will have a debate about the role of Government. And I will conclude with the remarks made by a great Senator from Minnesota, Hubert Humphrey. I have said it before on the floor of the Senate. I think I am going to say it over and over and over again. Senator Humphrey said: "The test of a society is the way in which we treat people, dawn of life children"—I will have an amendment about children—"the way we treat people in the twilight of their lives, the elderly, and the way we treat people in the shadow of their lives, struggling with a disability, people struggling with an illness and people who are needy or people who are low-income."

By that standard, I think this budget proposal falls way short of the mark, and we can do better.

I yield the floor.

Mr. DOMENICI. Mr. President, we will be going into this kind of speaker rotation, their side and ours. Senator COHEN will speak for 15 minutes, and I understand Senator DORGAN seeks to speak after that.

If we establish it now, Senator COHEN will be followed by Senator DORGAN, who will have 30 minutes, and of course if he needs more, his side can yield it to him, and we will find a Senator who desires to speak immediately after Senator DORGAN. We will continue down that line.

I will leave Senator COHEN in charge of the floor for the next 15 or 20 minutes and follow along the lines just agreed to here.

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

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

Mr. DOMENICI. I yield 15 minutes to the distinguished Senator from Maine, Senator COHEN.

Mr. COHEN. Mr. President, I thank Senator DOMENICI for yielding me these 15 minutes.

Mr. President, last week I had occasion to listen to the Senator from Nebraska, Senator ROBERT KERREY. I thought he made a very passionate and thought-provoking presentation.

He called for the return of some sense of civility during the course of the debate on this budget issue. Frankly, I find myself in great empathy with what Senator KERREY had to recommend. I think things have gotten out of control. Certainly they have around the country, in terms of the rhetoric we are hurling at one another, back and forth, not only across political aisles, but indeed, between regions and interest groups.

I took Senator KERREY's call for return to civility and responsible discourse to heart. I think he is quite on the mark. I think we would all do well to follow his example.

In that light, I would like to commend Senator DOMENICI from New Mexico. Frankly, Mr. President, I do not know a more decent human being, certainly in the Senate and maybe this country, than PETE DOMENICI.

I have heard charges leveled against him that as chairman of the Budget Committee he wants to wreak havoc against the elderly, he wants to plunder their savings, he wants to deprive them of hospital and medical attention.

I doubt very much whether many people in this Chamber, or indeed the other Chamber as well, could claim the kind of support that he has enjoyed over the years from our senior citizens' communities. I doubt very much whether many Members have, in fact, the kind of compassion that he has demonstrated over the years toward those who are less fortunate than ourselves.

He is concerned about senior citizens. He is concerned about the middle aged, certainly. But also he is concerned for children. He is concerned deeply about children. He has eight of his own. In fact, I think one is going to be married this coming Saturday.

I think if we look at what PETE DOMENICI has been focusing upon—this spiraling debt—and it affects all the age groups from the very young, to those who are aspiring business men and women, to the labor force, to those in middle age, and to our elderly community.

I really think that we do a great disservice to him when we see the kind of attacks leveled against his efforts by saying that he is simply out to finance tax cuts for the rich by pulling money out of the pockets of the elderly and the poor. I think it does a tremendous disservice to him and also to the entire debate surrounding this issue.

I remember reading a column a couple years ago that David Broder wrote for the Washington Post. He is a respected syndicated columnist. He said he had just finished reading President Clinton's budget. There were two figures—after going through that 1,400-page document—that Mr. Broder thought were missing: The number of $1 trillion and the second number of 58 cents. He looked throughout that entire, massive document and could find those two numbers nowhere in the document.

He said the $1 trillion figure came from the fact that if we were to grant President Clinton's assumptions in the budget, that is, that we have sustained growth during his 4 years in office, that we have low inflation, and that the recommended tax increases and budget cuts play out as budget analysts had projected—assuming all that were to occur—at the end of that first term, we would have increased the national debt by $1 trillion.

That is the rate at which we are adding to the debt in this country. Give President Clinton the benefit of the doubt. Assume everything will work out as he projected, and we were still going to add another $1 trillion to the national debt.

That is a number which, I think, should prove frightening to most people. It means that we are going to be sacrificing the future for the present, that we are going to encumber our children with debts for which they have not been responsible. We are going to tie a ball and chain around their necks, as such, and throw them off into this void of trillion dollar debt increases every 4 years.

Then the other number that was missing from the budget was 58 cents. The projection was that 58 cents of each $1 that we as individuals pay—everybody in this Chamber, and the citizens who are watching from the gallery and from around this country—58 cents out of every $1 paid in personal income taxes would go not for the defense of the country, not for education in the country, not for Medicare or Medicaid, not for highways and bridges, not for science and technology, not for Superfund, not for any of these programs—but rather exclusively to pay interest on the debt.

Since interest on the debt compounds, that will climb exponentially in the coming years unless we do something dramatic to reduce that escalating debt.

Those two figures, I think, should be recalled. They are precisely what Senator DOMENICI, as chairman of the Budget Committee, has tried to come to grips with. It is time, I think, for us to stop politicizing the debate to such an extent that we camouflage the issues and the importance of what those issues mean to the American people.

More recently, the same columnist, David Broder, wrote another piece in the Washington Post, now, some 2 years later. He said really this debate is all about what Government should do in today's society.

Americans are starting now to reevaluate exactly what Government should do on behalf of its people. Not only what should it do, but at what level should Government act. Should it be at the local community or municipal level? Should it be at the State level? Or should it be here in Washington?

These are legitimate issues that we have to work our way through. There is a reassessment taking place through the country. People are not too sure. They have an anger, we are told. Certainly, a high level of anxiety about political events and political policies. There is, as we have witnessed, a good deal of anger that can in fact prove to be explosive in this country. We saw it in what one writer called Beirut, Oklahoma: a form of domestic terrorism taking over that I think poses a severe threat to our security in the coming months and years.

So, this is a legitimate issue for us to debate and, in fact, come to legitimate disagreements. But let us not resort to the kind of class warfare that we see taking place here in this Chamber. Time and time again, every time the Republicans try to come to grips with the budget those on the other side of the aisle accuse Republicans of being miserly, of being mean-spirited, of being cruel, of being heartless because we are trying to protect the future for future generations.

I recall the debate several years ago when the then-majority offered an amendment to tax and somehow punish the rich. We passed a luxury tax. It sounded great. We were really going to go after those people who had the money to buy luxury cars, furs, jewels, and boats. We imposed a luxury tax on boats.

Do you know what it did? Do you think it hit the rich? It was aimed at the rich. It did not hurt the rich. It hit the pocketbooks of the middle class. People of my State got hurt. The workers, the craftsmen, the people who build these boats, these luxury boats, were put out of work.

The same thing will take place as long as we try to wage class warfare. The attack is: Republicans are only concerned about the rich, the wealthy. They could not care less about the middle class. They could not care less about the poor.

Those are unfounded charges. I think they are outrageous charges. And I think all that these charges have done is to pollute the atmosphere in which we have to conduct this debate to such a degree that the American people are confused about the issues and simply are responding out of fear.

So let us not engage in class warfare. There are some legitimate differences of opinion in terms of how we go about trying to achieve a balanced budget. It may be that those on the minority side do not care about balancing the budget. It may be that the debt is an issue too abstract for the American people to grasp, and therefore they see no political benefit in joining in this effort. Not all, but some, may try to exploit this issue. Back in 1981–82—President Reagan had just come into office in 1981—the trustees of the Social Security System came to Congress and said the Social Security System was in trouble. Payments out to the beneficiaries were exceeding its revenues. Unless Congress took action, it would become bankrupt relatively soon.

I recall at that time President Reagan came into office and he made some recommendations for changing the Social Security Program. I, frankly, did not think it was a wise course of action. We supported the President because it was an effort made to reform the system, to save it and make it solvent. I also understood the risks that were involved politically. Whenever you talk about Social Security, that has been described as the hot rail of politics. Touch it and you invite your own mortality, at least politically speaking.

Nonetheless, we voted to reform that system in 1981, and guess what happened. During the 1982 elections, prominent members of the Democratic Party went on television. They held up a facsimile of a Social Security card and they said, "Here is the card. Here is your Social Security card right here. Do you know what Republicans want to do? They want to just tear it up. That is what they want for your Social Security card."

It proved to be dynamite politically. It was very effective. We lost elections at every level of government all across the country, from State legislatures to gubernatorial races, to House and Senate races. It was very, very effective. So they exploited the issue during the 1982 campaign. And then what happened? Guess what happened. Immediately after the elections were over the same people who were tearing up the facsimile of a Social Security card came back and said, "Do you know something, we have a problem. Social Security is in trouble. Why do we not form a bipartisan commission to see if we cannot fix it?" And that is precisely what happened. We formed a bipartisan commission to fix it, after the politics were taken out of it by the election.

It seems to me the same line of argument is being offered right here today and will be offered throughout the debate on this budget. The Medicare trustees have advised us that Medicare is going broke; that the revenues coming in will be less than the payments going out; that by the year 2002, a short time away—6½ years—there will be no money at all left in the trust fund to pay for anyone's hospital or doctor bills. The system will be absolutely broke at that time; nothing will be paid.

In either today's paper or yesterday's paper, a front-page article in the New York Times said, "Those in the heartland are worried about Medicare, what this budget might do to Medicare."

It is ironic. Of course people are worried about what is going to happen to Medicare. But if we do nothing it is going broke. There will be no money in 6½ years. No one will receive payments, no hospital, no community health service, no doctors—none of them will receive anything. And all the people who will need assistance at that time will be left to look at their Government and say, "Why did you not do something about it? Why did you wait these 6½ years? Why did you wait until after the 1996 elections were over before you came forward and said let us work together to try to save the Medicare System?" But that is what is going on right now.

We have not heard one single proposal during the deliberations in the Budget Committee on how the minority would like to see the trust fund protected and preserved and saved. Not one. All they can do at this point is point to the Republicans and say, "Look, you are trying to gut the Medicare Program." We are trying to save it. It is growing at a rate of 10 or 10.5 percent a year. We cannot sustain 10.5 percent a year growth in the Medicare Program. President Clinton recognized this. When he submitted his health care reform proposal he said we cannot sustain this. Mrs. Clinton did, too. They said we cannot sustain 10.5 percent growth each and every year.

The PRESIDING OFFICER. The 15 minutes of the Senator from Maine has expired.

Mr. COHEN. I ask I be permitted an additional 5 minutes.

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

Mr. COHEN. So, on the one hand we had the President and the First Lady talking about the need to reduce the growth rate in Medicare. And I have taken pains over their 2½ years in office to praise them in their effort to focus attention on health care reform. I think we need it. It is as necessary

today as it was 2 years ago. It will be even more important tomorrow than it is today. As a matter of fact, I have introduced health care reform legislation on three occasions so far this session. So I think they were right in trying to focus our attention on the need to reform the health care system.

I did not agree with the solution they proposed but they deserved credit for putting it on the front burner. Once this budget resolution debate is over, we will put it back on the front burner where it belongs.

But you cannot have it both ways. You cannot say on the one hand we cannot sustain 10-percent annual growth and then, on the other hand, criticize Republicans for saying you are right, we are going to try to sustain a 7- or 7.5-percent growth. To label that as a savage cut when, in fact, that is precisely what they themselves had in mind for their own reduction in the growth of Medicare, seems to me to be rather outlandish.

I believe there is a moral dimension to the argument we are having here today, the debate. I think there is a moral imperative to resolving the dispute on the national debt, on the annual deficits of $200 billion. Right now we are spending roughly $235 billion a year just in interest payments on the debt. Soon that sum will exceed what we spend for our entire national security effort. Interest payments are likely to climb well above $300 billion, $325, $340 billion a year if we do nothing.

So I think there is a moral dimension to this entire debate. There is a moral imperative that we take action that is responsible, that is not filled with smoke and mirrors, as has been done in the past; that we look to Senator DOMENICI, a man, as I indicated, of great decency and courage, for putting forth a budget blueprint which will put us on the road to a balanced budget by the year 2002. Maybe there are some who do not want that. Maybe there are some who say just let us continue doing what we have been doing because it pays political dividends. That is the way you stay elected in this country, just keep saying yes. Just say to every group that comes in, you want more? How can we help you? Rather than dealing with the future of this country.

We have had Jefferson quoted many, many times. One of my favorite quotes of his that I call upon is this: he said, "Whenever one generation spends money and then taxes another to pay for it, that first generation is squandering futurity on a massive scale."

What we have been doing is squandering the future of our children on a massive scale and the time has come for us to reverse this. The time has come for us to stop borrowing from our children, to start paying our own debts, to have something for them available for a better way of life than we are leaving them if we continue on this course.

I also recall the words of Walter Lippmann, who spoke on a different subject some years ago. It was in 1940, on the eve of our involvement in World War II. He was giving, I believe, a speech to his classmates on the 30th anniversary of their graduation from Harvard. What he said at that time, I think, has relevance to what we are doing here today.

Lippmann was concerned about how the country had allowed itself to degenerate into a slothful, wasteful, cowardly Nation, that we had failed in our responsibilities to measure up to the great heritage we had at that time, that we were squandering the present, and certainly the future, because we took the easy way out whenever there was a hard choice to make.

Lippmann said at that time:

> Upon the standard to which the wise and honest will now repair, it is written. You have lived the easy way; henceforth, you will live the hard way * * * you came into a great heritage made by the insight and the sweat and blood of inspired and devoted and courageous men; thoughtlessly and in utmost self-indulgence you have all but squandered this inheritance. Now only by the heroic ventures which made this inheritance can you restore it again.

It is written:

> You took the good things for granted. Now you must earn them again * * * for every right you cherish, you have a duty which you must fulfill. For every hope you entertain, you have a task you must perform. For every good you wish to preserve, you will have to sacrifice your comfort and your ease. There is nothing for nothing any longer.

Mr. President, that is precisely what the chairman of the Budget Committee has said to all of us. "There is nothing for nothing any longer." He deserves our support for the effort he has undertaken.

I yield the floor.

Mr. DORGAN addressed the Chair.

Mr. DOMENICI. Mr. President, will the Senator from North Dakota yield for 1 moment?

I yield myself 1 minute. Then I understand it is Senator DORGAN's turn.

Mr. President, I want to thank Senator COHEN for his excellent remarks. I think he is right on with the notion of shared sacrifice now that we are in this position. It kind of weaves its way through his remarks.

But I also want to thank him particularly for the kind remarks he made about the budget that I have worked for for a long time on numerous task forces; a lot of them. A lot of people participated, and I think it is a good and fair, well-rounded budget.

I thank him for his compliments.

The PRESIDING OFFICER (Mr. HATCH). Who yields time?

Mr. EXON. Mr. President, I yield 30 minutes to the Senator from North Dakota.

Mr. DOMENICI. Mr. President, I designate Senator JUDD GREGG to manage the time on our side until I return to the floor.

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

The Senator from North Dakota.

Mr. DORGAN. Mr. President, let me begin, as my colleague from Maine did, by complimenting the Senator from New Mexico, Senator DOMENICI, and complimenting my colleague, the Senator from Nebraska, Senator EXON.

Senator DOMENICI has a long and distinguished career in the Senate, as does the ranking minority member of the Budget Committee. I view the work of both of them as very good work for this country, and I think that they are among the two most trusted Members of this body, as a matter of fact. They bring to the floor of the Senate different views about how you achieve the same objective.

There is no disagreement I think in this Chamber about whether the objective of a balanced budget is a worthy objective. Of course, it is. And it is not only an objective. It is in my judgment a priority. The question then is not whether; the question is, how do we achieve a balanced budget?

The Senator from Maine, Senator COHEN, indicated that he agreed with the previous speaker about the need for more civility in our discourse here in the Senate and in the country. I certainly agree with that. We need to debate ideas. We need to be respectful of disagreements and differing viewpoints. There has been a tendency in recent years in this town to try to tear things down, to tear people up.

I have stood on the floor several times and read the list of words that one Member of Congress suggested to members of his party that they should use against their opponents. He said, "When you are running against somebody, use the word 'traitor' to define your opponent. Call your opponent 'pathetic'. Use the word 'lie.' Use the word 'sick.'" Again, "Use the word 'traitor.'"

That kind of counsel is counsel that demeans politics in our country. We must turn away from all of that. Our democratic system is better than that, and our politics should be better than that.

BUDGET PRIORITIES

As we debate this budget resolution, I am going to be critical of some part of Senator DOMENICI's budget. But I will do so with respect. I am going to talk about its impact. He probably disagrees with how I assess the impact of parts of the budget, but I do not do this with malice. I do this because I think this is precisely where we ought to have a vibrant, spirited debate about what we believe the priorities of this country should be.

If 100 years from now historians could look back at us and try to evaluate what we stood for, what we found important, what we held dear, they would almost certainly be able to look at the Federal budget. And by determining what we invested in, or what

we spent our money on, they could determine what our priorities were. This is the time and the place for a spirited debate about what we believe is important.

Some years ago I was with a couple of my colleagues traveling in Central America. I think I have told my colleagues this before. I was on a helicopter that ran out of gas in the mountains near the border of Honduras and Nicaragua. When you are in a flying machine that runs out of gas, one of the immutable laws of the air is you will be landing soon. And we did.

We were out of radio contact, sort of in a jungle clearing area where we came down. And the campesinos from around the region came walking up to find out who had landed there. We were not injured at all. Hours later we were hauled out by other helicopters that found us. But as the people walked through the underbrush, the campesinos, to find out who had landed in this mountainous terrain near the border of Nicaragua and Honduras, I was able to talk with some of them through an interpreter.

I found what I have found in every other region of the world. You talk to people about what their life is like, and what their hopes and dreams are. Almost universally, they say they would like to come to the United States of America. Almost all over the world you will find people that answer. "We would like to come to United States of America." When you ask why, they say, "Because the United States of America provides hope and opportunity." You will find that all over the world.

I simply say that today because I think sometimes we lose sight of the advantages and the strengths in this country. We spend so much time debating the problems that we sometimes forget the strength of this country.

The problem we are talking about today is a problem with respect to the Federal deficit. Year after year we spend more than we take in, and it adds to the Federal debt, and the Federal debt requires us then to pay interest on the debt each year. Those interest payments consume an ever-growing portion of the Federal budget.

I would observe with some measure of interest that the Republicans in this Chamber always win a debate they have with themselves. Even then it may take a little while. But they always win a debate that they are having with themselves. Now they say, "We are for a balanced budget because we know it is good for America, but we are not so sure any Democrats are for a balanced budget." Just to put all of their minds at ease, I know I am not alone on this side of the aisle in saying that many of us believe it is a priority. The question is not whether. It is how?

What priorities do we choose? Where do we cut spending, and how do we raise revenue? Who are the winners and who are the losers? In other words, who gains, and who does not? When we talk about that, it is not class warfare. Do not ever let me hear people say it is class warfare when we talk about who are the winners and who are the losers under these budget proposals, because that is nonsense.

The proposal that is brought to the Senate floor has provisions in it that I support in many, many areas. Senator DOMENICI, for example, would choose to cut spending in a range of areas that I would absolutely agree with. I support them. They make a lot of sense. But some of the larger choices in this budget I do not support, and I think there are alternative ways of achieving the same goals with different results.

I have a couple of charts on the floor that describe this budget, not from my perspective, and not from the perspective of the Senator from Nebraska, Senator EXON or others, but from the perspective of Kevin Phillips, a Republican author and columnist, a person of some note.

He wrote a wonderful book incidentally about the 1980's, but I wish to share with my colleagues what Kevin Phillips has to say about the Republican budget proposals. One could hardly say that Kevin Phillips is some liberal, pointy-headed Democrat who is trying to undermine Congressional Republicans. I do not know Kevin Phillips hardly at all, but I am interested in his comments because as I looked at this budget in terms of who wins and who loses, I sensed the same thing that Kevin Phillips does.

Let me read some excerpts of an address that Kevin Phillips gave on the radio last week. Again, a Republican political analyst says the following about this budget.

> Spending on Government programs from Medicare and education to home heating oil assistance, is to be reduced in ways that principally burden the poor and the middle class, while simultaneously taxes are to be cut in ways that predominantly benefit the top one or two percent of the Americans.

That is not me. That is a Republican, who says the fact is the losers are the folks on Medicare, people who need help for education, home heating assistance, and so on. And the winners, well, those are the top 1 or 2 percent of Americans. But he went on.

> If the budget deficit was really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with business, Wall Street and the rich, the people who have the big money, making the biggest sacrifice. Instead, it's senior citizens, the poor, students and ordinary Americans who'll see the programs they will depend on gutted, while business, finance and the richest one or two percent, far from making the sacrifice, actually get new benefits and reductions.

Again, Kevin Phillips, says:

> In short, aid to dependent grandmothers, children, college students, and city dwellers is to be slashed, while aid to dependent corporations, stock brokers, generals, and assorted James Bond imitators survives or even grows.
>
> If the deficit is substantially reduced under a program like this, there will be a second stage of further upward income redistribution from upper bracket profits in the stock and bond markets.

And finally again from Mr. Phillips' remarks last week:

> If the U.S. budget deficit problem does represent the fiscal equivalent of war—and maybe it does—then what we are really looking at is one of the most flagrant examples of war profiteering this century has seen.

Maybe Mr. Phillips overstates it. Let me go to a previous chart where he talks about winners and losers, because that is the purpose of my discussion today.

The first chart I showed you indicates Mr. Phillips' analysis of this budget is that the burden on the poor and the middle class will be increased substantially, while taxes shall be cut in ways that predominantly benefit the top 1 or 2 percent of the American people. That is why I began saying this is really a debate about priorities. The question in this budget is who wins and who loses, who gains and who does not. And that is why we ought to have a full and thorough debate and then make our own individual choices about how we balance this budget, not whether but how we balance this budget.

MEDICARE AND MEDICAID

There has been a substantial amount of discussion about Medicare and Medicaid especially because they represent the recommendations for the largest proposed reductions in the budget plan.

Now, if you divide the question some: Should we be controlling the rate of increase or the rate of growth in spending on Medicare and Medicaid? The answer clearly is yes. Everyone in this Chamber has known that is a requirement for some long while. It was widely discussed last year and will be even more widely discussed this year, I am guessing. But the budget proposal comes to the floor with a giant cut in both Medicare and Medicaid with no plan for dealing with its impact on the most vulnerable in our society. And we are told by some—the Speaker of the House among others—that the Medicare cut will be painless.

That is an interesting assertion, but it does not contribute much to this discussion because everyone knows the Medicare cut will not be painless. The proposed cuts Medicare and Medicaid in this budget will mean higher health care costs and lower quality of care for the elderly and the poor.

In fact, recently we heard some testimony before the Senate Finance Committee from the new head of the Congressional Budget Office, who was just appointed by the Republican leadership. She was asked: As a result of these cuts, what will happen to quality of health care?

The head of the Congressional Budget Office said:

What is provided by the Government within this amount is not likely to be the same level of quality.

Let me read that again because it kind of reminds me of the op-ed piece in today's Post that says, "Beltway Babble."

What is provided by the Government within this amount is not likely to be the same level of quality. To maintain similar quality—

Dr. O'Neill said—

seniors will pay more for it.

Stripped away, the question is, if we have this kind of a budget cut in Medicare and Medicaid, will you have the same kind of health care quality? The answer is no. Will health care cost more for the elderly and the poor? The answer is yes.

Now, what are the other consequences? Well, the other consequences will be that we will see rural hospital closings across rural America. In my home State of North Dakota, you will see I think a dozen rural hospitals close. You will see the elderly with chronic health problems, who are struggling now with respect to access to health care, struggle even more.

All of us have talked to the 80-year-olds at town meetings who tell us they have heart problems and diabetes, and the prescribed medicine for these life-threatening problems they cannot afford, so they take half the dosage so it lasts twice as long. That is the only way they can do it because they cannot eat and pay the rent and buy the medicine. They do not have the money. All of us understand that. That is what is happening today and that problem will be exacerbated by these cuts.

Now, the budget also says we ought to make substantial cuts in education. It says let us raise some revenue by asking college students to pay interest that begins accruing immediately when they get a college student loan. The effect of this is to significantly increase the payments they will be required to make especially from low- and moderate-income households. So, through this budget, we are saying to people, we want to make it harder for you to send your kids to school.

Well, it seems to me that the first investment you make, if you care about the future, is the investment in your kids. The first investment is an investment in education. What investment in this country pays bigger dividends than the investment in kids? None. There is not one.

I told my colleagues before about walking into the office of the oldest Member of Congress when I came here, Claude Pepper from Florida, a wonderful gentleman. He was then in his late eighties. He had come during Franklin Delano Roosevelt's term in office. He was a bright, interesting guy. On the wall behind his chair he had two pictures. One was Orville and Wilbur Wright making the first airplane flight, autographed to him by Orville Wright: "To Congressman Claude Pepper, with deep admiration," and beneath it an autographed picture of Neil Armstrong standing on the Moon.

What does that mean? What is the difference between those two pictures? Massive investment in education and the enormous dividends that education yields in technology and progress. It is from the ground to the air to the Moon. That is what education is. It is about our future. It is about dividends.

And this budget says, "Well, let's decide that that is not a priority. Let's decide that we cannot afford the full, good-quality health care for the elderly and the poor, and we cannot afford the full measure of investment in education for our young people."

Now, why can we not afford to do that? Because we have designs on giving tax relief. Kevin Phillips says it—the burden on the poor and the middle class increases, while simultaneously taxes are to be cut in ways that predominantly benefit the top 1 or 2 percent of Americans.

Why can we not provide a full measure of help to somebody that wants to send their kids to college? Because they want to give tax cuts. Oh, it is cleverly placed in this budget. It is sort of off to the side as a footnote. But they have reserved $175 billion specifically for the Finance Committee specifically for a tax cut so that what is done on this side will mirror what was done in the other body in its Contract With America.

Now, the tax cut is called a middle-class tax cut. The tax cut, at least in the House of Representatives, does the following: It says, if you are a family with under $30,000 of family income, you get a whopping $124-a-year tax cut. But if you are a family with over $200,000 in family income, God bless you, we are going to give you a big old tax cut of $11,200 a year, because you are important to us, they say.

They want the delivery truck to stop at the middle-class home where they are going to send their kids to college and pick up some money from them, because they said we need a little money from you. Then they want the delivery truck to stop at some home for the elderly and pick up some of their money and some of their Medicare benefits. Another few stops collects money from low-income families health assistance and education assistance, because we cannot afford that any more.

Then what does the Republican delivery truck do with all that money? It makes other stops in Hometown, USA after picking up all that money from all those folks. Yes, it drops the money off at the banker's house and the big businessman's house. And the driver says: You know something? We've been making the rounds here in our hometown. We've gathered up some money from the folks here—the folks who were going to use it to send their kids to school, going to use it to heat their house in the winter, going to use it because they were poor and needed health care. And we gathered up all that money and now we are knocking on your door because we think you, the richest man in our town, really deserves a little more.

So we are going to drop these bags off at the front door and hope you do a good thing for our community. We hope you will go out and spend it, and spend it here at home, if you will, so that all that money somehow will trickle down to all these folks and that family that wanted to send their kids to school might someday see some small dividend from your wild spending spree as a result of this tax cut.

Well, that is sort of putting it in a hometown context. If this were a hometown decision instead of a country, do you really think we would do that? Do you really think we would say to the families: "You're having trouble sending your kid to school, so let's make it harder and let's use the money to give a tax cut to the richest person in our town"? I do not think so.

Class warfare, my colleagues say. Is it class warfare to talk about the priorities, if you think the priorities are wrong? I do not believe that is class warfare. I believe it is appropriate to quote even a Republican commentator who says this is a massive shift of income from the poor and middle-income families to the rich and the big corporations.

Did you know, as we are talking about all these choices and priorities, that the other body, in its Contract With America tax bill, they decided they wanted to eliminate the alternative minimum tax for corporations? This is the device by which we prevented big corporations from making billions of dollars in profits and paying zero in taxes.

Without the AMT, a corporation can make $3 billion in net profit and end up paying zero in taxes. Meanwhile, somebody gets up in the morning and goes out and works hard 8 hours a day digging ditches or hard manual labor and pays a tax on it because they cannot get out from under it. They have to pay a tax on the work they do; that is what people do. Businesses in the past would make several billion dollars and pay zero, so we decided to stop that. We created an alternative minimum tax so that profitable corporations still have to pay something in taxes.

This is what the other body has just repealed. It means $4 billion for 2,000 corporations. In other words, 2,000 corporations get $2 million each in tax benefits at the same time that we are

saying as a matter of priority that education somehow does not count, education does not rank near the top of what this country thinks is important.

We are also told in recent debate here on the floor of the Senate that the budget proposal to cut Medicare will actually save Medicare from insolvency.

Now, I must say this is kind of a disingenuous argument. It is not new to understand the trustees' report that says that Medicare will at some point face a very serious problem. The year now is 2002. Twenty-three times in the past 25 years the Medicare trustees have issued their report projecting the insolvency of the Medicare part A trust fund. So this is not new.

In 1972, the trustees projected insolvency in 1976, and Congress took action to solve it. In 1982, they projected insolvency by 1987, and Congress took action to solve it. In 1993, the trustees projected insolvency by 1999. And, of course, it was the President's 1993 budget—which I voted for and not one Member of the Republican Party voted for—that extended the solvency another couple of years until the year 2002.

So this insolvency issue is an interesting one. They apparently have just discovered that somehow Medicare is going to be insolvent. We must make Medicare changes. But it seems to me those who suggest let us make Medicare changes in order to create large savings from which they can give big tax cuts to the rich, they run into a priority problem with some of us who did not decide they wanted to serve in the Senate in order to accomplish that.

I would like to, while I am on my feet this morning, ask a couple of questions. In making some observations, I would refer to page 7 of this budget resolution, Senate Concurrent Resolution 13. I have heard, I guess, a dozen members of the majority party say this is a balanced budget. And I am going to ask a few of them when they talk about that later today about how they reach that point.

Again, I refer back to the op-ed piece in the Washington Post this morning, entitled "Beltway Babble." Only that can explain the moniker of "balanced budget" attached to Senate Concurrent Resolution 13. Let me refer my colleagues to page 7, which is the page on which deficits are annotated.

And the deficits—I will not read them all—go from 1996 to the year 2002. And in 2002, the deficit is $113 billion. Now if it is a balanced budget in the year 2002—and I have seen charts in fact brought to the floor in which they say 2002 it is zero. In 2002, it is a $113-billion deficit.

The only way that one could get to zero with a chart would be to take from the Social Security trust fund that money which is dedicated for Social Security purposes only and use it to show a zero.

But, of course, they do not do that in this budget resolution because the law prevents them from doing that. This is not a balanced budget, should not be called a balanced budget, and in calling it a balanced budget it is not accurately described.

It is a budget document that in the year 2002 leaves a $113 billion budget deficit, and I hope to ask some of my colleagues about that in the coming days. I will ask if they will join me. I have some additional recommendations for them, of some revenue increases and some spending cuts that will make a truly balanced budget, and I intend to offer them.

If you want to bring to the floor a product you call a balanced budget, why do you bring to the floor a budget document that on page 7, when it talks about deficits for the year 2002, has a $113 billion deficit? I am guessing we will vote in 48, 50, 60 hours from now on the budget amendment. Between now and then, if the majority side continues to describe this as a balanced budget, perhaps they can find the $113 billion to make it a balanced budget and, if not, I hope to offer them some recommendations to try to be of some help.

Mr. President, how much time is remaining on the 30 minutes?

The PRESIDING OFFICER. The Senator has 2 minutes left.

Mr. DORGAN. Mr. President, my party has had both the burden and the joy over the years of constructing and building a lot of things that are important to this country. Medicare is a very important program for this country. It has contributed to the lives of a lot of Americans in a very important way.

It is true that it takes considerably less skill to destroy than it does to build. Someone who was asked once if you had two houses and one you were to build and one you were to tear down, what kind of people would you hire to do each? The answer is clear. To tear down, you hire unskilled people; to build, you hire people with skills.

We have been builders over the years, and some of that which we have built in this country, I am enormously proud of, and on some we have probably gone too far. But I think what makes this country a good country, a wonderful country and a compassionate country is still worth fighting for.

I mentioned on the floor a month or so ago about Stanley Newburg, who died in New York City recently. I did not know him, but I read the newspaper report. He died in his eighties. They opened his will.

Stanley was a young man when, with his family, he fled Austria and the persecution of the Jews by the Nazis. He came to New York and walked with his daddy on the lower east side peddling fish. They peddled fish. They did well. Stanley went to school, college, found a job with an aluminum company. He did so well, he ran the aluminum company, and did so well he bought the aluminum company. He died recently around 80 years old. They opened his will and he left $5.7 million to the United States of America, with deep gratitude for the privilege of living in this great country.

This is a wonderful place for a lot of reasons, and many of them represent the priorities that we are going to debate on the floor of the Senate around the circumstances of this budget resolution.

Yes, let us be critical from time to time, but let us also understand what makes this a good country and a great country, the kind of things that make America a great place in which to live.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. I yield 10 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. I thank the able Senator for his kindness.

Mr. President, for the first time in many years, this Senate has before it a blueprint for balancing the budget and reducing the national debt. What a refreshing contrast this budget resolution is to the budgets proposed over the past 2 years by the President. Those budgets called for the largest tax increase in history, continued deficits, a significant increase in the debt, substantial growth in nondefense Government spending, and dangerous reductions in national defense spending.

Mr. President, I support the overall direction of the proposed Senate budget resolution. I commend the chairman and members of the Senate Budget Committee for their efforts in bringing a resolution to the floor which controls entitlement spending, restrains the growth of Government, and eliminates annual deficits.

The next step, while maintaining zero deficit budgets, is to reduce spending levels in order to lessen the tax burden on families and businesses of this Nation. If we are to have sustained economic growth, Government spending must be restrained. A balanced budget amendment and line-item veto authority would do much to bring about fiscal responsibility. While earlier this year the Senate failed to pass the balanced budget amendment, I am hopeful that the Senate will pass that amendment this year.

Mr. President, at the beginning of this debate, I stated that we have the greatest nation on Earth. It provides Americans more freedom, more justice, more opportunity, and more hope than any nation has provided any people in the history of the world. I repeat, this great country of ours will be in jeopardy unless we do at least two things. First, we must provide an adequate defense to protect ourselves against the

enemies who would destroy democracy and freedom. Second, we must put our fiscal house in order.

With regard to the level of defense spending in this budget resolution, I want to point out a few basic facts. The Budget Committee recommendation endorsed the President's budget submission for Defense. I remind my colleagues that the President's budget proposal was unanimously rejected by the Senate in an earlier vote. Discretionary funding for defense is reduced by $8 billion from 1995 to 1996 and continues on this downward slide through fiscal year 1998. It is only by fiscal year 2002 that the defense budget is brought back to its 1995 level. I am concerned that this reduced level of spending will not support the force structure or preserve our national security interests. The most recent request for defense supplemental appropriations should be an indication that the proposed budget will not support the required level of training, maintenance, operations and modernization.

A part of our national defense requirement is to provide for those veterans who have served their country. Those who have fulfilled their obligation of citizenship must not be deserted. I am satisfied that this budget protects veterans' benefits and health care.

I recognize that total nondefense discretionary spending is reduced in this budget resolution. However, I would submit to my colleagues that providing for the common defense of this Nation must be our highest priority. Other Senators may have different views on spending priorities. I can assure you that I will have more to say about defense spending, and I look forward to that debate in the near future.

Further, Mr. President, this budget resolution is a good step in the effort to put our fiscal house in order. It provides for restrained growth in overall Government spending. Because spending grows at a lower rate than projected revenue increases, the deficit will be reduced each year, and will be finally eliminated in fiscal year 2002.

This budget resolution provides for real deficit reduction without raising taxes. American families and businesses have carried a heavy tax burden to support the appetite of the Federal Government. Under present tax policies, Mr. President, capital investment is punished, earnings of senior citizens are penalized, consumption is favored over savings, and America's families keep less and less of their earnings. This resolution says "no" to balancing the budget by additional taxes.

Mr. President, critics of this budget continue to claim the resolution contains a tax cut for the wealthy paid for by cuts on the aged and poor. I will emphasize what has been stated many times on this floor—this resolution does not contain a tax cut. A reserve fund is established to protect what has been called the fiscal dividend. That fund can only be made available for tax reduction after passage of the reconciliation bill. In addition, the Congressional Budget Office must certify the amount of the dividend available for tax reduction.

Mr. President, I am hopeful that there will be a dividend to apply to tax reduction and reform. Our tax system is not only an economic burden, but also an administrative nightmare. The aggravation level of the taxpayers of this country continues to rise. After bringing our budget into balance, we must work toward a fair and simplified tax structure.

Mr. President, I would like to comment on this budget's treatment of various programs which I would categorize as economic security items. This resolution provides for increased spending for Medicaid, Medicare, other health programs, various income security programs, and Social Security. It does not abandon this Nation's longstanding tradition of helping those who are truly in need or cannot care for themselves.

Finally, funding for administration of justice also increases in this budget. Additional funds are provided for the violent crime reduction trust fund and other Federal law enforcement functions.

Mr. President, the Framers of our Constitution clearly established the priorities of our National Government. While we have adapted to meet current needs and circumstances, the underlying principles remain constant—to provide for our common defense, establish justice, and promote the general welfare. While this budget resolution is not perfect, it puts us on a course to reap the promises of this Nation: liberty for ourselves and our posterity. As Thomas Jefferson once said, "And to preserve their independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude." Mr. President, the choice for us is clear—let us choose economy and liberty. I thank the Chair and yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Nebraska.

Mr. EXON. Mr. President, I yield 6 minutes to the Senator from Nevada [Mr. BRYAN].

Mr. BRYAN. I thank my friend, the Senator from Nebraska.

I rise to support the Democratic leadership's amendment to restore funding to the Medicare Program.

I believe it is imperative and in the national interest that we balance the budget. I have supported a balanced budget amendment to our Constitution since first embarking on elected public service as a member of the Nevada Legislature in the 1960's. I continued that support as the attorney general of my State and later as Governor, and on at least two occasions as a Member of the U.S. Senate.

In my view, balancing the budget is critical for our economy to remain viable at home and for us to become internationally competitive abroad. Mr. President, this budget proposal that we are dealing with fails the most fundamental of tasks, and that is a task of fairness.

It is rather ironic that it is this month—Older Americans Month—and the month in which the Fourth White House Conference on Aging was held, that the Senate is considering cutting Medicare to the magnitude of $256 billion over 7 years. It is the same month in which the other body already passed $280 billion in Medicare cuts. In my view, Mr. President, this is an unconscionable way to address Medicare reform.

Seniors have always been willing to help our country out when asked to shoulder the responsibility. They do not want their children and grandchildren to carry the burden of the financial deficit. They are willing to share it, but not unfairly bear the burden of needed revenue cuts to balance the Federal budget. Let us be clear, Mr. President, these are Medicare cuts, and the impact will be devastating.

But under this budget resolution, the burden is not being fairly shared. Seniors are taking a disproportionate hit, and for what? To help pay for tax cuts to benefit those in our society who are among the most affluent in our country—those citizens making up to $200,000 a year.

Seniors throughout this country are dependent upon Medicare to ensure access to the health care services they need. I can certainly understand, and I think my colleagues will understand, that their real fear is that the health care system upon which millions rely may be gutted as a consequence of this budget resolution.

In 1993, when Medicare faced a significant cut, I introduced an amendment to the budget reconciliation package of that year to eliminate a large part of the additional proposed Medicare cuts by repealing section 936 of the Internal Revenue Code, the so-called pharmaceutical tax benefit, which provides a tax cut for companies operating and hiring workers in U.S. possessions. The amendment failed. The story was the same. Seniors were asked to suffer an unfair portion of the burden.

Let us not fool ourselves. Seniors understand very well how these massive proposed Medicare cuts are going to directly affect them. They understand health care cost shifting. They know how increases in copayments, deductibles and monthly premiums hit their pocketbooks. They know how Medicare health care access can decrease after cuts are implemented.

And, most importantly, they know these changes will mean that they are going to pay more to get less health care coverage.

Seniors also understand, Mr. President, that Medicare costs must be reduced and cuts can be made. We all know there is still a significant amount of fraud and abuse in the Medicare system that siphons off funds from legitimate health care. Changes can be made in Medicare to achieve information savings. No doubt, there are ways to contain explosive Medicare's growth, but in a much less devastating way than the proposal before us.

In Nevada, I hear poignant stories from many seniors, particularly those living on fixed and limited incomes, where only Medicare can ensure health care access. For seniors, the fear is very real that Medicare will be impacted to such a degree by these proposed cuts that they may no longer be able to afford their Medicare deductibles, copayments and premiums. These cuts translate into about $900 per year per senior by the year 2002 in higher premiums, copayments and deductibles. Over the 7 years until 2002, this means an additional cost of $3,200 for a single senior, $6,400 for a couple.

My State of Nevada is impacted most severely. Nevada is the fastest growing State in the Nation. It has also just been named the first choice of seniors seeking a retirement location. Nevada's nearly 200,000 Medicare recipients will soon be joined by thousands more seniors. Nevada leads the Nation with the growth projection of 122.7 percent for the number of seniors age 65 and over from 1993 to the year 2020.

Many Nevada seniors have already experienced the difficulty in finding a physician willing to take new Medicare patients. The growth in the number of seniors seeking medical care coupled with these proposed Medicare cuts will certainly impact their access to Nevada's health care system even further. This will not be a problem unique to Nevada but one seniors across the Nation will face.

Mr. President, Medicare celebrates its 30th anniversary this year. What an anniversary present some Members of the Senate are providing for the Nation's seniors. For 30 years, seniors have had health care services and have not had to fear that an illness will devastate their personal finances. But now, 30 years later, they have much cause to worry about whether Medicare is going to continue to be there for them when they need it, or whether they are going to be able to afford the cost.

We all want to assure that seniors in our States will continue to have health care coverage. We can do that if we take a more reasoned and rational approach to reforming Medicare to sustain its financial viability. I urge my colleagues to support this amendment and to restore $100 billion of the proposed Medicare cuts as a step for a better approach. Our seniors deserve no less from us.

I yield the floor and thank my distinguished colleague, the Senator from Nebraska.

Mr. EXON. Mr. President, I have been listening with great interest and appreciation to the remarks by my colleague from the State of Nevada, another former Governor, who understands what is going on in the States, who understands the relationship between the State and the Federal Government, and above everything else, recognizes and realizes the obligation that we have to act fairly in our deliberations, discussions and bill-passing here in the U.S. Senate.

Previous to the remarks of the former Governor from Nevada, now Senator from Nevada, we heard an excellent presentation by my colleague from the State of North Dakota.

The Senator from North Dakota is a former tax commissioner of that State. He knows that State. He knows rural America very, very well. Since he has come to the U.S. Senate, we have come to appreciate and respect the dedicated talents that he has with regard to the relationship between the Federal Government and the State government.

Certainly, I thought that the excellent presentation he made with regard to the statements about the budget submitted by the majority in both the House and the Senate deliberations are absolutely a travesty. Kevin Phillips, a noted Republican columnist and spokesman, hit it right on the head.

I have some remarks I would like to make, but I recognize that we are trying to move evenly back and forth. I certainly ask the managing Republican on the Senate side now whether or not he is waiting to speak, or is it his desire that the Senator from Nebraska continue on his remarks that I would like to make?

Mr. GREGG. Mr. President, I do intend to speak, but I am happy to have the Senator from Nebraska proceed, and I will speak after the Senator from Nebraska has completed his statement.

Mr. EXON. I see the Senator from Washington is on the floor. He will seek recognition, is that correct, at an appropriate time?

Mr. GORTON. At an appropriate time.

Mr. EXON. I simply say to my colleague, it would only be fair for him to proceed at this time, and I will follow. Then he has the disposition on his side for the next speaker, to keep it in the regular order.

Mr. GREGG. If that is the wish of the Senator from Nebraska, that is certainly acceptable to me. I appreciate his courtesy.

Mr. President, I want to address a couple of comments that have been made here relative to both Medicare and also to tax elements of this budget because I think there have been attempts to address the issue, but I do not think they have been accurate in their reflection of exactly what is going to happen.

The Medicare trust fund is the issue. Its solvency is the issue. Now, the definition of solvency within the Medicare trust fund was not created by myself or members of the Budget Committee, but created by the trustees of the trust fund.

They have testified, and there have been charts on this floor reflecting this fact, and there has been discussion of this, that the Medicare trust fund could well be insolvent and is going to go insolvent as of the year 2002.

What have we received as a response to this insolvency from the other side of the aisle? Essentially, we have seen nothing—no proposals at all. We have seen them, however, attack with rather significant enthusiasm the proposals coming from this side of the aisle. They have attacked the number which we are proposing to address in this budget in order to try to correct the trust fund problem as being an outrageously high number, a number they have never heard of, a number they cannot conceive of, $256 billion over 7 years.

I think we need to put that number in some context. If we look at the trustees' report, the trustees of the Medicare trust fund, ironically, four of whom happen to be members of this administration, including the Secretary of HHS and the Treasury Secretary, that trustees' report says that in order to maintain the solvency of the trust fund on an actuarial basis of 25 years, which is the minimum that they suggest, an adjustment in the trust fund must occur of approximately $262 billion, not over 7 years but over 5 years.

We are talking about $256 billion over 7 years. We are coming in at a level which is significantly below, significantly below, what the trustees are saying—the trustees being Donna Shalala and Secretary Rubin—is necessary to obtain actuarial solvency of the trust fund.

What does that mean, actuarial solvency? It sounds like a big name, a technical phraseology. What it means, quite simply, is if the senior citizens of this country are going to have the ability to have health care insurance, they have to have a health care trust fund which is solvent.

The trustees have said, as of the year 2002, there will be no more insurance trust fund because there will be no money in the trust fund. In order to have money in the trust fund and to have it for a period of 25 years, they need to have an adjustment of $262 billion over 5 years.

So the number that we have put forward as our goal for adjusting the trust fund is a very reasonable number and is

one this is absolutely necessary at a bare minimum to assure that the senior citizens of this country actually have health insurance, something which the other side seems to be just ignoring.

They come down here and say we cannot take this money and transfer it to that account, and this money from that account. But nobody mentions that the trust fund is going broke. The President's people have said that in their report.

What does this number mean, again, in terms of the overall context of the Medicare Program? Does it mean the Medicare Program is being cut? That we are talking about adjusting the trust fund, the funds flowing into the trust fund, and talking about adjusting Medicare by this amount of $256 billion, does it mean the Medicare Program is being cut? That is a big number. It sounds like it might be. No, it does not mean that at all. It does not mean that at all.

What we are talking about with that number is allowing the spending on Medicare payments in this country to increase by 7 percent over the period of that 7-year period.

A Medicare beneficiary who today receives $4,350 per beneficiary will, in the year 2002, be receiving $6,300 per beneficiary. There is no cut there.

In fact, in the year 2002, the amount of money that we will spend on the Medicare System in this country will be $96 billion more than what we are spending today. What we are talking about here is the fact that the Medicare trust fund and the spending for Medicare is increasing so fast—10½ percent annually—that we simply cannot afford it. It is bankrupting itself. As a result, there will be no insurance for senior citizens.

So what we are suggesting is we take the rate of growth of Medicare spending and reduce it to something we can afford. We are not talking about cutting it. We are not talking about even reducing it to the rate of growth of health care in the private sector, which last year premiums dropped by 1.9 percent in the private sector. We are talking about allowing an annual increase of 7 percent in the Medicare trust fund, which works out to a huge amount of increased spending on Medicare over the next 7 years.

It works out to a solvent Medicare System, one that is not insolvent, one where seniors will actually be getting Medicare and have dollars available for Medicare rather than not be getting dollars available for Medicare, because the trust fund would be insolvent if it continues to grow at its present rate.

So this discussion of the attempts by our side to address the Medicare trust fund by putting it into balance and by reducing the rate of growth of the Medicare spending in this country and in this Government is purely political. In fact, it is so political that if we look at the President's own statements from a year ago, we realize that he agreed with Republicans, and today his party and his administration does not seem to any longer give credence to what they said just a year ago.

The President said a year ago today, Medicare and Medicaid are going up three times the rate of inflation. We propose to let it go up at two times the rate of inflation.

My goodness gracious, that is exactly the Republican proposal. We took the President at his word last year. We took his proposal, and we have a rate of growth of Medicare which is two times the rate of inflation.

But suddenly it is a horrible event. Not only did the President say that, but even Mrs. Clinton said that. She said that the rate of growth was too much and that we had to reduce it. More importantly, she said that cutting the rate of growth was not a cut in Medicare. She agrees with this side. Even Ira Magaziner agreed with.

Mr. GORTON. Will the Senator yield for a question?

Mr. GREGG. I yield for a question, sir.

Mr. GORTON. Mr. President, I say to my friend from New Hampshire that I find these arguments intriguing and, of course, persuasive.

He and I have talked in private about this for some time, but I wonder if he would, for a moment, take the other half of the question. We have a very specific amendment in front of the Senate, a $100 billion amendment, coming out of the dividends which we firmly believe and the CBO says will arise out of balancing the budget because we have a better economy in the United States.

Now, the proponents of the amendment do not want a balanced budget. They have not come up with a proposal for a balanced budget. But they do want to spend most of that dividend in the form of this amendment, some $100 billion, dividing it among part A and part B of Medicare—part A the hospital insurance portion being that portion which will go bankrupt in the year 2002.

Let us assume, I ask the Senator from New Hampshire, that half of that money, $50 billion, just comes in the form of a cash infusion into part A of Medicare but without any other changes because we have not heard of any other changes the other side proposes. What would that do with respect to the projected bankruptcy of Medicare part A in the year 2002?

Mr. GREGG. I think the Senator from Washington has raised a very valid point. What the Senator from Washington is pointing out is, first off, the other side of the aisle has no budget, no proposals at all in the area of entitlement reform. Second, what they are proposing is to take what will be basically a dividend as a result of interest rates dropping and just take money and throw it at the system, a system which is fundamentally flawed, a system which is growing at twice the rate of inflation, and a system which cannot maintain itself.

So the practical implications of what they are proposing is it will have no significant impact on the solvency of the trust fund because it will put into place no attitudes or reforms which will reduce that rate of growth of the trust fund. And what the trustees told us when they testified before the Budget Committee, of which the Senator from Washington is a member, and I know he is an active participant at these hearings, was there had to be fundamental reform of the trust fund, in the way we deliver health care, in order to get it into actuarial balance.

Mr. GORTON. I ask the Senator from New Hampshire, is it not true that the trustees said, "You can either make changes in the rules with respect to eligibility or, alternatively, you can increase the payroll tax?" Am I correct in feeling that they really did not talk about a one-time general funded infusion into the system of cash money, without any reforms on the other two scores at all?

Mr. GREGG. The Senator from Washington is absolutely correct. They did not talk about a one-time cash infusion of, say, $50 billion into the fund because they recognized that will do nothing to correct the problems which they were highlighting to us. They were saying there was an urgent need for fundamental reform of the manner in which the trust health care is delivered under the Medicare system, in order to get this into actuarial balance. And a one-time cash payment is not going to solve the problem. That is basically, I presume, why they never conceived of the idea, because they are charged with correcting the problem, not with just the political response to the problem.

Mr. GORTON. So the proposal we have before us at the present time will not cure any of the ills of Medicare part A? And may very well unbalance the budget, because it is a contingent amount of money, contingent on our balancing the budget, and certainly will help prevent any kind of dividend in the form of lower taxes to middle-class working Americans; is that not correct?

Mr. GREGG. The Senator from Washington is absolutely correct in all those statements and assumptions, in my opinion.

Mr. ROCKEFELLER. Will the Senator from New Hampshire yield?

Mr. GREGG. I yield to the Senator from West Virginia for a question.

Mr. ROCKEFELLER. It will be a question.

Taking off from what the Senator from Washington has indicated, does it

not strike the Senator, in looking at the amendment of Senator LAUTENBERG and myself, that we are not in any way pretending that this $100 billion is going to cure the trust fund problem? What we are trying to establish is a matter of priorities. Obviously $100 billion is not going to solve the problem, but neither does the Republican budget resolution before us; $100 billion kept in Medicare, kept in health care funds, is a statement of what is important as opposed to putting it into some reserve fund which I believe most people in this Chamber believe is going to be used for tax cuts for the wealthy.

So would the Senator not agree that by putting $100 billion back into health care, we are not so much saying this is going to solve the problem, because obviously it is not—neither does the Republican budget resolution—but is it not a matter of keeping the money in Medicare and not spending it on other uses?

Mr. GREGG. I would have to say to the Senator from West Virginia I would have two concerns about that representation.

The first is this: I do not think, and I believe the numbers prove this to be accurate, that you can get our budget under control, that you can get the budget of the Federal Government under control, unless you address and fundamentally reform the health care function of Federal spending. Because 55 percent of entitlement spending, independent of Social Security which we are not going to address, is health care driven. And, thus, I do not happen to think that you resolve this problem unless you take a hard look at it and you do the work and you produce a reform that is going to change the rate of growth of Medicare spending from 10.5 percent that it presently has in Medicaid, from the 10.5 percent which it presently has, to a rate of growth which we can tolerate which is about 7 percent in Medicare and probably about 5 percent in Medicaid. And those numbers are the numbers that we use in this budget resolution and I think they are reasonable for that reason.

The second part of the Senator's assumption would be, "Well, even if those numbers are reasonable, we should still put this money into Medicare and Medicaid, if it is available, if you can obtain it without doing the reform"—which I do not think you can. In other words, I do not think you can get the 2 percent savings in interest rates which comes from getting a balanced budget, unless you address the health care function which produces the balanced budget.

But even if you get that transfer, what you are saying is that extra $100 billion should go in there and we should have it on top of the reform, of what would occur from reform. So you are talking about actually encouraging a rate of growth in the health care accounts which would exceed what I think we have to have as a rate of growth in order to have balance in the budget.

The second reservation I would have about the Senator's point is this. There has been all this talk. I think every person on that side who has gotten up has said we are going to take this $170 billion, which we are told we are going to get. We are not sure we are going to get it. CBO says they will score this if we get to a balanced budget glidepath and it results from the fact that interest rates go down. It is not a result of any cut in spending. It results from interest rates dropping. We are going to take this $170 billion and we are going to transfer it back to the taxpayers. We are going to say this is your money to begin with. You ought to get to keep it. You ought to get some benefit out of us balancing the budget.

Everybody has gotten up on that side and said that is a benefit for the rich. You are taking from some group—whether it has been—one group has been children, one group has been unwed mothers and pregnant mothers, and another group has been the elderly—and you are giving it to the rich.

This resolution says that 90 percent of any tax cut—90 percent of any tax cut—has to go with people with incomes under $100,000.

Maybe there he has a new definition of wealthy in this country, but people with incomes under $100,000 I do not find, definitionally, as wealthy. So I believe first we should make the tax cut if we get this dividend, because I think it will run to the benefit of people who are today paying the price of running this Government, which is out of control. And, second, since 90 percent of it is going to go to people with incomes under $100,000 I do not happen to believe that is a transfer to the wealthy.

Mr. ROCKEFELLER. I would say again to the Senator from New Hampshire, what he is suggesting is that we take Medicare money, $256 billion, and cuts in Medicaid, and use those health care cuts to pay for tax cuts.

Both the Republican CBO Director and the past Democratic CBO Director had a common view on this. The only way to achieve short term savings of this magnitude is to cut doctor and hospital payments and make seniors pay more. Up to half of a senior's Social Security cost-of-living increase would be used to pay for this increase in the cost of Medicare. So you are not only getting them on Medicare but you are getting them on Social Security. Is that not correct?

Mr. GREGG. No. I would say to the Senator from West Virginia that is not correct.

First, as the Senator from West Virginia knows, the manner in which these savings are going to be accomplished—remember our savings rate of growth is not cut—is up to the Finance Committee. But let me suggest some of the ideas we put forward, those of us working in this area, the Medicare area, would have affected not the poor senior but would have affected the wealthy senior.

I, for example, have a great deal of problem with the fact that under the part B premium you have a 75-percent subsidy of the rich in this country by the poor and the moderate-income individuals in this country. Under the part B premium, as the Senator from West Virginia knows, a person who is working 60 hours a week, he or his wife or both of them working at, say, the local restaurant, they have to pay into the general fund with their taxes. And then a person, say the top 500 retirees from IBM last year, they opt for the part B premium.

They only pay 25 or 30 percent, depending on the year of the cost of that premium. And the other 75 or 70 percent is covered by general funds. So John and Mary Jones, who are working 60 hours a week down at the local restaurant, are paying into the general fund, and then their money is being taken to pay for the top 500 retirees last year from IBM who opted for part B premium.

I happen to think that is wrong. I think we should affluence test the part B premium. Yes, that means some senior citizens are going to pay more. But I happen to think there are some folks in the senior citizen community who are doing quite well, who are quite wealthy, and who under the part B premium, should be paying a fair share.

So there are a lot of different ways that the adjustments in rate of growth can be accomplished.

I also happen to support something which I call choice care where we encourage seniors to move into a managed care, PPO-type of environment where I think we can get a fixed rate of cost on the rate of inflation in the health care system. In that system, I think seniors are going to get more in the way of health care probably for less, and in the process I believe we can get some controls over health care.

But I did want to address one other point. I know the Senator from Nebraska wants to get started on his speech.

Let me mention quickly this tax issue which I think is very important to point out, which is that under this resolution—you can talk about the House resolution. We are not going to vote on the House resolution right now. Maybe we will in the conference. I do not know what will happen in the conference. I am for the Senate position. I think Senator DOMENICI has done an exceptional job with the budget that leads us to balance for the first time in 25 years.

But under our resolution it says that 90 percent of any tax cut benefit will go

to people with incomes under $100,000. So I think we should have an end to all of this discussion of, "Oh, this is just a transfer to the wealthy" because that is a flawed definition of wealthy if the other party is going to suddenly assume that everybody under $100,000 is wealthy. Then we have a new definition of wealthy in this country.

But what I wanted to end up on is the reasons we need to have this balanced budget amendment. We have heard a lot about it. We have heard it from all sorts of scenarios around here.

But I would like to just refer people to an individual who I consider to be the leading historian of our time, a man named Paul Johnson. I think he teaches at Oxford. I know he is an English historian. He has written a number of really extraordinary histories of the 20th century, including "Modern Times," "Birth of the Modern," and a variety of just extraordinary pieces that are incredibly insightful. He wrote a piece for the New York Times, some of which I agree with and some of which I do not agree with. But the basic thrust of it was incredibly thoughtful, as he often is on what is wrong with this country if we continue to run up this debt.

Let me just quote a little bit from this.

The United States is running the most costly welfare state in history, as well as acting reluctantly, not consistently but certainly expensively, as the world's policeman, and even to eliminate the deficit, let alone reduce the debt, the spending will have to fundamentally be reformed. This will mean, among other things, ending the welfare state as it exists today. It may not be as hard as some people think. After all, it is scarcely a generation old.

The theme of his piece here is if the United States continues to run its present debt, it will collapse or it will be in a horrendous situation.

He points out that we are now ready to act as a country. He finds this unique, and it is a special time, and the time to do it is right now.

He says there are two things that reflect the fact that he thinks we are ready to act. The first is sufficient congressional support, and that has already been achieved, he says. And the second is a prerequisite of popular consensus. Looking at the United States from England, he is determined that is the case, and he is a very astute fellow. Like de Tocqueville, maybe he has a better sense of where we are historically than we have ourselves.

Congress is ready for reform, and so are the people. But history shows that neither means much without a dedicated leader.

I am quoting here:

Normally, one would expect such leadership to come from the President. In the past, the White House has shown a much greater concern for financial probity than Capitol Hill. When Congress passed Mr. Clinton's deficit reduction package during his first year in office, it did so with hardly a vote to spare in both Houses. But Mr. Clinton is not a leader, though he can sometimes be persuaded that it is in his interest to be an energetic follower. No leadership will have to come—

From the Congress. That is paraphrasing, "the Congress." He uses another phrase.

The fact is that we as a Congress have the obligation to do this now. We have the obligation to step up and put forth and present, as we have in the past, the budget resolution to come to a balance.

I want to congratulate again Senator DOMENICI for having done that, and I believe fervently in doing this we will also reform fundamentally the Medicare system so that it will be solvent, and so that our senior citizens will be assured of first-class health care insurance—not for the next 7 years, but for as far as the eye can see.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield such time to myself as I may need.

Mr. President, I have been listening with keen interest, of course, to this entire debate which we started last week and again this morning. The same theme keeps coming through time and time again.

Once again, I would like to correct the impression that my friends on that side of the aisle seem to be giving, or not giving, depending upon your point of view, to what is the majority opinion of those of us on this side of the aisle.

Listening to the rhetoric from the Republican side, you would tend to believe that we were against any balanced budget; that we do not want to be players in the game; that we simply do not seem to realize that the Republicans have stepped up to the plate, and they have by bringing forth a resolution that I agree took some courage. I have said that time and time again in the Budget Committee and on the floor of the U.S. Senate.

The problem that I have with the spin that the Republicans are trying to give to this entire proposition is that they and they only are the only ones that care about balancing the budget of the United States of America. I think the record clearly shows that there are many of us on this side who have been trying to do that for a long, long time and we are simply trying to make some improvements, some improvements, some fine tuning, some minor surgery, if you will, with regard to the document that has been presented to us by the majority through the might and power of the majority in the Congress of the United States.

I, therefore, emphasize once again—let me make this statement that I do not think has been made before, and I do not propose to speak for all on this side of the aisle—that I believe that the Republican steamroller, the Republican majority has rejected every one of even the minor changes that we offered in the Budget Committee, and have every indication of saying no, no, no to anything that we even suggest here. They might be surprised if they would simply realize and recognize what we are constructively trying to do on this side of the aisle despite their protestations to the contrary.

What we are saying is that we recognize some significant cuts have to be made, but we simply say to our Republican colleagues, who are in control, why not reason together? Why not come out with a bipartisan budget so that we all have to share in the pain, if you will, of making some cuts in many programs that otherwise we would not like to cut.

To put it another way, Mr. President, I believe, if the Republicans would accept the amendments, the constructive, well-reasoned, well-thought-out amendments not to eliminate the cuts but just to redistribute the cuts within their framework, within their totals, without disturbing the goal of 2002 to balance the unified budget, without making any major changes to get to that end result, we might be willing to support their budget. We Democrats are simply saying why not listen to us and listen to what we are saying, especially about Medicare.

Now, the hit that Medicare is taking is unconscionable when you recognize and realize the results of what it will do. I have heard time and time again from that side of the aisle, and I heard it again this morning, there has been no proposal from this side. That is simply not true. Time and time again in the Budget Committee and on this floor—and you are going to see more of it in the next couple of days—we have had a whole series of amendments.

What we are basically saying, Mr. President, is that the Republicans should recognize and realize, with all of the difficulty, with all the cuts that we are going to have to make to reach that balanced budget by the year 2002, there is no way that any reasonable person, whether they figure with a red pen or a blue pen or a black pen or whatever colored pen, can come to any logical way to balance the budget by the year 2002 and have a tax cut. There is no way to make all the painful cuts we are going to have to make—and we are ready to stand in support of some of those—if you are going to have a tax cut. And the tax cut is the tail that is wagging the dog on this Republican budget.

I do not wish to call the Republican budget a dog because there are some good things in that budget. I simply say that we can make it a whole lot better if you will simply listen to the reasoned approach and proposals we are making.

Putting it another way, you cannot have your cake and eat it, too. You cannot reach that deficit reduction proposal and balance the budget by the year 2002 if you are going to have the massive tax cuts passed in the House of Representatives. It is a sham. It will not work. Anybody who knows anything about the budget knows it will not work. And even if it should work by the year 2002, which it cannot in my opinion, because of the magnitude of the huge tax cut passed in the House of Representatives that benefits the wealthy we would immediately unbalance the budget in the next 2, 3, 4, or 5 years beyond that.

My colleague from North Dakota pointed out very well what Republican commentator Kevin Phillips had to say about these two Republican budgets, one in the House and one in the Senate. The question that he asked is, who are the winners and who are the losers?

Well, we are all going to be winners if we get to a balanced budget by the year 2002, but there obviously are going to be some losers, and although some of those losers are the traditional part of society that the Democratic Party has shepherded and protected to some degree, we are willing to make those sacrifices.

I simply say to my Republican colleagues on that side of the aisle, if you would take the $170 billion you have in that kitty for a tax cut—and despite the newspaper stories and commentators to the contrary, there is a tax cut in the Domenici package. Senator DOMENICI himself in the Budget Committee deliberations in public said the $170 billion that likely will come along sometime later as a dividend, if you will, from the cuts that are being made can be used and used only for a tax cut. It is not in the budget right now, but it is in the budget on down the line and it is so identified. I simply say to those on that side of the aisle, if you would come to reason, if you would try to work with us, if you would give up the $170 billion, or most of it, to not eliminate but alleviate what we think is an unfair cut on many programs that affect the most fragile of our society, then you would be surprised how many votes there would likely be when this budget resolution passes the Senate. I would say 60, 65.

But I simply say that absent that, absent the ability of the Republicans to give, absent the ability of the Republicans to keep their house in order and to keep their votes in line, maybe they dare not change the dotting of a single "i" or the crossing of a single "t." I appeal once again as I did when we started this debate. Let us try harder on a nonpartisan position.

And then I have heard, Mr. President, this talk about, oh, there is nothing wrong with giving the people a $170 billion tax cut as a reward, I guess, for the sacrifices that they have to make to balance the budget. I think that is a simple direct case of wanting your cake and eating it, too. We should not have to reward the people of the United States, and I do not believe the people of the United States—Democrats, Republicans, independents, call them what you will—believe they need to be bought off by a promised tax cut to make the hard choices to balance the budget by the year 2002. That is a case which I think has not been made well by those on that side of the aisle, but they say it so many times some people may begin to think they really are saying something important.

There has been a lot of talk about Medicare. Medicare and the hit Medicare is taking is of much concern to those of us on this side of the aisle. There has been lots of talk as evidenced by the recent exchange between the Senator from West Virginia and the present manager on that side of the aisle.

The basic point seems to be that you have to go along with their recommendations, with their numbers in their fashion because otherwise the Medicare trust fund is going to go broke by the year 2002.

We have to do something about it. We all recognize that it is a problem. But if you will look into the details, or lack thereof, of what the Republican majority is proposing, you will see that even if we would accept their proposal lock, stock, and barrel, the solvency of the Medicare trust fund would only be extended to the year 2005, or 3 more years.

And yet to listen to their rhetoric you would believe, if we accept their budget proposal lock, stock, and barrel, that we would solve that problem as well. We do not have enough figures to know whether or not if their proposal was enacted, because it is so lacking in details, it would continue to make the Medicare trust fund solvent to the year 2005, 3 years beyond the date that it otherwise is expected to be insolvent.

I simply say that no specifics are available to us. But I wish to emphasize once and for all, if I can, the fact that even if we accept the Republican budget we have not solved the long-term solvency of the Medicare system.

Why are we suggesting, Mr. President, without violating the 2002 date to balance the budget without raising taxes, without doing anything else that the Republicans would generally think would be harmful, why are we saying that the $250 billion to $280 billion cut in the next 7 years would be so devastating? And why is it that those of us on this side are saying we recognize some reductions are going to have to be made in the Medicare and Medicaid Programs but we are simply saying you are going at this without thoroughly thinking it through?

You are going to cause devastation to the system in a whole series of areas, primarily in the rural areas of America which, in this Senator's opinion, have too few representatives in this body and certainly too few in the House of Representatives.

To bring this point home, I would like now to read an excellent article that was referred to originally this morning earlier in debate by the Senator from Maine. It was a New York Times article of yesterday, May 21, 1995, under the byline of Robin Toner.

I want to read this into the RECORD because it basically proves, beyond any question of a doubt, that the point that myself and others—Senator ROCKEFELLER is included in that; and the Senator from New Jersey has been very active—are trying to say as to what is wrong with the indiscriminate slashing or crushing of the Medicare and Medicaid proposals without having thought through just exactly what we are doing.

The referenced article that I will now read is headlined "Medicare Talk Brings Anxiety to the Heartland."

To Mike Brown, who runs a tiny county health care center about an hour's drive from here, the $250 billion or so in Medicare savings that Congressional Republicans want to achieve over the next seven years is more than an abstract figure in a Washington budget battle.

Like many rural hospitals, his center, Saunders County Health Services, ministers to a population that is largely elderly and exceedingly dependent on Medicare. The health insurance program for the elderly accounts for about 40 percent of hospital revenue nationally but for more than 80 percent of the hospital revenue at the Saunders County center.

As a result, Mr. Brown said one cool spring morning this week, he fears that new spending controls on Medicare would have a significant impact on his 30-bed hospital. It lost money last year, hopes to break even this year and has been struggling since the mid-1980's, he said.

In a little burst of feeling amid the dry policy talk, he argues that his center has "real value" for its aging population, often cared for by aging children, for whom the drive to Lincoln or Omaha for regular treatments would loom large.

When planners and politicians talk about potential "disruptions in the health care delivery system" from the new Republican budgets, they are often talking about hospitals like this one. But even in Omaha, in the high-rise temples of medicine that dwarf the one-story Saunders County hospital, the Medicare policies being created in Washington instill anxiety and frustration.

Hospital administrators say that they are not trying to preserve or defend the status quo and that they recognize the need for restructuring of the Medicare program. But they say they have already taken numerous steps to control their costs, and they bristle at the idea that there is still a great deal of easily identifiable fat to be quickly wrung from the system. Even here in Omaha, a comparative latecomer to the competitive new world of managed care, hospitals say they have felt increasing cost pressures from private payers in recent years.

Given all these forces in play, and the expectation of new constraints on Medicaid at least as tough as those proposed for Medicare, several hospital administrators here

said they feared that Congress was moving too far, too fast.

"I'm confident that we can come up with a better system for caring for Medicare patients and doing it in a more economical fashion," said Charles J. Marr, president and chief executive officer of Immanuel Medical Center, a nonprofit hospital sponsored by the Lutheran Church of America. "But they shouldn't throw us into a tailspin and force that change over a short period of time."

John M. Fraser, chief operating officer of Methodist Hospital, across town, noted more than once during an interview that he is a Republican and said both deficit reduction and a Medicare overhaul were valid issues.

"But you don't do this in six months on Capitol Hill," he added.

Republicans, of course, maintain that extracting these savings from Medicare is essential to insuring the continued solvency of the 30-year-old program. Under their plans, they note, spending on Medicare would continue to grow, just at a slower rate than the current average of about 10 percent a year.

Representative Jon Christensen, a Republican freshman who represents Omaha, and who voted for the House Republican budget this week, declined an interview request. But he issued a statement defending the plan.

"The simple fact is that Medicare is going bankrupt," he said. "Would it hurt Nebraska's hospitals less to let the Medicare program collapse?"

Many health planners dispute Mr. Christensen's argument that this level of reduction projected spending is necessary for the sake of the Medicare system. Democrats, for their part, assert that Republicans are simply using Medicare as a piggy bank to pay for their political promises of a balanced budget and a tax cut.

Nobody yet knows how these spending reductions will be achieved or how much they will affect payments to hospitals; that will be resolved later this summer.

What is clear, away from Washington, is not only how enmeshed Medicare is in the health care system but also how vulnerable that system is to large-scale changes in the program.

Here in Nebraska, state officials say, it is the rural health care system that is most "fragile," as Dr. Mark Horton, the state director of health, put it. Eighteen percent of Nebraska's rural population is over 65; many of the hospitals in rural areas, and many of the primary care physicians there, are exceedingly reliant on the Medicare program. Tinkering with its complicated reimbursement system, which some hospital officials say already makes it hard for them to recover the cost of rendering care, can thus have a major effect on the overall health system, officials say.

"You could argue that maybe some of these hospitals should close," said Dr. Horton. On the other hand, he added, these small community hospitals are often the most cost-effective places to treat common ailments like pneumonia.

Mr. Brown's center, which also depends on a county levy, includes a small attached nursing home, an outpatient clinic and a home health care agency. Its hospital beds are generally filled with patients suffering from pneumonia and other heart and lung ailments that afflict the aged, he said. There is little flexibility in his budget. "When you don't have any private paying patients to speak of," he said, "there's no place to shift the cost to."

Harlan M. Heald, president of the Nebraska Association of Health Systems, said of the expected round of spending reductions, "The more Medicare patients you have in your mix, the more it's like that old Nebraska farm joke: if you're not making back your costs, you're not going to make it up in volume."

C. Edward Schwartz, chief executive officer of the University of Nebraska Medical Center, works at the opposite end of the spectrum from Mr. Brown. Mr. Schwartz runs an academic medical center that prides itself on its liver, bone-marrow and pancreas transplant programs. Yet he too describes Medicare as "absolutely crucial" to his institution's future, in part because the program recognizes and helps subsidize the cost of medical education at such centers.

Mr. Schwartz argues that the people who should be most alarmed about new controls on Medicare are private employers, because of the prospect that hospitals will be driven to renewed cost shifting. "We have to be honest with ourselves," he said, adding, "I thought business was well past the point of wanting to pay the taxes Congress didn't want to collect."

The great debate over Medicare, in short, looks decidedly less abstract at the grass roots, a fact that opponents of the Republican proposal are counting on in the months to come.

Diana Smalley, chief executive officer of Midlands Community Hospital, a 208-bed center south of Omaha, said she was looking forward to putting together a health forum for Representative Christensen, whom she met at a recent function of the local Chamber of Commerce. As head of the chamber, Mrs. Smalley is more than able to brief her Congressman on the importance of her hospital to the community's economy. It is the largest civilian employer in the county, she noted.

"I'd rather work with him if I can," she said. "I admire, I guess you could say, the zeal that we see to get things done. I just worry about the time frame."

That is the end of that excellent article which sums up the disastrous effect that the size of the Medicare cuts, as recommended by the Republicans, would have not only on Nebraska but every other State in the Union that has a sizable rural population.

Mr. President, I will have other things to say with regard to what I think is an ill-advised policy. I offer, again, to try and sit down with the Republicans and work something out. I think it would be far better if we had a bipartisan compromise that embraced many of the hard choices that the Republicans are making.

I will simply say that if the Republicans can come and reason with us together, even though we are in the minority, if the Republicans will renounce lock, stock, and barrel any kind of a tax cut until we actually balance the budget in the year 2002 then we would take a giant step toward a true bipartisan and a tough budget that is going to hurt.

I appeal once again for the Republicans simply to recognize and realize that the proposals we are making in the amendment before us do not eliminate the cuts to the Medicare system. The amendment simply reduces those cuts and makes them barely palatable by alleviating $100 billion of those cuts and taking that money from the $170 billion tax cut kitty that is clearly represented in the Republican budget.

I thank the Chair, and I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Washington.

Mr. GORTON. Mr. President, I am authorized to yield myself such time from Senator DOMENICI's time as I may use.

First, by direction of the leadership, I ask unanimous consent that the vote now scheduled for 3:15 p.m. be advanced to 3:10 p.m.

Mr. EXON. Mr. President, we have no objection to that and agree to that on this side of the aisle.

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

Mr. GORTON. Mr. President, too far too fast. That now is what we hear. We are going too far too fast in our quest to balance the budget and to save the Medicare trust fund.

Only here, this budget, if passed and enforced, promises a balanced budget in the year 2002. As I count, that is 7 years from now, but too far too fast, we are being told. Better perhaps the proposal of the President for budget deficits of $200 billion to $300 billion a year, all the way through the year 2002, with no promise of any reduction? That, presumably, is not too far too fast.

But, Mr. President, it is too disastrous for our country and too immoral for the children and grandchildren who will have that bill loaded on their backs.

Too far too fast to save a Medicare trust fund for hospital insurance scheduled to be bankrupt in the year 2002? Too far too fast to do that now? Will it be easier next year or 3 years from now or when the bankruptcy actually arrives?

This amendment is consistent with the view that we are going too far too fast. This proposes to cut $100 billion out of the reduced spending growth in one particular program, and then it will be followed by amendments to cut back on spending reductions or a slowing in spending growth of additional tens or perhaps hundreds of billions of dollars, all consistent with the view that we are going too far too fast. That while a balanced budget may be desirable someday, please, Lord, do not let it take place in our day, send that responsibility on to someone else.

This particular amendment is of a rather interesting nature, because this $100 billion of spending over what would be authorized by this budget resolution is not balanced by increasing the amount of money going into the hospital insurance trust fund from payroll taxes at all. In fact, we do not know how much of it would be used to stave off this bankruptcy of that fund.

If we assume, however, that half of it would go for that purpose, it would

postpone that bankruptcy by about 6 months, Mr. President—6 months of time during which presumably there would be no attempt to deal with the fundamental causes of that bankruptcy, no attempt to deal with the 10.5-percent increase in expenditures for Medicare each and every year.

This money simply comes out of a reserve fund. What is the reserve fund, Mr. President? The reserve fund is the economic dividend for balancing the budget. We are told by our Congressional Budget Office that at least this year, we are all using its figures and estimates—we are told by the CBO that if we put laws in effect which reform the spending patterns of the assistance, which preserves that Medicare trust fund, among other things, but which get us to balance in the year 2002, the economy of the United States will react so positively and so affirmatively, interest rates will go down, people will be better off, that we will actually be $170 billion ahead.

So we have said in this budget resolution that if in fact we take this hit, if a number of programs do spend less money—no question about that—the American people ought to be entitled to a dividend, a modest tax reduction, 90 percent of which will go to middle-class working Americans under the provisions of this budget. Oh, no, the other side says, we could not possibly do that. We have to spend it. But, of course, they are spending it before they get it. If you put another $100 billion of spending back into this budget, you do not get to a balance. I presume under CBO's figures, you do not get the reserve fund of the dividend at all. So we are spending money not only before we get it, but before there is any assurance that we are going to get it at all. That is the nature of the proposal that we have before us right now.

Now, there is no way that I can fault the sincerity or devotion of the senior Senator from Nebraska to a balanced budget. He was one of a relatively small number of Members of his party who voted for a balanced budget amendment which, Mr. President, would have required the budget to be balanced by the year 2002. We could not have argued too far, too fast had that amendment been a part of the Constitution. But most unfortunately, he seems to speak for very few Members on his side of the aisle. Even by his own estimate, we only get 54 votes on this side of the aisle and 60 votes if we do it his way. That assumes that everyone on this side agrees to forego even the remote possibility of any tax cut for a 7-year period, even for middle-class working Americans.

But as we have listened to debate on this specific amendment, it has not been limited to a complaint that we should spend more than the budget resolution authorizes on Medicare. Oh, no. We have heard it on money for agriculture, not just for Medicare but for Medicaid, for education, for veterans, and for other health programs. Lord knows, I have been here all the time, perhaps for all kinds of other programs, as well. We could spend that dividend three or four times, Mr. President, and not have satisfied the spending desires of the great bulk of the opponents to this budget resolution.

So I ask myself, should we pass this amendment? Will we suddenly have a budget resolution supported by a wide range of Members on the other side? Will it suddenly become almost unanimous? Not from what we have heard so far, Mr. President. This will be only the beginning. There is no way that we will be able to satisfy the desire for spending and have a balanced budget without having a very large increase in taxes, which I may say to this point has not been proposed.

Now, my good friend from West Virginia says that this amendment is really just a symbol, a symbol of our need for health care. I agree that it is a symbol. But I believe with what is going to follow on with it that it is a symbol for the need to spend far more money on a wide range of programs than can possibly be accommodated, not only in this budget resolution but in any budget resolution which leads us to a balance by 2002. So "too far, too fast" really is the slogan that we are hearing from the other side during the course of this debate.

But this amendment goes at our very desire to put Medicare on a path under which spending will increase not only overall in Medicare, but for each individual beneficiary by close to 50 percent—35 to 50 percent—during this 5- to 7-year period. And also it will result in this country's getting all of the dividends from the point of view of greater opportunities, more jobs, higher incomes, that will come out of the fact that we balanced the budget.

The trustees of the Medicare health insurance system have told us that it will go bankrupt. They have told us that we need to do something about it. They have not suggested that we just take more money out of the general fund, which does not have any more money, and put it into it. They have told us we need to do something. We propose in this resolution to do exactly that.

Yet, Mr. President, even that is not a totally consistent view from the other side. We have had one of the Senators from North Dakota here in the course of the last couple of hours bringing up that argument that was made, and ultimately defeated the balanced budget amendment, that we are not really balancing the budget at all because we are counting Social Security trust funds and expenditures as a part of a unified budget, and that we will still be more than $600 billion out of balance.

Now, it may be that the Senators from North Dakota have promised us a budget resolution which will save another $600 billion in some respect or another, though we have not seen it yet. I can only say at this point that when that position was first put forth by the Senators from North Dakota, the Washington Post columnist Charles Krauthammer said this:

> In my 17 years in Washington, this is the single most fraudulent argument I have heard. I don't mean politically fraudulent, which is routine in Washington in a judgment call anyway. I mean logically, demonstrably, mathematically fraudulent, a condition rare in Washington and not a judgment call at all.

Why does he make that point? He makes it for the simple reason that from the perspective of this country and society as a whole, a budget deficit is a very simple proposition. It is the amount by which the number of dollars expended by the Federal Government in any year for any purpose exceeds the number of dollars that are brought in by taxes or fees or anything else. That difference is the amount of money that must be borrowed by the Federal Government for one purpose or the other. That is the amount of money that drives up, or if it goes down, will lower interest rates. That is the amount of money that is taken out of the savings of the country as a whole.

Under that definition, with a perfect security for the Social Security trust fund, this budget, the budget which is before us now, will by its best figures lead to a balance in the year 2002. It will prevent the bankruptcy of the Medicare health insurance trust fund by the year 2002. Appropriate reforms will see to it that it can go on indefinitely. That, Mr. President, is why this budget resolution has already had positive impacts on the value of the American dollar and on lowered interest rates, and why it will have far more if it is actually passed and enforced.

Without changing, that will turn it from something that is real to something which is a mere fiction.

Mr. ROCKEFELLER. Would the Senator from Washington yield?

Mr. GORTON. The Senator from Washington will be happy to engage in a conversation with the Senator from West Virginia on his time.

Mr. ROCKEFELLER. Mr. President, just a short minute.

I would have to say to my good friend from the State of Washington that he did mischaracterize what I said. I think it is important for the RECORD that the mischaracterization be straightened out.

I did not at all suggest $100 billion was symbolic. What I suggested was that we were not obviously going to be able to create a solution to the long-term trust fund problem by the $100 billion, but that we sure as heck are not, as is the case in the budget the Senator proposes, doing this massive cut in Medicare, thus causing seniors to have to pay out of pocket and dip

into their Social Security cost-of-living adjustment.

In no sense did I mean it was symbolic. It is anything but symbolic. We would be bringing relief to senior citizens, and for that matter also to Medicaid.

I really must object to the use of the word symbolism because I never did say that. I used the word priorities. It is a question of priorities. I want the RECORD to be clear on that.

Mr. GORTON. Mr. President, I stand corrected by my friend from West Virginia. I understood him to say that the amount of money was symbolic of the problems that he felt this budget resolution created. Symbolic in the sense that even were it restored, it would not solve all of the problems the Senator from West Virginia saw in the health care portions of this budget.

I am delighted to have him characterize his position in his own way.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I yield myself 10 minutes from the time controlled by the Senator from Nebraska [Mr. EXON].

Mr. EXON. Mr. President, I yield 10 minutes.

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

Mr. LIEBERMAN. Mr. President, I rise to support the amendment that is offered by my colleagues from West Virginia and New Jersey, Senators ROCKEFELLER and LAUTENBERG, and in doing so, as the debate here in this Chamber goes from side to side, I want to point out what may be missed in all of this, which is that there is remarkable—some might say historic; I would say necessary and appropriate—agreement between and among the various parties to this debate about the problems we face and the need to take action.

The Budget Committee proposal brought up under the chairmanship of the Senator from New Mexico—we use the word cut but what we really mean here is slowing the growth in spending for Medicare and Medicaid by $431 billion.

This amendment, offered by Senators ROCKEFELLER and LAUTENBERG, will diminish that slowing of the rate of increase in spending on these two health entitlements by $100 billion. The result, if the amendment should be passed, would be that the increase in spending on Medicare and Medicaid would be cut by $331 billion.

Now, Mr. President, as the debate goes back and forth I think it is critically important that all Members stop and appreciate the consensus that is found here.

I would guess that very few in this Chamber would have predicted a year ago that we would be here debating whether to cut $331 billion from the increase in growth of Medicare and Medicaid, or $431 billion. Those are numbers well beyond what was thought to be politically possible. But not well beyond what most experts and what most Members in this Chamber certainly acknowledged privately was fiscally and governmentally responsible if we were to save the Medicare and Medicaid programs, certainly save Medicare from the bankruptcy that has been predicted, in 2002, by the fund's own trustees. And in that sense, to protect the Medicare benefits of millions of Americans, including about half a million that live in the State of Connecticut.

I give the Senator from New Mexico, the Budget Committee chairman, a lot of credit for shaping this debate both on the question of the need to take hold of the Medicare program, to save it; and second, on the overall national imperative to bring our books into balance by a date certain.

It is interesting that all of the amendments put in by the Democrats here still accept the goal of a balanced budget by a date certain, which in this case is 2002.

Mr. President, it is not only fiscal necessity and the desire to avoid the bankruptcy of the Medicare trust fund, certainly part A, and the deprivation of health insurance benefits for all those who benefit from that fund, but it is the acknowledgment—and I need not speak at length on this but just to note—the acknowledgment that the health entitlements are growing out of proportion to the rest of our public spending, have experienced double-digit increases in spending.

In a very real way, they are threatening to swallow up—if we let this growth go unchecked—so much of what we consider to be the Federal Government, and not just to swallow it up but to make it impossible for Members and those who follow the debate here in Congress and the White House to deal effectively with the Nation's problems, and putting in jeopardy—because we simply will not have the money—our ability to provide for our Nation's security, with an adequate defense abroad, and a decent, tough, and comprehensive war against crime here at home. Making it impossible to invest in our future through programs of education, basic research, child development, training, job creation. Making it ultimately very difficult, if not impossible, to reform the welfare system, because most people who have looked at this acknowledge we cannot do that without investing a little money in getting people off of welfare.

This growing bipartisan consensus, which may be lost as the debate shifts back and forth on these amendments, is real and is based on a bipartisan understanding that unless we grab ahold of entitlement spending we are not only going to lose the benefits that these programs provide, we will lose our ability to provide for the future of our country, the future of our children, and the future of our work force.

However, Mr. President, I think it is very important, acknowledging the historic steps that we have taken on both sides to try to control the growth in Medicare spending, to say that this simply cannot become a debate of numbers, a debate of accountants.

If all we are talking about, and all we are arguing about, is how much we are going to cut Medicare, the growth in Medicare spending, we will have not fully carried out our responsibility. If all we do is to cut the existing system, we will not have dealt fundamentally with our problem and we will, in fact, create severe difficulty for the beneficiaries of these programs and for the providers.

People have talked about three ways to achieve reductions in increases in the Medicare program: increase payments for the fund by, for example, increasing premium contribution for wealthier Americans; we can decrease payments to providers for their services; or we can reform the basic structure of the Medicare system so that it delivers care more cost effectively.

That, Mr. President—reforming the basic structure—is what I hope the majority in this Chamber will be committed to. That is the road to truly protecting and saving the Medicare system and saving the rest of the Federal Government that will be eaten up by health entitlements, as will the future of our children and our Nation.

There are interesting ideas around about reform. Some, for example, have suggested that we make preferred provider plans available to Medicare recipients and that such plans can deliver care more efficiently while maintaining choice.

Others are discussing more dramatic changes. I must say these are the ones that appeal to me most, such as moving toward a voucher system in which the Government provides a fixed amount of money by way of a voucher to those who are eligible for Medicare, enabling them to go out into the private markets and purchase their own health care coverage. That is the way to truly empower the recipients, to break them free from a lot of the complexities of the current system and to bring competition into the Medicare Program, which is so significant a part of our health care apparatus, just as competition is coming in so effectively to the rest of our health care system.

The pace of change to the Medicare Program should be determined by our ability to maintain: confidence in the program; the credibility of the program financially; and, the quality of the services delivered under the program to those who are the beneficiaries.

Let me talk briefly about two comments that have been offered, two positions taken, as to how to proceed down

the road to reform. The Budget Committee majority has proposed establishing a bipartisan commission to advise Congress on how best to meet the level of cuts set forth in the budget. Some of my colleagues, on the other hand, have argued that we simply should not pursue Medicare reform outside of the context of broad-based health care reform.

I am not truly comfortable with either of these positions. It may be in the end that a commission is necessary to deal with these problems. But it takes time, and I believe we know what our options are now. I would sure like to see this Congress, led in this Chamber by our Finance Committee, take a first crack at seeing whether we can, not just cut Medicare spending increases, but whether we can reform the fundamentals of the program.

When it comes to the argument that Medicare reform must be part of overall health care reform I would say this: in the best of all worlds that would be the way to proceed. But if we learned any lesson from the futile attempts to adopt universal and comprehensive health care last year, it is that if we wait to reform the Medicare system until we can have overall health care reform we will not have Medicare reform, and we will probably not have overall health care reform either. We simply should not postpone Medicare reform because the problems facing Medicare are too critical for us to delay.

The fact is, recent innovations in health care delivery in the private market have created a revolution without governmental direction and paved the way for new approaches to deliver care to the elderly through Medicare reform. We should take advantage of those private sector innovations and try to apply them to the Medicare Program. The private sector reforms that are going on now are driving change. It would be a strange result indeed if the private markets reform themselves to more efficiently and cost-effectively deliver health care and the governmentally operated health care programs are left to run without the benefit of competition and without the benefit of reform.

So it is with these thoughts in mind that I will be supporting the amendment offered by Senators ROCKEFELLER and LAUTENBERG, acknowledging and expressing some appreciation for the consensus that is here beneath the debate. We are on the road to a balanced budget by a date certain. We all acknowledge that we have to limit the growth in health entitlement spending to save those programs for the beneficiaries.

Finally, I hope we will come to a similar consensus that cutting the growth just in dollar accounting terms is not enough. We have to reform the fundaments of the program to save it, empower the beneficiaries of the program, and take full advantage of the marketplace competition that is being so productive and beneficial to people in the private sector today.

Mr. President, I thank the Chair for the opportunity to address the amendment and I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, with the consent of the majority leader and at the suggestion of the manager of the bill on the other side, I ask unanimous consent the period of time in this debate between 2 p.m. and the vote at 3:10 p.m. be equally divided and be under the control of the Senators from Nebraska and New Mexico.

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

Mr. GORTON. Mr. President, I yield 10 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Mr. President, looking for leadership on the budget from the opposition these days is a little like playing "Where's Waldo?"

If you look long and hard, you may eventually spot it, but there is not much there and it is certainly not easy to find.

This important debate over this year's budget resolution very clearly demonstrates my point.

For years, the Democrats have passed budgets which increased taxes, increased spending, and gave us the massive deficits which have dragged this Nation nearly $5 trillion in debt.

In 1993, President Clinton continued that trend, and even went a step further. His budget contained the largest tax increase in history, $275 billion, and spending increases, and more deficits.

But the Democrats praised it up and down. "It is going to take this country in the correct direction, in a good direction, in the right direction," said one of my Democrat colleagues.

Over and over again, the President and the Democrats in Congress challenged Republicans to offer up an alternative.

Listen to the words of my good colleague, Mrs. BOXER, the junior Senator from California:

> So I say to my fellow Republicans: Where is your budget? Show it to us. I want to see it. Don't give me amendments that do something here and there, because that is not constructive.

We delivered an alternative budget—one which reduced the deficit through spending cuts, not tax increases.

I, in fact, drafted an alternative of my own—Families First—which I introduced in the House and which was carried here in the Senate by my distinguished colleague, Mr. COATS of Indiana.

Our budget not only cut spending, it cut taxes for families and moved the Federal Government in an entirely new direction.

Away from the Washington Beltway, Families First was praised by the taxpayers.

But here on Capitol Hill, with the Democratic majority in charge, it never had a chance.

In August 1993, under the leadership of the President and a Democrat House and Senate, the largest tax increase was passed into law.

Now the tables are turned. Under the guidance of our distinguished budget chairman, Republicans have offered up an historic plan which would balance the budget within the next 7 years.

I am proud of the work of the Budget Committee.

Yet, those same Democrats of 1993 who called so loudly for a Republican budget alternative, have failed to offer up any alternative of their own this time around, just a lot of little amendments that do something here and there.

In fact, the only Democrat to offer up an alternative is President Clinton, and he is required to do that by law. But the President's budget was so far from what the people called for in November that not one Senator voted for it—Democrat or Republican.

That is some serious back-peddling. Two years after passing the largest tax increase in history—and boasting they reduced the deficit without a single Republican vote—Senate Democrats joined Republicans in rejecting the President's fiscal policies by a vote of 99 to 0.

Unlike Mr. DOMENICI's balanced budget, the President's budget would never balance. In fact, his budget plan calls for another $1.2 trillion in deficit spending over the next 5 years.

Under the President's budget, the deficit will continue to rise every year, until it reaches nearly $300 billion in the year 2000.

Kings can abdicate their thrones, generals can wave the white flag of surrender, a chess player who gets backed into a corner can forfeit the game, but the President of the United States is not supposed to just throw in the towel when the going gets a little rough.

Times have changed. So if President Clinton is not serious about reducing the deficit and balancing the budget, I ask the Democrats here in the Senate the very same question they asked us 2 years ago, using their very own words: "Where is your budget? Show it to us. I want to see it."

In 1993, Republicans did put up alternative budgets that we did support and that we did vote for. But it is not the case this year.

The distinguished Democrat leader says he accepts the goal of producing a balanced budget by 2002. But he is not willing to actually do anything about

it, because, and I quote, "We don't have the votes, so there's no point for us to lay out a comprehensive substitute." We did not have the votes in 1993. But we did lay out a comprehensive substitute alternative budget.

Well, I certainly hope we can count on his vote for Mr. DOMENICI's balanced budget.

I ask my colleagues on the other side of the aisle: how do you plan to improve, preserve, and protect the Medicare Program from going bankrupt, as it would under the President's plan?

If you are intent on spending as wildly as you have in the past, how do you plan to balance the budget within 7 years? With new taxes? If so, which taxes are you going to raise? The people have a right to know.

Mr. President, the Democrats may find that it is easy to complain about the Republican's budget, but you cannot beat something with nothing. And that is what the Democrats have given us: nothing. It is clear, Mr. President, that they do not want to tell us how they are going to balance the budget without tax increases, because they have absolutely no intention of ever doing it. So I make one suggestion to my colleagues on the other side of the aisle. Being in the minority does not give you license to simply gripe and complain. It does not free you from the responsibility of representing your constituents.

If you vote no on the budget resolution, then you had better find something on which you can vote yes for. We did it in 1993. Or else, the voters will have every reason to vote no themselves when you turn to them in November.

Thank you, Mr. President.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, how much time does my friend and colleague from Nebraska seek?

Mr. KERREY. Fifteen minutes.

Mr. EXON. I must tell the Senator that I have nine Senators who wish to speak between now and 2 o'clock. I am cramped for time. How about 8 minutes?

Mr. KERREY. Eight minutes will be fine.

Mr. EXON. I thank the Senator.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 8 minutes.

Mr. KERREY. I thank the Senator from Nebraska.

May I ask the senior Senator from Nebraska, does he intend, on the time he controls, to respond to the statement of the junior Senator from Minnesota just made earlier that there are no Democrats willing to participate in deficit reduction; that this whole problem was created by wasteful spending on the part of Democrats?

I intended to come to the floor to talk about something else, to try to say some things that might forge a bipartisan consensus. But I find myself being provoked by the comments of the junior Senator from Minnesota. I am wondering if the Senator intends to respond.

Mr. EXON. I certainly say to my good friend from Nebraska that I assumed he was here to talk about the amendment at hand. Maybe he is not. I simply say I would really appreciate it if he could make whatever comments he feels disposed to make at this time. I have been answering the charges that has been made over and over again that were just echoed like an echo chamber by the Senator from Minnesota.

Would it be possible for the Senator to make those appropriate remarks now, and then after the vote today, we could use additional time for going into some other things that I suspect he might have on his mind?

Mr. KERREY. I will be pleased to. I will confine my remarks to the amendment at hand, Mr. President.

Mr. President, I must say, I have some difficulty with the amendment at hand because it seems to me what we are basically saying is we want to take the $170 billion that probably will not materialize. In order to get $170 billion in savings, this Congress would have to come together in a bipartisan fashion for 7 straight years, and each committee reconciling out and voting the savings. We would have to follow the 7-year blueprint before the money appears. I must say, I feel somewhat uncomfortable, to say the least, taking savings created from cuts that I do not like anyway to mitigate the impact of cuts that I do not like.

So what I choose to do instead is talk again about one of the fundamental weaknesses that I see in this budget resolution, because it is nonbinding and because, as I see it—I have added a couple without the use of the calculator, so I may have this wrong—$519 billion of the reconciliation instructions go to the Finance Committee.

So I will have, as well as others, the opportunity to go to the Finance Committee and challenge some of the underlying assumptions, not the least of which is that we are not going to do anything about retirement this year.

I appreciate the difficulties that the Budget Committee had in putting together this set of nonbinding instructions.

So those of us who, like Senator SIMPSON, believe that retirement should be on the table, that unless and until we have addressed that, it is going to be difficult for us to actually get our budget balanced, we will have that opportunity to do it at some later date.

The Senator from Washington earlier made the point, when apparently the distinguished Senator from North Dakota was down on the floor earlier talking about this problem. I alert colleagues again: I think the effort on the part of both the chairman and the ranking member to produce this document is quite an extraordinary accomplishment.

I point out, nonetheless, that inside the budget document, it calls for the deficit to go from $240 billion down to $114.9 billion, if I can read my own writing, in the year 2002.

What we do is basically use what the law says. The law says we use the unified budget. The Social Security revenues are separate. But in terms of adding everything up, we bring Social Security into the equation. It is only because Social Security generates some $48 billion in surplus this year to a $114 billion surplus in the year 2002.

Again, I have not run the numbers on this. But I guess since we go to 2013 and start paying out more than we are taking in, my guess is that may be the peak; that $114 billion may be the peak. It may start declining after that, which is going to put additional pressure on all domestic spending.

I say to my colleagues that one of the things which has stayed constant in this town obviously is not political rhetoric. That blows hot and cold. But the one thing that stays constant in a very impressive fashion throughout all the imaginations about taxing is not enough, too much; that except for World War II and Vietnam, we have pulled from the United States economy about 19½ percent of GDP in the form of taxes. It stayed relatively constant over that period of time.

The underlying thing on our budget, and driving larger and larger, are these mandated items. They include retirement, they include health care, they include both the means-tested programs, such as AFDC and food stamps, as well as the non-means-tested programs, such as the agriculture program which, I might point out, is a relatively small amount, Medicare, Social Security, and other kinds of retirement programs.

The law says, as a consequence of either contribution or deciding that eligibility is deserved, you pay it out and you do not have to come to the floor of the Senate and vote on it.

What is happening is that mandated account, plus that interest, is driving higher and higher. And, I regret, it may be that the Democrats were not as aggressive as we should have been. It may have been that it is too controversial. As we obviously see, it was retirement. But I regret that we do not see a change in that in the budget resolution.

The budget resolution requires us to go to about 25 percent discretionary spending in the year 2002 down from 34 percent today.

I note with interest that the senior Senator from Oregon has an amendment to come down and restore some

costs and protect NIH. I notice the Senator from Iowa has an amendment to do the same in education.

The problem is that little amendments to the budget resolution will not fix this problem. When the senior Senator from Oregon came to the U.S. Senate, 70 percent of the budget was controlled by the Appropriations Committee; 70 percent was appropriated, 30 percent was mandatory spending, and then interest. This year, as I indicated, it will be 34 percent. By the time a baby born this year is a senior in high school, it will be zero, even with this budget resolution passed.

So I urge my colleagues, regardless of how this resolution shakes out, I hope that the alternative that a group of us will present, as I indicated in a previous speech, will be accepted because I think we are going to need a lot of bipartisan support not just this year but the next year and the year after to explain to the American people what needs to be done to bring the cost of these mandated programs in line.

I heard it said that these cuts in Medicare are going to have a terrible impact. Indeed, I suspect they could, depending upon how the Finance Committee wrote the legislation. But I say to those who are really alarmed by the prospects of those cuts, according again to the document—I unfortunately have read Senate Concurrent Resolution 13, which is relatively small—we start with budget authority this year of $171.9 billion for HI, and $61.2 billion for supplemental medical.

So I have $230 billion this year, growing to $370 billion. We will have $370 billion authorized in the year 2002.

So, if anything, one has to, even with this budget resolution, take a look at overall health care spending and say, "My gosh, yes." The Budget Committee has been very bold and very gutsy in putting this number out. But, if anything, Mr. President, we may not have gone far enough.

I do not suggest that we need to necessarily cut any more, but I do think we have to ask ourselves the question, are we subsidizing people who do not need to be subsidized? We will have $230 billion this year in Medicare. We will have another $80 billion in Medicaid. That is $310 billion. We have $90 billion going out in the form of tax deductions.

I notice that when people get really excited about going after tax entitlements and I come and say, let us look at the deductibility of health insurance, they get sort of pale and drop that off their list. With another $15 billion going out to the VA, another $15 billion going out to Army, Air Force, and Navy health care, a substantial amount of expenditures, well in excess of $400 billion, going out for health care, I do not think the problem here is that we are not spending enough. I think one of the biggest problems we have is whether or not we have the courage to say to those who do not need to be subsidized, you may need to pay some more.

I noted earlier that one of my colleagues—I saw the dueling charts go on back here, and I saw in the Democratic Cloakroom the chart showing the comparative analysis between what Members of Congress get in the way of health care and what Medicare beneficiaries get in the way of health care, the suggestion being that Medicare beneficiaries already get less than what Members of Congress do.

If somebody wants to bring an amendment striking Congress down to the level of Medicare, I would vote for it. But the problem is we have a lot of employees we have hired on and we are looking to try to provide them with health care benefits, and it is their health care benefits we are talking about here.

If anybody wants to come and say that people ought to pay according to capacity to pay, I am ready to vote for that. I do think one of the most difficult things that we have going with health care today is that we may have 20 million or so people in the work force going to work, sometimes working two or three jobs, doing all they possibly can, but they are not generating enough output to get paid enough to be able to afford high-quality health care. We have subsidies in place for people who can afford it.

So when the Finance Committee gets down to looking at the reconciliation of numbers, I think there will be plenty of opportunity even with the money allocated for us to do the right thing. The question is, are we going to have the capacity either politically or in our own guts to come to the American people and say that this is not going to be an easy thing; it is not a free lunch involved.

I say in conclusion, I appreciate very much the leadership particularly of the senior Senator from Nebraska who over the years has been voting with Republicans, has been doing the right thing when it comes to deficit reduction. This has not been somebody who comes down with knee-jerk votes against every single spending cut. This is a man who has been down here for the entire 18 years that he has served the people of Nebraska, as the distinguished Senator from New Mexico has as well. I think we are fortunate to have them leading us on this budget debate. We have a lot of very difficult decisions to make if we are going to reduce the size of this deficit and get it in balance and get us to a point where we not only restore the confidence of the American people in us as an institution but do as we all say we want to do, which is to provide a better economic future for our children and for our grandchildren.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank very much my friend and colleague from Nebraska for his kind remarks with regard to not only myself but our mutual friend, Senator DOMENICI, chairman of the Budget Committee. This is a very difficult task. I think the Senator from Nebraska, my colleague, knows very, very well we have been reaching out. I appreciate very much the dedicated leadership he has provided in a whole series of areas with regard to deficit reduction.

Senator GRAHAM is in the Chamber. I will yield to him.

Mr. GRAMS. Mr. President, we have no one on our side requesting time at this particular moment so I would like to yield the floor back to the Senator from Nebraska.

Mr. EXON. Yes, that side would be next. I simply might say, if I can at this time, there are several Senators who had indicated they did wish to address this matter on the Senate floor before we vote. We are quickly running out of time, and if there are any Senators who wish to make remarks up to 5 minutes, their staffs should advise them we are quickly running out of time.

I yield the floor.

Mr. GRAMS. As I said, Mr. President, I have no one on this side who requests time at this moment, so I will yield the floor back to the Senator from Nebraska.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. GRAHAM. I thank the Chair.

Mr. President, I should like to make two points in the time available to me. The first is the context in which this debate over the specifics of Medicare and Medicaid should take place and then, second, some particular concerns about the proposal that is before us in those two areas.

There is no golden road to budget balance. There are many means by which to get to that common destination. We are going to be discussing today one aspect of a proposal to get to a balanced budget and the consequences of selecting that particular route. But I want no one who hears this debate to be misdirected that we are not as committed to the goal of getting to a balanced budget by a date certain, ideally with a bipartisan consensus of the Congress and the American people.

There is a word that appeared on the chart we have just seen which I think is important to this context, and that is sustainability.

Frankly, Mr. President, I do not believe that cuts of the level being proposed in Medicare and Medicaid are

sustainable. They might have enough energy to get through this round of the budget process. That is, they may be able to appear in the final budget resolution. I think they will encounter significant difficulty when they reach the Ways and Means Committee and the Finance Committee, and these large amorphous numbers, $256 billion out of the Medicare Program in the next 7 years, $175 billion from Medicaid in the next 7 years, when those are converted into the specific impacts on people, they will encounter significantly greater difficulty.

I believe that even if they should get past that hurdle, the chances of these cuts lasting the full 7 years as they are converted into services, cost shifting, impact on States, impact on the private sector, is very unlikely. So I am concerned as to whether the path that has been laid out for us, which is clearly not the only path, is a path that has the staying power to get to the destination of a balanced Federal budget.

Let me talk about some of the implications of the proposal for a $256 billion cut in Medicare, the program that provides health care financing for older Americans, and $175 billion of cuts in Medicaid, the program that provides funding for indigent Americans, which I might say, Mr. President, includes a substantial number of older Americans, older Americans who thought they had made adequate provision for their retirement years and find that because of some unexpected cataclysmic health collapse, they have used up their resources and they become medically indigent Americans.

Let me just discuss what the implications of this will be first on beneficiaries. The materials which have been provided indicate that one of the first means of financing this $256 billion cut on Medicare will be cost shifting. Hearings before the Senate Finance Committee indicated that speaker after speaker who supported cuts of this level, when asked where would you propose to go in order to achieve this, gave as their first answer to increase the share of cost paid by beneficiaries.

It is estimated that the increased cost to a couple, man and wife, in my State between the year 1996 and the year 2002 will exceed $9,000. That represents, for instance, Mr. President, about half of what that couple would anticipate to receive in cost-of-living adjustments over the period from 1996 to the year 2002. So the real implication of this is that they will not be able to maintain their standard of living against increased cost of living because such a high share of their income will now be going to meeting the additional cost of paying for their health care.

Another important area of Americans who will be adversely affected will be the providers of health care services.

The PRESIDING OFFICER. The Senator's 5 minutes has expired.

Mr. EXON. I yield 5 more minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for an additional 5 minutes.

Mr. GRAHAM. I thank the Chair. I appreciate the generosity of my colleague from Nebraska, the ranking member of the Budget Committee.

According to the Prospective Payment Review Commission, a commission established by Congress to consistently analyze Medicare programs, the commission states and I quote:

> The ability to use cost shifting to fill the revenue gap where Medicare cost increases exceed payment increases varies across hospitals. Facilities that treat a large share of Medicare, Medicaid and the uninsured patients have a lesser ability to cost shift to the private sector. In view of growing price competition in the marketplace, these facilities will face a greater risk of declining margins, which eventually could threaten their financial viability and their ability to care for Medicare beneficiaries.

Mr. President, it is not surprising in my State, which has the largest proportion of persons over the age of 65 in the country, that there are some 87 hospitals in our State where the Medicare patient days exceed 60 percent of total patient days, which is to say that in States like mine and particularly in rural areas such as those represented by the Senator from Nebraska, the risk of a serious collapse of the health care system, not just for Medicaid and Medicare recipients but for the total population, is a very real one, a collapse because those facilities are so dependent upon the Medicare and Medicaid patient that, if the Federal Government does not provide adequate resources with which to at least pay the costs of provision of direct services, those institutions will face the prospect of either a sharp decline in the quality of service for their Medicare beneficiaries or closure.

(Mr. KYL assumed the chair.)

Mr. GRAHAM. Another area at risk is State government. We are proposing to take the Medicaid Program, the program that delivers services for indigent Americans, take the current formula of distribution of funds, convert that into 50 block grants—51 block grants, actually, since the District of Columbia will also participate—and direct the money to those 51 political entities. There is a suggestion of an annual cost-of-living increase but no increase based on demographic changes. What are the consequences of that?

According to the CBO baseline study, currently the Medicaid Program is providing a 7 percent increase per capita for Medicaid beneficiaries. That, I might say, compares to a 7.2 percent increase in spending per capita in the private health care system. Medicaid today is slightly below, on a per capita basis, the rate of increase of the private sector, in spite of the fact that Medicaid is treating some of the most vulnerable of our population, including children at risk and the elderly at risk.

Under the proposal that we are debating, the increase per capita will not be 7 percent, Mr. President, but it will be 1.4 percent as against a projected continued 7.2 percent in the private sector. That is the consequence of a system which purports to create greater flexibility to the States by giving them only a constrained 5 percent increase with no recognition of the tremendous demographic shifts in States such as that represented by the Presiding Officer and in States such as mine which have a fast-growing population, particularly a fast-growing population of older Americans. This is a prescription for disaster for the beneficiaries affected and for the State governments which will be asked to pick up a bigger and bigger share of paying these costs.

Another area which will be adversely affected will be children. It is projected that 5 to 7 million children currently lack insurance coverage and unless States can find a way to make up that difference, there will be either a denial of health insurance coverage for those young Americans or another major cost shift, an unfunded mandate directed at the States to pick up a cost which in the past has been a shared responsibility through Medicaid of the States and the National Government.

The PRESIDING OFFICER. The Senator is advised that his 5 minutes have expired.

Mr. GRAHAM. Mr. President, our manager is not here. I ask unanimous consent for 2 additional minutes.

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

Mr. DOMENICI. Before the Senator does that, might I say that immediately following the Senator from Florida, I would like to yield to Senator BENNETT to speak for up to 15 minutes.

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

The Senator from Florida will have 2 additional minutes, and when he has concluded, the Senator from Utah will be permitted to speak for 15 minutes.

Mr. GRAHAM. Thank you, Mr. President.

I quoted a moment ago from the Prospective Payment Review Commission, and I do so again from their March 1959 report, which states:

> Medicare and the private sector account for approximately equal shares of hospital spending, 40 percent and 39 percent in 1992. Consequently, every percentage point of Medicare cost increase not reimbursed by the Medicare payment increase will, all else equal, translate into a percentage point of additional revenue needed from the private sector.

So we are facing the prospect by carving out these two programs—Medicare and Medicaid—and treating them as if they were in isolation from the rest of the health care system. We are about to construct a system in which

there will be significant cost shifting to the private sector resulting in increased costs for private employers, private individuals, for the providers of health care services because they will be underfunded.

Mr. President, I believe in the importance of reaching the goal of a balanced Federal budget, and I believe that the date of 2002, while difficult, is not an unreasonable standard. I would go further by saying that we should have as our goal reaching, as soon after the year 2002 as possible—and I would suggest 2005 or 2006 —a balanced Federal budget which does not depend upon the masking of the Social Security surplus in order to reach a balanced budget. But we must do so in a pattern which will be politically and publicly supportable and sustainable over the next 10 years that will be required in order to reach a balanced Federal budget without relying on Social Security.

It is my considered judgment that the impact that this approach on Medicare and Medicaid, as has been suggested, will have on the beneficiaries, particularly the old and the young, on providers, on States, and on the private sector, will be so severe that it will not be sustainable and that we will face the prospect of losing this opportunity to achieve that goal of a balanced Federal budget.

So I urge the adoption of the amendment which is before the Senate at the present time, which I think brings reasonableness to this process. And I urge the Senate's serious consideration of a comprehensive amendment which will be offered later this week which will achieve the goals of a balanced Federal budget without relying on these savage cuts in Medicare and Medicaid.

Thank you Mr. President.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I had the pleasure and opportunity of being in the Chamber when the Senator from Florida began his presentation, and I would like to rise and comment on it.

I think the position the Senator has taken with respect to Medicare is entirely correct if you make one assumption, and that is that the delivery of services under Medicare would not change in its estimate or in the way they are paid for. If there is no change in the way Medicare is administered and no change in the way these services are paid for, the Senator from Florida is exactly correct. Unfortunately, from my point of view, however, Mr. President, that is the problem; that is, the assumption that there will be no change in the way Medicare is administered.

The Senator from Florida says these cuts will have to be converted into service cuts, they will have to be converted into cost shifting, they will have to be converted into increases in premiums that are not sustainable over the long term. And, again, if there is no change in the way Medicare is administered and no change in the way it is paid for, the Senator from Florida is entirely correct.

The thing I hope we will address as a body is this fundamental question of Medicare as it is currently constituted and recognize that the word which the Senator from Florida picked out, "sustainable," is, indeed, the key word because what we are learning as we get into this circumstance is that the present system of Medicare is not sustainable regardless of what we do.

We could take all of the money that we are talking about cutting out of the rate of increase and leave it as it is, and what would happen to Medicare? It would go broke. The trustees have told us that. The present system is not sustainable. We could say, "All right, let us add money." Where is it going to come from? We will leave that aside for a minute, but let us add money to the present system to prevent it from going broke, and all we do is delay the inevitable for a few more years, and then we will be back on the floor of the Senate, or our successors will be, debating the same issue.

I have an analogy, Mr. President, that helps me understand this. I will do my best to lay it out in a fashion that might be clear to some others, because some people, when I start, say, "Oh, that doesn't have to do with anything." But bear with me. This is an analogy that I think illustrates the point.

Back in the 1960's, when we first started—we as a nation—discussing Medicare, my father was in the Senate and I was acting as his campaign manager. I have mentioned this here before. At the time, if I wanted to talk to my father from the campaign headquarters in Utah, I would pick up a telephone and dial zero. Yes, you had to dial; there were no touch-tone phones. An operator would come on the phone and say, "What number, please?"

I would say to her, "I want 224-5444." It happens to be the same number that connects you to my office now.

She would say, "Do you want person-to-person or station-to-station?"

If I wanted absolutely to talk to my father, I would say, "Person-to-person." If I was willing to talk to anybody on the staff, I would say, "Station-to-station," and then I would wait there on the phone while she placed the call.

If I had said person-to-person, she would say, "Is Senator Bennett there?"

And they would say, "Just a moment, we'll find him." And then when they found him, when he came on, then and only then would she go off the line and I could start to talk to my father.

The system worked great. It was simple, certainly easy for me to understand, certainly convenient. All I had to do was tell her what I wanted and let her handle all of the details of placing the call.

There was one problem with it, however, Mr. President. As the demand for long distance service grew in this country, we reached the point very quickly where there were not enough operators in the country to handle all the calls. Indeed, if you projected it out into the future, we would be looking at a point where there were not enough people in the world to handle all of the telephone calls that people would make requiring an operator to come on, listen to the request, and handle it. We were forced, whether we wanted to or not—we wanted to—whether we wanted to or not, we were forced by the rising demands to leave a system that was working well and invent a new one. Now, of course, we have a new one where the number of operators handling long distance calls has gone down and the number of long distance calls has exploded exponentially.

This, frankly, Mr. President, is the problem we are facing with Medicare. The number of people on Medicare is going up and going up continually and inevitably. I say somewhat facetiously, Medicare, as presently constituted, will work just fine if the elderly would only cooperate by dying at the same rate they died in 1960, when this was created. But I do not want the elderly members of my family to cooperate in that fashion, and I am sure that is true of everyone else here. So Medicare has to be restructured around the new realities, and the new realities say it can no longer be, as it is now, the last bastion of fee-for-service indemnity insurance for the United States. There has to be some changes and the changes have to be cost driven.

As chairman of the Republican health care task force, I got a lot of people calling on me and giving me information. They inaccurately assume I hold a legislative power in this circumstance and can do something beyond recommend, but it makes for a great education.

I had a session with a number of the Nation's leading employers, and we were talking about health care. They said, "Fee-for-service indemnity insurance will be gone within 5 years as an option for America's employees." I was a little startled at that prediction. I had not been prepared for that.

One of them said, "We put in a series of options for our employees about 3 years ago, and fee-for-service was one of the options. Roughly 50 percent of our employees accepted that option. The others picked a form of HMO or PPO, some kind of managed-care circumstance."

He said, "Fifty percent fee-for-service indemnity insurance, 50 percent some sort of managed care. Without any pressure from us," he said—this is the employer speaking—"we have watched the marketplace take hold. Today, just 3 years later, 15 percent of our employees choose the fee-for-service option." He said, "We have cut our health care costs"—not Washington-style cuts, where you simply grow more slowly than you did before; real cuts, where you spend less than you

spent before by providing these options—"and our employees, in terms of the questionnaires they give us back, are happier with their health care options than they were 3 years before."

So, Mr. President, what we are really talking about, if we can take the big view here, is restructuring Medicare around the new reality and saying, "What will the numbers be to make Medicare rational from the standpoint of those who are paying for it," those who are paying for it being the taxpayers. And we are saying we are going to allow Medicare to continue to grow, indeed we are going to allow the individual contribution per year to go from $4,400 per year, roughly, to $6,300 per year.

We are going to allow this thing to go up almost 50 percent in that period, but that is the number that those of you who are involved in figuring out how to restructure it have to shoot at.

I am not on the Finance Committee. As I say, I have no legislative authority to do this. But I am on the health care task force, and we are looking at these options. We are confident, Mr. President, that we can come up with a restructuring of Medicare around this new reality that will ultimately go back to the lesson learned in long-distance phone calls—that is, that something can be created around the information and the experience we are getting out of the private sector that says to us we can provide better service for our elderly within the price constraints that we are looking at. But if the option is to not try to change the system, just pay for it, whatever it costs, then we are in the black hole that the Senator from Florida so accurately pointed out to us.

So I hope that as we conduct this debate, we will do so with the understanding that we, as a Congress, have a great deal of unfinished work to do with respect to Medicare, and it is in the restructuring of the system around the new realities. And I am one who believes we can meet that challenge.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. BENNETT. Yes.

Mr. DOMENICI. I first want to compliment the Senator on his very enlightening remarks. I hope he continues with his level head and good reason as the chairman of the task force.

Some are suggesting that we have to wait around for entire reform of the health care system, that which the President recommended last year, which failed rather overwhelmingly in both Houses of the Congress. Is it the Senator's opinion, based on what he knows, that we have to wait around for that day—which I do not know will ever come—when the U.S. Government reforms—so-called "reforms"—all of the health care system before we can do the restructuring to give our seniors choice and a delivery system that will meet their needs for less taxpayer money?

Mr. BENNETT. I thank the Senator for his question. It is my opinion that restructuring the entire health care system in this country with a single bill in a single Congress proved in the 103d Congress to be an impossible task. To attempt to do it again and again would be to say to the world that we had learned nothing from our experience in the 103d Congress, we are just going to go back to the same mistake that Congress made—in all good faith. I do not accuse anybody of approaching that task in bad faith in the previous Congress. But the experience just told us that to try to do everything simultaneously ultimately meant we did nothing. I believe we should break it up—the President himself used the phrase in his State of the Union Message, "a step-by-step approach"—break it up into acceptable components, and the one that is the most pressing and the most urgent is the restructuring of Medicare around the new realities.

Mr. DOMENICI. Will the Senator yield for another question?

Mr. BENNETT. I am happy to.

Mr. DOMENICI. The senior citizens of the United States have two distinct benefits with reference to health care. One is the health care trust fund, the so-called HI fund, the hospital fund, which is the one that is entrusted, that the workers of America, the men and women pay into with wage withholding, which is supposed to be for hospitals. That is one of the delivery systems. The other is part B, where the seniors of America are the only ones that the Federal Government pays a significant portion of an insurance policy for their primary care; that is, everything except hospital is the way I would define that.

Mr. BENNETT. The Senator is correct.

Mr. DOMENICI. I do not find people in America buying a hospital insurance policy and saying, well, I am covered for hospitals, and then having another company insure them for doctor visits and treatment that they may need if they do not have to go to a hospital but they break their leg or get asthma, or whatever it may be. So we have these two that are kind of the result of the way it started. We started one, and then under Eisenhower we started another.

Mr. BENNETT. The Senator is correct. This is a relic of the 1960's and not consistent with the way health insurance is offered in the private sector today.

Mr. DOMENICI. Now, when the Senator spoke of restructuring, inherent in that and part of that thinking would be that we would look at both of these coverage systems together in an effort to give the seniors a better, more compatible with modern times system; is that correct?

Mr. BENNETT. Correct. Restructuring would have to address part A and part B. It is actually time for a clean sheet of paper and to say, we have approximately $5,000—we will take a median figure—per person per year to spend on health care for our elderly. Now, what is the best way to spend that $5,000 to produce the greatest possible benefit for the elderly and avoid the evils of cost shifting and tax increases that the Senator from Florida was talking about?

Mr. DOMENICI. I thank the Senator. Once again, I compliment him for his remarks.

I yield the floor.

Mr. BENNETT. I also yield the floor, Mr. President.

Mr. GRAHAM. I know the Senator just yielded the floor. Would he retake the floor for the purpose of a question?

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Florida for that question.

Mr. GRAHAM. I would like the Senator from Utah to take the floor for the purposes of a question.

Mr. BENNETT. I will be happy to respond in any fashion on the time of the Senator from Florida.

Mr. GRAHAM. I think the Senator's analogy of the telephone system is a superb one. I would draw, in addition to the conclusion he did, another conclusion, and that is the importance of having an integrated, strategic approach to the structure of change for our communication systems in America. If, for instance, in Hialeah, FL, they were still using the system you described of the dial phone, whereas other parts of the country were using push button phones, and if there had not been an organized, consistent movement in an industry which has many providers, we would not have arrived so rapidly at the benefit the Senator has just described.

My concern is that what we seem to be about here is saying that each sector of the health care system can be looked at as if it were an airtight compartment and changes made there did not have to take into account changes in the rest of the system. I am concerned that we are about to make a judgment that over the next 7 years, we can restrain Medicaid increases to 1.4 percent per capita against a history in which they have been running in excess of 10 percent per year per capita and where the projection is that the private sector is going to be increasing at 7.2 percent per capita, in spite of the deficiencies you have outlined. Yet, we do not seem to have a specific plan of how we are going to achieve changes of that magnitude, cuts of $175 billion in Medicaid, the health care program for the indigent, and $256 billion in cuts in Medicare, a program for the elderly. Are you not concerned that we are reaching the end result without, from the bottom up, having a clear plan of how we are going to do it, particularly how we are going to do it in a way that

will be compatible with the rest of the health care system, just as there was concern for the rest of the communications and telephone systems when we made those kinds of changes?

Mr. BENNETT. Responding to the question, I point out that the slowing of the rate of growth in the health care costs that we are talking about for Medicaid and Medicare is already going on in the private sector, and there is much we can learn from the private sector. It is the attempt to turn the public programs into an airtight compartment where they are immune from the kinds of changes that are occurring in the private sector that has produced some of this.

I would suggest that the Senator take a long look at what has happened in the State of Tennessee. He mentioned Medicaid. In the State of Tennessee, as I understand the numbers from the Governor of Tennessee who called on me, Medicaid costs were increasing at the rate of 20-percent per year for over 8 years running. The then Governor of Tennessee, a member of the Senator's party, decided that that would bankrupt the State and something had to be done about it.

Tennessee, as of January 1, 1994, moved to a system more compatible with that which is normal in the private sector, and in calendar 1994, instead of increasing at 20-percent per year, Tennessee increased their Medicaid costs at .12 percent—less than 1 percent. Almost .1 of 1 percent.

The TennCare solution in Tennessee has problems. I will not stand here on the floor and say it does not. But it has demonstrated very clearly that moving toward the solutions already tried in the private sector can, and in that State's case, has produced a significant cost difference.

When I talked to the current Governor of Tennessee, who happens to be a member of my party, building on the actions of his predecessor, he said, if we are allowed continued waivers from the Federal guidelines, which waivers were granted to his Democratic predecessor, we can prove that we can keep the growth of Medicaid in our State within the constraints that are outlined in this budget resolution.

There are examples out there of how these changes are occurring in the private sector. As the Senator says, not in isolation. They can move into what has been the watertight compartment of Medicare and produce the same results if we work together for that.

The PRESIDING OFFICER. The Senator from Florida has consumed 5 minutes.

Mr. GRAHAM. I appreciate the Senator from Utah responding to my questions. I hope that this will be just one phase of a continuing dialog. We all share in the awareness that this is a critical issue in achieving not only health care objectives, but also the fiscal objectives of a Federal Government that we in our future generations can afford.

The question that we are debating here is one of method and the degree in which this can be accomplished within individual programs, as opposed to requiring a more comprehensive approach in order to achieve those results without unintended adverse consequences.

Mr. BENNETT. Mr. President, I am more than happy to continue the dialog after I vote for the budget resolution.

Mr. DOMENICI. Mr. President, I know we will return now to the Democratic side.

While Senator GRAHAM is on the floor, could I comment about the Tennessee plan. I am clearly not the Senator from Tennessee. Senator Frist obviously knows a lot more about it than I do, and we are very proud of having him on our side as one of America's most renowned surgeons.

Essentially, I went to a full 3-hour field hearing, Senator. Just to mention some of the facts that this transition in their State yielded, they have 12 or 14 competing major HMO's in the State of Tennessee that now cover all of the Medicaid people in the State.

Some of those HMO's have a small part, some have a big part. There are some where they overlap. There are some that do rural, and have merged rural with urban to get a delivery system.

As Senator BENNETT said, it is not a utopia yet and it may never be, but interestingly enough, those people that run HMO's came to the hearing. At least the leaders of about five of them. They said it is working. We are competing. The prices are not going up. They have leveled. In fact, in some instances, they are coming down.

They also indicated that more people are being covered for the Medicaid funding than ever before. And we stand worried about telling the States precisely who to cover. We have heard that debate.

Should we put all the strings on because we are worried about Governors? When we send them Medicaid we are saying, will they take care of children, pregnant women, those that have mental illness? Some want to go back with the same list of specificity, and Governors are saying "We will do that. We will match what we have been paying and we will do that."

I think it was a very good dialog. Maybe when there is an amendment on Medicaid we can have more discussion about what is in this budget versus what are savings. Some are saying we should have assumed that Medicaid could grow at 10 percent every year ad infinitum. They say we will have less Medicaid money, must be assuming the program would go unchanged, or perhaps a couple more decades.

I believe we would never have been able to afford that. I think we would have changed it one way or another. Now we are changing it in sort of an orderly manner as part of this process.

I thank the Senator for his questions. I yield the floor.

Mr. EXON. Mr. President, I have listened with great interest to the interesting dialog that just took place. I simply say to all within the sound of my voice that exactly what has been said is exactly what many people on this side of the aisle are trying to get done.

That is, simply to say that while we think the general direction is acceptable, we happen to feel that the cuts are excessive, especially when we keep hearing about the possibility of a tax cut.

With that, I yield 5 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, I think that generally across the country, particularly here in Washington, people if they are not careful often tend to lose the forest for the trees.

I am afraid that might be what we are doing just now on Medicare. The previous discussion was on Medicaid, low-income health program that is a joint program financed by Washington, DC, and by the States. I would like to focus my remarks on Medicare, the medical program for senior citizens.

As we look at the budget proposal, Mr. President, with its unprecedented reduction in health services for senior citizens, I think we should start by remembering what life was like for older Americans before Medicare.

The fact is before we created Medicare our senior citizens lived in fear. Everyone over 60 knew that private insurance was shaky and expensive at best, and would cost them more every year. A serious illness or even a common ailment that required treatment but did not threaten life was not only a health problem but something that could reduce a whole family to poverty.

Today, Medicare has removed that fear from our lives. Those with those memories have forgotten it ever existed. This month I visited the senior citizens center in Great Falls, MT. The people at that center know exactly what Medicare and Social Security mean to their lives. It means a little financial security, some faith that illnesses will be treated, and that families will not be wiped out by costs.

Mr. President, 125,000 Montanans are eligible for Medicare, out of a total population of 856,000. Each knows exactly what Medicare means.

Listen to Margaret and Frank Jackson of Billings, MT, who wrote me this statement last week:

> Social Security and Medicare are not only necessary, they are absolutely essential to our survival in Montana. Higher costs such as higher property tax, increases in school levies, fuel in a cold climate, and medicine

take a toll. There is just too much mouth at the end of our money. Needless to say, additional cuts would put a great burden on us.

The leadership now proposes something like $250 billion in Medicare cuts. It is staggering. This will reduce Medicare services nearly a quarter by the year 2002—reduce services by a quarter by the year 2002. To add insult to injury, the House of Representatives would do it, in part, to pay for tax cuts for Americans who are already very wealthy. Think of it, Mr. President, a 25-percent cut in services to the elderly to pay for tax cuts for Americans who are already very wealthy. Some in the Senate would do the same and go even further.

What would it mean if this happens? Montana Medicare beneficiaries would pay up to $900 more a year in premiums, copayments, and deductibles. This will come out of their own savings and from their children, who are now scraping for money to send their children to college and to pay property taxes.

We would see thousands of operations and hospital stays put off. Thousands of people would decide to go without home health care. All that means, of course, is that they will suffer more serious, more painful, more expensive illness later on that early care could have prevented.

EFFECTS ON RURAL HOSPITALS

And, as the Federal Government cut reimbursement, more rural hospitals would be pushed to the edge.

Some Montana hospitals will be forced to choose between serving their patients and remaining solvent. Others will simply close. Two Montana hospitals get nearly 80 percent of their revenue from Medicare, and many are at 60 percent. This plan would hit them like a wrecking ball, costing jobs and forcing people who need care to make long winter drives to the cities. We have vast distances out in the country, and this will be a big burden on them.

So overall, we can already tell what this plan would mean. It is simple: less access to health care for senior citizens; for people with disabilities; for Montana and all of rural America.

Now, it may well be that we need to make changes in the Medicare Program. We must be realistic.

The answer is not, however, to simply approach Medicare reform as a budget-cutting exercise, because we are talking about preserving essential health services for 125,000 senior citizens in Montana and 30 million seniors across America. We are talking about good, middle-class Americans like the Jacksons. And above all, we must not use Medicare as a piggy bank. Do not take money that buys health care for senior citizens and use it for a tax break for rich individuals and big corporations. That is disgraceful.

Perhaps some changes lie ahead. But if they do, they should be made for one purpose, preserving essential health services for senior citizens and people with disabilities. That is where we must draw the line.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to take a moment to thank the Senator from Montana for his remarks and also, previous to him, the Senator from the State of Florida, the former Governor of Florida, who basically as a Governor understands the matter of choosing fairness, equal sacrifice, shared sacrifice—call it what you will.

Certainly the Senator from Montana has simply emphasized very vividly and very well, in my opinion, the remarks that this Senator made earlier about the tremendous hit that this extraordinary cut in Medicare and Medicaid will have on rural America. Rural America needs to be heard, too.

I have heard a great deal in this Chamber during the budget debate about shared sacrifice. We have to do this, and we have to do it in a fair manner of shared sacrifice. So that supposedly that term embodies the thought that everyone is sharing and sharing equally in the reduction in spending to get us to the balanced budget by the year 2002. I think earlier today, in the remarks made by the Senator from North Dakota with regard to what Republican commentator Kevin Phillips thought of fairness—who are the winners and who are the losers in this proposition?—Kevin Phillips, as well as any other national spokesman, highlighted the unfairness of the Republican budget that is being attempted to be sold here as an instrument of shared sacrifice.

How fair is it and how fair are the sacrifices? I submit the Republican budget gets a total of $431 billion in cuts from Medicare and Medicaid. Let me repeat that. Under this shared sacrifice budget we are being asked to approve and we will be asked to vote on upcoming, we will be asked to vote down the reasonable proposal to make relatively small changes in the Republican budget, not changing balancing the budget by the year 2002, I emphasize, and not changes with regard to raising any taxes. We are simply saying since the Republican budget is not an instrument of shared sacrifice we should at least alleviate a portion of the hit on Medicare and Medicaid—and only a portion of it—in the interests of shared sacrifice.

I repeat, the Republican budget gets a total of $431 billion in cuts from Medicare and Medicaid. That is two-thirds of the Republican cuts in all entitlements. That is nearly 40 percent of the total spending cuts that the Republicans make in all programs.

Essentially being repetitious, the proposals by the Republicans that are being described here as necessary shared sacrifices are being shared primarily by our senior citizens and our least fortunate on Medicare, including those being adequately provided for in our nursing homes.

I again repeat, the shared sacrifice we are being asked to approve here, shutting out even reasonable proposals to reduce the hit on Medicare and Medicaid by $100 billion over 7 years, and taking that $100 billion out of the $170 billion tax cut pot that is part and parcel of the Republican budget that everybody likes to continue to ignore, that is not equally shared sacrifice. That might be shared sacrifice, but it is not equally shared sacrifice.

I appeal once again to Members on both sides of the aisle to recognize the proposal made by the minority is a reasonable one. It makes a major step toward true shared sacrifice rather than meaningless words that have been used here to allude to the Republican budget in this regard.

I yield 5 minutes to my colleague from the State of Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, the Republican budget now before the Senate makes severe cuts in some essential programs. I would like to direct your attention to, first, the cuts in Medicare.

Medicare, of course, is the health insurance program that is provided for our senior citizens. The Republican plan cuts $256 billion from this program. This cut is three times larger than any other Medicare cut in history, without any attempt to reform the health care system which drives up the cost of Medicare.

What does this Republican cut mean to the average senior citizen who is on Medicare? It will mean about $900 per year in higher premiums, copayments and deductibles—$3,200 over 7 years. For a senior couple that totals an extra $6,400 in out-of-pocket costs. There are 641,000 Medicare enrollees in Alabama. Over the 7-year GOP budget, Alabama would lose around $6 billion in Medicare funding.

Medicaid is different from Medicare. Medicaid is the program that provides health care services to the poor and also provides nursing home care for those who are not able to pay for it. The Republican plan would cut $175 billion in Medicaid funding. Without Medicaid money families could face nursing home bills of between $20,000 and $45,000 a year. It is estimated that without Medicaid funding nursing home bills would average $38,000 per year.

The Republican budget would raise taxes on low-wage, working families by increasing the average of such families' taxes by $1,400 a year. There are 12 million working families that would be hit by this Republican tax increase. This tax increase affected what is known as the earned income tax credit. Former

President Ronald Reagan once called the working family tax credit program the "best pro-family, the best job-creation measure to come out of the Congress."

This tax increase would affect 309,328 working families in Alabama. Next, the Republican budget severely affects educational programs. It would cut $1 billion in aid to fight guns, drugs, and violence in schools, known as the Safe and Drug-Free School Program; 39 million students and 94 percent of all school districts benefit from the Safe and Drug-Free School Program. One million college students per year would lose their financial aid or have their aid cut dramatically—40 percent—under the Republican plan to freeze Pell grants, the basic opportunity educational grants.

The Republican budget would increase college loan costs for 4 million students each year. The average student could pay between $3,000 and $4,900 more for his or her education, depending on how long it takes to repay the loan. Graduate and professional students likely would be paying as substantial amount, on average for their advanced education. In Alabama the Republican cuts in college loans would affect 55,778 students.

I am working with several Senators on alternatives to the Republican budget proposal. We can reduce spending and balance the budget in the same timeframe the Republicans have targeted—the year 2002—by freezing most programs at 1996 levels and cutting less essential programs than Medicare, Medicaid, education, and other essential programs. A balanced budget can be achieved without having such a dramatic tax increase on those families in America that earn less than $28,000 a year.

I point out that the budget on the Republican side has $170 billion in the fund which is reserved for tax cuts. I do not feel that we can sacrifice the senior citizens, those in need of education, and the working poor at the expense of a proposed tax cut that is coming down the road at some later time.

Mr. EXON. Mr. President, I thank my friend and colleague from Alabama for once again stating the concerns that many of us on this side of the aisle have. Once again, his knowledge of the system, his understanding of what we should and should not do, and his dedication to make shared sacrifices means something fair was well taken.

Mr. President, I am about to yield to my friend and colleague, the cosponsor of the amendment before us, the Senator from New Jersey.

I remind all that in 5 minutes, or thereabouts, we will be going into controlled time per the previous agreement.

So I yield at this time 12 minutes to the Senator from New Jersey, with whatever time he uses after 2 o'clock within those limits be charged to the time allotted to this Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Thank you, Mr. President. I thank my friend and colleague from Nebraska.

Mr. President, on Friday I had some comments to make about the amendment that is pending before us and the budget resolution generally.

I am privileged to sit on the Budget Committee, and the distinguished chairman of the Budget Committee is on the floor. As I said before, while we do not always agree, I always respect his intellect and his commitment to try to do what he sees is right.

We have now a difference on approach, because I understand also that after my comments it was suggested that I want to divide this country, and that perhaps my tactic is along those lines. I would raise a question. I mean, why is someone who takes one position harmonious and for a unified approach, and someone who takes another position out to divide? There are sides in this debate. The question about whether or not we are going to cut spending is long past. It is a question of how we are going to cut spending, and who is going to win and who is going to lose. Whose side will Government be on? It is a fair question, it is a reasonable question, because there are choices being made.

One only need look at what is proposed by the House Republicans, and intimated by my friend in the Senate on the Republican side that someone is going to get a tax benefit, a lot of tax benefit, especially if you are in the substantially higher income brackets. So someone is going to have to pay for it, we know that, whether it is education, or housing, or Medicare, as the discussion currently develops.

The Republican budget reflects a party philosophy, and a constituency. The Republicans generally believe the answer to society's problems is to make sure that the powerful have enough power, and more money goes to millionaires. That is evidenced by the fact that, if you make $350,000 in a year, you get a $20,000 tax reduction. That is pretty hefty.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. LAUTENBERG. I would like to finish, and then I will be happy to yield.

It is reflected here in this chart. It says the winners, $20,000 tax break; corporate subsidies still protected. I come out of the corporate world, and I respect and appreciate what corporations have done by way of helping this country build, my corporation as well. But if you look at the earnings statements around the country these days, they look pretty good. If you look at the stock market, it is pretty good. It does not look as if the corporations are starved for profits. Look at the automobile companies. But we are protecting subsidies for oil and gas and others. And tax loopholes are still protected.

So even as we do this, we are asking those who are Medicare recipients and those who, because of a situation in life, may be subjected to having Medicaid, a program for the poor, be the only device by which they can get medical attention.

So what we look at is on balance, and we have heard the debate about reducing the growth and not cutting the programs, reducing the growth. The fact of the matter is that, if there is to be a similar level of service with the same options preserved, it is going to cost $6,400 for a senior couple over the next 7 years as we pursue a balanced budget; $6,400 may not be a lot to the guy who makes $350,000, but to the average couple, 75 percent of the senior citizens who are making $25,000 a year, whose income is $25,000 a year or less, $6,400 is an awful lot of money, and especially when on top of the—may I have the Chair's attention; thank you—especially on top of the fact that the average senior citizen is also paying over 20 percent of their income for health care needs that are not provided by Medicare.

We know that there is a cut in education funding, that it is going to cost those who have to borrow to go to college substantially more as a result of the cuts there and the elimination of the earned income tax credit. And it is going to be a terrible penalty for families making $28,000 a year or less—$28,000. Why, that is almost as much as, slightly more than the refund that someone earning $350,000 is going to get by a lower tax rate.

So that is the situation. That is what we are looking at—a tax increase for working families, more cost to go to college, senior citizens being burdened with extra costs on programs for which they have paid and paid handsomely for a lot of years.

There is no getting around the concept that there are winners and losers in this resolution. And the American people have a right to know how they will be affected. But some Senators on the other side of the aisle obviously do not like a discussion of winners and losers. Some even suggested, as I said earlier, that somehow the Democrats are trying to divide the country. It is an outrageous charge and has to have a response.

Mr. President, the way to unify this country is to treat everybody fairly. It is not to take away quality health care from our senior citizens and use it to pay for tax cuts for the rich.

The way to unify the country is to relieve the financial burdens wherever possible on working families. It is not to increase taxes on these families and then again to give it to the wealthiest.

The way to unify the country is to give all Americans a chance to get an

education. It is not to increase costs for students to pay for tax cuts for the rich.

If our country is going to pull together, Government must stand with ordinary Americans even if they are not rich, even if they do not have lobbyists representing them and even if they do not have the strong political connections.

When our friends on the Republican side say we are trying to divide the country, I suggest they take a look in the mirror and see whether or not trying to take from one group that can least afford it to help relieve the tax burden on the wealthier group is unifying. I do not think so.

It is obvious that ordinary Americans, already furious at the Government, think they are being ignored. They think Government does not care about them. Some even see the Government as an enemy. To reverse this disturbing trend, Government has to do a better job of standing up for ordinary Americans.

That is what we Democrats are trying to do. We want Government to stand with middle-class families, with seniors, and with our young people. If we invest in our young, we are investing in the next century, trying to provide the leadership that is going to make this the competitive Nation we once were. It is going to give us a health care standard we once had that led the world. We are not among the top few nations with longevity. We are not among the top few nations with health care facilities that deal with mental illness. We are not where we used to be. And that is what we are trying to do, we the Democrats. We want Government to stand with middle-class families, with seniors, and with our young people. These are the people who are the backbone of this great country of ours. To a great extent they are the country, and it is time for them to be treated that way by their Government and in this debate.

Mr. President, the pending Rockefeller-Lautenberg amendment reflects this approach. Its message is simple. It says let us eliminate tax cuts for the rich and apply the savings to Medicare and Medicaid. And once again I remind my colleagues who benefits from Medicare: 75 percent of the beneficiaries have incomes of $25,000 or less; 35 percent of them, $10,000 a year or less; 25 percent of those people rely solely on their Social Security checks. On top of this, Medicare recipients pay 21 percent of their income in out-of-pocket health care costs—21 percent. So if an average income is $25,000, they are paying over $5,000 in out-of-pocket health care costs. They have worked their entire lives, these senior citizens, and paid into the Medicare Program. In turn, they have been promised health security through Medicare.

The budget resolution breaks that promise, and it does so, again, to make sure that it is balanced off with tax cuts on the other side.

The final chart rather sums it all up. Senior couples on fixed incomes get a $6,400 tax increase for every senior couple, and on the other side it is a $20,000 tax break for people earning $350,000 a year.

Mr. President, it is not fair to our Nation's seniors. It is also unfair to millions of middle-class families, and as we all know, there are millions of working parents in America who help out their own parents who are retired. These parents are struggling hard enough to make ends meet for their own children. And this budget will shift another heavy financial burden on their shoulders. They will have to pay more of their hard-earned money for health care expenses for their parents. It is not right.

We have heard a lot of denials from the other side of the aisle.

The PRESIDING OFFICER (Mr. GRAMS). Time yielded to the Senator has expired.

Mr. LAUTENBERG. May I ask the manager for another minute, please?

Mr. EXON. I will be glad to yield a minute. I say to all of my colleagues, for every moment that I yield, you are taking time away from the 10 minutes for which the minority leader has asked, but I yield 1 additional minute.

Mr. LAUTENBERG. One minute, and I will be finished.

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

Mr. LAUTENBERG. I thank the Chair.

Mr. President, it is pretty simple. The Republicans cannot have it both ways. They cannot claim the budget resolution is going to balance the budget when it leaves out the Social Security trust fund, but we are not in that debate right now.

Well, if so, then it also will provide for the tax cuts. If some now claim the resolution does not include a tax cut, they must be saying that it will not really balance the budget.

For all practical purposes, this resolution does include a tax cut, a tax cut that will almost certainly provide disproportionate tax breaks for millionaires and other wealthy individuals.

Nobody ought to be fooled by these denials.

Mr. President, this is what my Democrat colleagues stand for. It is the right thing to do for our country, and I urge my colleagues to support the amendment.

With that, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. My recollection is that there were two Democrat Senators who spoke in a row. I wonder if I might do that now. I will just speak for 4 minutes and then I will yield 10 minutes, 15 minutes to the Senator.

Mr. EXON. I think that is fair.

Mr. DOMENICI. I thank the Senator.

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

Mr. DOMENICI. Mr. President, the distinguished Senator from New Jersey said you cannot have it both ways. I think he was referring to us, the Republicans. But, as a matter of fact, it is better referring to the Democrats and in particular the distinguished Senator from New Jersey. He cannot have it both ways, either. They cannot have it both ways.

Now, the theme song is we are all for balancing the budget. We are all for balancing the budget. The days are long past when we are worried about balancing the budget. We are all for it, right. But any time we propose something that will get us there, it is not the right way.

Where is their way? Where is the way of the distinguished Senator from New Jersey? He does not want to touch Medicare, I assume. He does not want to touch Medicaid, I assume. He does not want to touch anything we touch, I assume. Where is their balanced budget? You cannot have it both ways.

Mr. President, in addition, let me suggest these are the facts about Medicare. What the distinguished Senator from New Jersey is talking about in Medicare is somebody's set of facts, somebody's assumptions. Somebody, somewhere, somehow—probably the White House or the OMB—who is against this budget, they have come up with all these scare numbers for the senior citizens.

But senior citizens, Americans—not just senior citizens—Americans, we want to preserve the Medicare system. We want to preserve it for you who are on it, for seniors yet to come, and for hard-working, middle-income people who are 45 years old. And, yes, if we could, we would like to protect it for our children.

And so we recommend that we fix it precisely the way the trustees—four of whom work for the President, two of whom are citizens—told us we ought to do it. No more, no less. No Republican inventions, just pure, basic facts as given to us by six trustees who say it will not be here for long unless we fix it.

Now, unless you want to cross America and go to every senior citizen center and say, our plan is to preserve it for the next 3 or 4 or 5 years and we just do not know what is going to happen after that, but for now we are against what Republicans are doing because we want to scare you to death, well, if that is the case, more rhetoric of the type we are hearing today may do it, excepting seniors have caught on.

They have even caught on to mailings that this group, formerly known as the Roosevelt Group, the

Committee for the Preservation of Social Security and Medicare—if you have ever seen a scandal sheet, look at that. Do you know what they do, Mr. President? They wait for us to say we need to fix something for seniors and they say, "We found a big, big bank account. We will send these pretty papers out," $10 a head for seniors. "Man, send it in. We'll save you."

Do you know how much they are apt to get just from that little thing—2 million Americans at $10? Just do the arithmetic. How much is that? Twenty million dollars—while they feed and prey on American seniors.

Well, we are not going to do that. We are just going to tell you that you cannot have it both ways. You cannot have it both ways, the Senator from New Jersey; you cannot have it both ways, the Senator from West Virginia; you cannot have it both ways, Democrat Senators. You either tell us how you will fix this budget—unless you decide it is not worth fixing, $275 billion deficits are OK, let our kids pay for it, let our salaries suffer, let our standard of living suffer, but we will not take a stand on anything that is difficult.

Now, these are the facts: Medicare per capita growth rates in the Senate budget resolution, per capita Federal Medicare spending, will grow from about $4,350 in 1995 to about $6,300 in 2002. I say to my friend from New Hampshire, my arithmetic says that is a 50-percent increase. No. Well, no, let us be right, a 49-percent increase, an average per capita growth of 5.4 percent.

Under current law, Medicare spending will grow from about $4,350 in 1995 to $7,800 in 2002. This is a 7-year increase of 80 percent, while we think we can deliver health care to seniors with a 50-percent increase. I do not think that is a cut. And, frankly, all those numbers cited both by my distinguished and dear friend, Senator HEFLIN from Alabama, and Senator ROCKEFELLER on how much each senior is going to pay is pure, utter speculation. I would call it worse than that, but I understand the Senate rules, so I will call it speculation. Because it is not necessarily the case. We have had Senator after Senator that are informed on this explain why it is not the case, why it does not have to be the case.

Now, frankly, let me close by saying, you cannot have it both ways, I say to the Senator. You said, how are we going to cut is the real issue. And I say, "How are you going to cut?" That is the real issue. Not how we are going to cut; how you are going to cut.

So to just stand here and talk about what we are doing and at the same time try to confuse the American people that you are for a balanced budget just will not work. I am sure the American people will not buy it.

I yield the floor.

Mr. GREGG. Mr. President, has the Senator from New Mexico yielded?

Mr. DOMENICI. I yielded 15 minutes to the Senator.

Mr. GREGG. Mr. President, first, I want to compliment the Senator from New Mexico on his summary of the debate and especially the arguments made on the other side, because it really is a they-want-it-both-ways argument that they have been making here and, unfortunately, in the process they have left the senior citizens holding the bag.

Because, as the trustees have pointed out to us and as the Senator from New Mexico pointed out, this is what we are worried about. This is the bankruptcy of the Medicare trust fund. It occurs. It occurs as a result of the fact that we will be taking more out of the fund than is being put into the fund or that the benefits are increasing, the costs of it are increasing so fast that we cannot maintain the fund in its present structure. And we have to address this if we are going to address the solvency of the trust fund and if we are going to have the senior citizens of this country have an insurance plan.

Now, the proposal from the Democratic Members is to take $100 billion of projected interest savings that we may get as a result of getting to a balanced budget, which they will not vote for, and somehow just throw this back at the plan. Well, that has not worked in the past.

The trustees told us rather specifically that if you are going to get the trust fund into solvency, you have to fundamentally reform the Medicare health care system. We can look at the history of these various let's-tinker-at-the-edges approaches of throwing money at the present proposal.

Under the Democratic proposal we see that this line here, which is the chart of spending under Medicare as compared to the estimated savings that we would get from different action than has been taken over the years. We have not in any way limited the rate of growth of spending in the Medicare trust fund. The Medicare trust fund continues to expand after we do this "let's-throw-some-more-money-at-it" proposal such as the Democrats have proposed today.

The fact is, unless you control the rate of growth of spending in the Medicare trust fund by fundamentally reforming the way that health care is delivered for seniors and giving seniors more choices in the area of health care, you are never going to get to this chart, which is the chart that we are concerned about, where the line levels out so that it does not go into bankruptcy.

And that has been told to us not by Republicans or Democratic Members of the Senate but by the trustees of the trust fund speaking to us about their concern about where the trust fund is going.

And this leads to the second point that I want to make, which is that the reason the Medicare trust fund is in such trouble is because of the fact that Medicare is a 1960's health care system going into the year 2000 and beyond. It is not relevant any more to the way that health care is efficiently and effectively delivered, with quality, in this country. That is shown by this chart which reflects the fact that amongst the private sector where health care costs have stabilized and in fact the health care premium costs have come down, 64 percent of the private sector individuals today are now in managed care; whereas, 94 percent of senior citizens remain in fee for service.

Well, that is reasonable from a cultural standpoint, because seniors grew up with fee for service. They grew up with the concept of having a specific doctor that they could go to. In the fifties and sixties, that was the only type of health care delivered in this country.

But as we move through the nineties, as we move through the years 2000 and beyond, it is very clear that health care delivery, to be efficient and to be of high quality, is shifting gears in this country, and in the private sector the people are opting into a fixed-cost system where they go to a provider, either a group of doctors or a consortium, an HMO or PPO, and, as a result, the cost of health care has dropped dramatically, as is shown by this next chart.

We have seen that in the private sector, as HMO's and the managed care, fixed-fee cost insurance approach have been pursued by the private sector and increased in participation, as was shown earlier, the cost of health care has dropped precipitously in the private sector by more than 50 percent.

We are not talking about cuts here again. We are not talking about taking the Medicare Program and cutting anything, as the Senator from New Mexico pointed out so eloquently. We are talking about dramatic increases in the Medicare system, but what we are talking about is less dramatic increases than are projected. We are talking about a system that is now growing at 10.5 percent annually and trying to get its rate of growth down to 7 percent annually.

What does it mean in dollar terms? It means this year on a per capita basis, a Medicare recipient will receive $4,300. In the year 2002, it will be $6,300. Those are significant increases. And $96 billion more will be spent on Medicare in the year 2002 than is being spent in this year. So we are not talking about cutting anything. We are talking about slowing the rate of growth of Medicare.

What we have seen in the private sector is by going into managed care proposals, they have slowed the rate of growth. They have gotten their inflation rates down dramatically just in the last 3 years.

Will we realize those types of savings in the Medicare system? No, obviously

not. But will we realize significant savings, significant enough to get that 3-percent difference that we are looking for from 10 percent rate of growth down to 7-percent rate of growth? Yes, we will, by going through the reform programs we are talking about.

On our side, we are not talking in generalities and we are not talking in terms of politics, we are talking in terms of substance, substantive reforms in the Medicare system to ensure its solvency, and we are making proposals in this area, something we are not hearing from the other side of the aisle.

As we just saw on that last chart, we see that the premium costs as a result of going into HMO have dropped dramatically so we can realize that 7-percent cut. They dropped from a 10.5-percent rate of growth of premiums in the private sector in 1992 down to a minus 1.2 percent last year in the private sector. What a huge drop. We do not have to go that far in the public sector, we just have to get the 10-percent line down to 7 percent and we have a solvent system and a responsible system, and we will have made the savings and will have given seniors some opportunities they do not have today in the area of health care.

Some people say, "Well, if seniors go into managed care, they are going to be treated more poorly." As a practical matter, the history is actually managed care is doing a better job of some of our chronic illnesses than fee for service is. Right here, managed care is doing a better job in diabetes, a better job in heart conditions, a better job in high blood pressure, a better job in high cholesterol, a better job in weight problems. Why? One of the things is in a managed care atmosphere, they look very hard at preventive and wellness programs and seniors can benefit significantly from these types of programs.

What we are going to say to seniors is you do not have to go into HMO's, PPO's or managed care. We are not going to say they have to go that route. We are going to create what is known as an economic incentive, market incentive. For some on the other side, the concept of marketplace is an anathema, and they do not want to hear it in relation to health care.

If we use the marketplace, we can encourage seniors who are traditionally in fee for service to move from fee for service into HMO's and PPO's and get better health care in the process and get the lower cost for the Federal Government in the process, a double win as we go down that road.

This, I think, reflects the fact that we have also heard a lot about, "Well, if seniors go into the managed care system, you are going to find that they have more difficult problems, that they have more significant problems than the population generally and therefore the system will be skewed and you can't do it."

Well, that is old numbers, No. 1. That is old, old numbers before HMO's that they are using to cite those, before HMO's were effective and used a lot. Today, if we look at the current numbers we are seeing that the HMO enrollees are diagnosed at an earlier stage than the people who are in the fee-for-service system and in addition, that HMO enrollees generally have the same type of breakout of health care problems as fee-for-service people.

So you do not have the creaming concept that you hear of this argument where HMO's are only going to take people who are well and all the sick people will stay in fee for service. Our plan does not allow adverse selection, period, so it is not an issue. The fact is the numbers are now showing us HMO systems are not adverse selecting anyway. So as a practical matter, that is not a problem.

So what we are suggesting is that, No. 1, look at the trustees' report. Look at the trustees' report. It says that this system is fundamentally broke and that it has to be reformed, that you can no longer take the Band-Aid approach and that you certainly can no longer take a whole bunch of money and throw it at the system, as is proposed by our colleagues on the other side of the aisle by this amendment, that it needs fundamental reform.

Second, what we are saying is we are proposing such reform. We are not proposing such reform in the context of just budget savings, we are proposing such reform in the concept of delivering better care to our senior citizens by giving them the opportunity to have the same type of plans that we as Members of Congress have.

That is basically what it comes down to. By saying to them we will give you the opportunity to go out and purchase a fixed-cost plan, an HMO or a PPO and move out of fee for service and if you do that we are actually going to give you a percentage of the savings that you obtain for yourself, let you keep it and, as a result, we are going to reduce the cost, in the long run, to the Federal Government from 10 percent down to 7 percent, a very attainable goal.

More importantly, we are going to make the trust funds solvent and we are going to give our seniors choices which they do not have today and, at the same time, we are going to give them the opportunity to go out in the marketplace and find health care in a variety of ways which the private sector is now using which helps us control costs.

So we are talking substance here is what it comes down to and, regrettably, on the other side of the aisle they are talking politics. We are talking about reforming the Medicare system so it is solvent, they are talking about politics of the next election. It is unfortunate, but that is the way it is broken out.

We are talking about balancing the budget so that our children are not stuck with a country which is bankrupt, they are talking about politics. These are our answers and our proposals and they are substantive. We await and hear a deafening silence for the proposals coming from the other side, either on how you balance the budget or how you correct the Medicare insolvency. We wait.

Mr. President, I yield the remainder of my time back to the Senator from New Mexico.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I will hold my time now.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President I think we heard just an amazing discussion. Obviously, the shared sacrifice provides and directs the senior citizens into HMO's whether they want to be there or not. This side of the aisle will not vote for that kind of a proposition.

I yield 5 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. I thank the ranking member of the Budget Committee.

Mr. President, I rise today to continue my comments on the need to make intelligent reforms to Medicare as part of an overall strategy not only to keep the Medicare hospital insurance fund solvent, but also because of the impact Medicare has on our Federal budget deficit.

I very much want to participate in a bipartisan effort to balance our Federal budget by 2002, and as I said a few days ago, I believe Medicare must be on the table as we seek ways to reach that goal.

In my comments, I listed a number of Medicare reforms that I would be willing to consider as part of a balanced package, and indicated I would certainly be willing to look at other reforms as well.

Mr. President, it bears repeating that if we are to achieve a balanced budget by 2002, or indeed by any target year, we need to make changes to Medicare.

Put even more directly, the failure to include Medicare as part of a budget package almost certainly dooms such an effort to failure, if not in the short term, then certainly in the long run.

As I also noted, I strongly prefer to make significant changes to Medicare as part of a broader effort to reform our health care system.

In that larger context, not only could we make more significant progress in stemming the increasing costs of the program, we would be far better able to address the underlying forces that are increasing the costs of health care both in the public and private sector.

But, Mr. President, we do not have that luxury.

We apparently will not be debating and passing comprehensive health care reform in the near future, and the failure to do so is not only a tragedy in human terms, it is also a lost opportunity for significant deficit reduction.

Nevertheless, Mr. President, we must still make changes to Medicare, even without comprehensive health care reform.

Deficit reduction and a balanced budget require it.

However, Mr. President, two features of the proposed Medicare cuts put any effort to balance the budget at risk.

The first is an issue on which I commented a few days ago, namely the failure to deal honestly with the American people on this subject.

This is being done in a number of ways—for example, by minimizing the potential impact of the cuts or by suggesting that the proposed savings can largely be achieved simply by moving to a managed care approach.

But a deliberate deception that is particularly troubling to me is the representation that the reason we need to make changes to Medicare is to keep the program solvent.

The clear implication that is intended by that description is that any savings realized from cuts to Medicare will remain in the program.

Mr. President, that is a deliberate misrepresentation.

Yes, we need to make changes to Medicare, and yes part of the reason is that the trust fund that pays for one part of Medicare—the hospital insurance program, known as part A—will be insolvent in 2002.

But that is not the whole story.

Changes are also needed to Medicare because of the impact that program has on the entire Federal budget.

Mr. President, this country is ready to sacrifice to reduce our deficit.

In fact, I am struck by the willingness of so many to forgo so much.

There is almost a physical need to do so.

I have seen this in the widespread opposition to the proposed tax cuts that both parties have offered.

And with respect to Medicare, I have seen it in the recognition by seniors that reforms are needed.

But, Mr. President, that willingness to sacrifice will evaporate if we do not deal honestly with the American people.

We need to be straight with the American people, and especially our seniors as we ask them to support changes to Medicare.

If we do that, we will have that support.

Mr. President, the other feature of the proposed Medicare cuts that troubles me is the potential for harm to one of the most vulnerable groups in this country—the frail elderly.

Mr. President, to the credit of this body and our colleagues, for the most part we have not heard the greedy geezer arguments made as a rationale for cutting Medicare.

But that argument is certainly made by some.

And it is true that there are retirees who are well off.

After a lifetime of hard work, there are seniors who have acquired significant savings, and have comfortable pensions.

Some of their assets come from equity in their homes, which they have lived in for decades.

But that is not the whole story. Millions of elderly are among the poorest of our country.

The median income of elderly households is less than half that of nonelderly households.

According to the Public Policy Institute, in general incomes rise from age 15 to age 50, and then decline steadily.

And incomes for the oldest old are by far the lowest of any age group.

Households headed by someone aged 75 or older had annual median incomes of less than $13,622 in 1992—$4,000 lower than the next lowest income group, those of households headed by people between age 15 and 24.

And over one-fourth of the elderly households have incomes of less than $10,000 per year.

Mr. President, while the elderly are disproportionately poor, they also spend far more on health care as a group than anyone else, and this should not surprise us.

What may be surprising to some, however, is just how much our seniors do pay already even with the coverage provided by Medicare.

In 1995, the average older beneficiary will spend about $2,750 out-of-pocket for premiums, deductibles, copayments, and for services not covered by Medicare.

I might add, Mr. President, that these costs do not include the potentially crushing costs of long-term care which can total nearly $40,000 in some areas for nursing home care.

Over the next 7 years, it is my understanding that even without the Medicare cuts being proposed as part of this budget resolution, Medicare beneficiaries can expect to spend more than $25,000 out of pocket for health care costs.

This budget proposal before us could add $3,200 more to the total.

Mr. President, Medicare has done much to improve the lot of seniors.

According to the Public Policy Institute, prior to Medicare, only about half of older Americans had any health insurance compared to 75 percent of those under 65.

Employer-provided health coverage was the exception, and most of those with that coverage lost it once they retired.

If you wanted to buy private insurance, you were often denied coverage on the basis of age or pre-existing conditions.

And those policies that were available were often unaffordable.

Without coverage, many simply did not seek care even when they needed it.

With the passage of Medicare in 1965, that picture changed dramatically.

The Public Policy Institute reports that the share of the elderly population not seeing a physician in a given year dropped from 32 percent in 1958 to 21 percent in 1976.

And there was a significant increase in access to hospital services.

Let me say a few words about this issue of shared sacrifice, which the Senator from New Hampshire was just addressing.

Even with Medicare, though, for the average senior citizen, often an older woman living alone, health care is still very costly.

Our seniors spend about four times as much out of pocket on health care as their younger relatives.

And those out-of-pocket costs consume an enormous portion of their income.

For the average older American, out-of-pocket costs still use up $1 in every $6 of income.

And for those over age 85—the fastest growing segment of the population—$3 of every $10 of their income goes toward the cost of their health care.

Mr. President, if we did not have Medicare today, and older Americans were forced to buy health care coverage from insurance companies, they would have to pay much higher premiums.

The Public Policy Institute estimates that premiums for those aged 65 to 74 would range from $6,400 to $8,500, or, on average, up to half of their annual income.

Mr. President, the numbers that describe this issue are so impressive that it is easy to frame our arguments around them.

But as many of my colleagues have noted, there is a human side to those numbers, and as important as they are, they do not tell the whole story.

I have received hundreds of letters on the proposed Medicare cuts.

Mr. President, they are not from well-to-do, retired corporate executives.

Many are older women, often living alone.

One older woman wrote to me from Merrill, which is in the northern part of Wisconsin.

Her letter is typical of many I have received.

She told me that she lives alone, and gets $573 per month from Social Security.

With that she pays the taxes and insurance on her home, as well as the

other costs of day-to-day living. She told me that she just does not have enough money left over to pay for more health care.

For that woman, across-the-board increases in premiums or copayments, Mr. President, will be brutal. She will be forced to make terrible choices. She may have to ask herself if she can afford to pay for prescription drugs or food. What about repairs to her home, like fixing a leaky roof? What about the heating bill, Mr. President? Mr. President, you know as well as I do, being from the northern part of this country, it gets very cold in Merrill, WI, and that is a brutal choice to have to make.

Another older woman wrote to me. She lives in Milwaukee. She explained that her memory is impaired because of various illnesses. She is sick and totally dependent on Medicare for health care. She did not say what her income is, but if she is average, it is about $17,000 per year.

At the level proposed here in the Senate, the cuts to Medicare could mean that she will pay another $3,200 in out-of-pocket costs over the next 7 years, nearly $500 per year in additional health care costs on top of the $2,500 she now pays. Mr. President, this was reflected as well when I met with a delegation from Wisconsin at the White House Conference on Aging. We visited about a number of items, including the absolutely critical importance of long-term care reform. We talked about the prospects of cuts to Medicare. Mr. President, those delegates to the White House Conference on Aging agreed that we do need to make some changes to Medicare. They agreed, though, that we need to "cut smart" but not "cut mean."

Mr. President, the risk with this level of Medicare cuts is that we will "cut mean," and those who are the least able to afford it, the most vulnerable of our adult population—the frail elderly, will be asked to carry the bulk of our deficit reduction load.

Mr. President, I am willing, as I have said many times, to participate in a bipartisan process of which the primary goal will be to actually produce a balanced budget by the year 2002, or earlier. Some Medicare cuts should be part of that process; indeed, they have to be part of that process.

But, Mr. President, I cannot support a plan that weakens the health safety net for our poorest and frailest elderly—the very safety net Medicare was designed to provide.

I yield the floor.

Mr. ROCKEFELLER addressed the Chair.

Mr. EXON. Mr. President, I yield 14 minutes to the cosponsor of the amendment, the Senator from West Virginia, and the remaining time following that to the minority leader for closing our section of the debate when his turn comes.

Mr. ROCKEFELLER. I thank the Senator from Nebraska.

Mr. President, let us review the record, the whole record.

When reckless Wall Street unrestraint brought this Nation to the edge of financial ruin, Republicans insisted that an "invisible hand," Adam Smith's invisible hand, would help families, and restore their jobs, their homes, their children and their savings. But alas, the "invisible hand" was very much invisible. Unemployment lines snaked blocks long, banks went belly-up, plants were boarded up, homes and farms went on the auction block. Bad times, hard times—nowhere harder than in my State of West Virginia.

After the crash, Democrats took action to repair the all too visible damage done by the Republican's stubborn refusal to address the needs of working families. Democrats worked to undo neglected banking regulation, disinvestment in education and training, lack of emphasis and lack of attention to national infrastructure building, to unstick stagnant wages, and pay down the staggering mountain of debt.

I could be talking about Franklin Roosevelt's redress of Herbert Hoover's wrongheaded economics. But, no, I am recalling the reckless excesses of the 1980's and the work we Democrats began in the last several years to undo that horrible damage done by the Republicans.

Our colleagues across the aisle have spent the last few days wringing their hands and gnashing their teeth over the debt that now hangs over our children. Oh, no curse ever visited upon the human race is worse, to listen to them talk one after the other. You cannot have it both ways. They talk about the depletion of the Medicare trust fund, about the need for pain and sacrifice.

I wonder how they failed to see the danger during the 1980's, when massive tax cuts for the wealthiest fraction of the Nation tripled the national debt. I will say that again—when massive tax cuts for the wealthiest fraction of the Nation, corporate and private, tripled the national debt. "You cannot have it both ways," they said. They sure tried in 1980, when billions were borrowed against the next generation to finance savings and loan bailouts. Did they forget about that one? A little oversight on the part of the Republicans. And we are still paying for it. People out there do not forget about that. It is a Republican legacy. When tax loopholes were opened for junk bond binges, where was their concern about the debt being passed on to the next generation all during that period?

I think the greatest scandal of my time in Congress was the S&L bailout period, courtesy of the other side. Talk about passing on debt to future generations. I never heard a word about that in the 1980's or early 1990's, or even up until last year. I wonder where the urgency and concern last year and the year before was when Democrats were cutting the first trillion off of that deficit. The first deficit reduction in decades, and not one Republican in either House voted for it. You cannot have it both ways, they say. Not one Republican was for lifting a trillion dollars in debt off of the next generation.

I wonder where was the passion and the compassion for the next generation when we had a chance last year to pass health care reform. We had a chance to stop cost shifting and all of the things that have exploded our health care system out of sight. The Republicans could not even wait to savage that one, because it was put forward by Bill Clinton. They called it socialized medicine and Government medicine. We heard it all the time. I will not pull out my Blue Cross/Blue Shield card like I usually do. But Blue Cross/Blue Shield coverage, which is what most Members of Congress have, is not a Government-run health program. But we are paying the price now. They overwhelmingly condemned health care reform. Where were they then? Health reform that would have reined in costs without slashing services and quality.

Instead we heard all of those passionate speeches denouncing price caps, which they now propose. "You cannot have it both ways," they said. Denouncing limits on choice of a doctor, which they now are ready to force on seniors. Oh, yes, if seniors pay more, it will be different. Those who can afford it, will have a choice. Those who can not afford the extra costs will not be able to keep their lifelong doctor. But the fee-for-service system which the Republicans so glorified last year, they could not stop talking about the glory of choice, the glory of choice, it will not be available to all seniors under their Medicare budget. The glory of choice. We do not hear it this year. You have to pay more for it, if you are a senior.

They talk about 90 percent of their tax cuts going to families earning less than $100,000. I would like to bring up a point on that. They talk about $100,000 and where their tax cut would go once they have the $170 billion left over, after this is all over. I would like to point out two things: First, the average West Virginia senior has an income of about $10,700 per year. To him or her, $100,000 is rich. Real rich.

Second, and I hold up the Republican bill here, there is not anything written into a bill. It is a sense of the Congress. A sense of the Congress that 90 percent of the recipients of any tax cuts—think that means something—"any tax cuts?" Think they are thinking about tax cuts for the rich which must go to the middle class?

A sense of the Congress. Mr. President, you and I both know that anything that is a sense of the Congress or

a sense of the Senate is not worth the paper it is written on.

But most of all, I wonder how anyone can look at this budget proposal and call its authors courageous? A budget scheme which asks everything of seniors, of students, of children, and the disabled, and gives more, and so much more, to the most secure, the most well off, the biggest companies and the most powerful interests.

Mrs. BOXER. Would the Senator yield for a very quick question?

Mr. ROCKEFELLER. The Senator will complete his remarks.

Mrs. BOXER. I have a question.

Mr. ROCKEFELLER. I would say to the Senator from California that I have only 14 minutes, and I have a lot to say.

Mrs. BOXER. This is so fast. I wonder if the Senator would yield, because he has just hit such a strong point.

Mr. ROCKEFELLER. Please proceed.

Mrs. BOXER. Mr. President, I went home and met with my seniors in hospitals.

And when we say, whose side are you on, this is the question of the moment. They looked at me and they said, Senator, this is where my question comes in, did we not have a consensus, an agreement, in the national Government, that we wanted to make sure our elderly were treated with respect and dignity, and we would not have bag ladies walking around the streets? And we would not have sick people, elderly people, because we, in fact, respected them.

So when the Senator asks, whose side are you on, I ask my friend this question: Does this Republican budget not repeal a national consensus that we should treat our elderly with dignity and respect and not force them to choose between buying food and going to the doctor?

Mr. ROCKEFELLER. It not only does that, it not only repeals that national compact, but I have here the Social Security law. These are the Social Security laws.

If we turn to page 625 of the Social Security law, title 18, Medicare is called "Health Insurance for the Aged and Disabled." Senior citizens are going to have to pay out of their Social Security COLA the increased costs of Medicare because of what the folks on the other side of the aisle are proposing.

They say it has nothing to do with Social Security. This is a Social Security cut, because they will not be able to spend it on anything else but higher Medicare costs. This is the Social Security law. This is the health insurance for the aged and the disabled. That is called a cut in Social Security in any West Virginians' home who is elderly, that I know of.

Mrs. BOXER. Thank you, I say to my friend.

Mr. ROCKEFELLER. I thank the Senator from California.

How can it be courageous to ask those with the least to pay the bills racked up by those who already have so much?

Yes, we all want to balance the budget. Yes, we all want to balance the budget. And, we have offered amendments that would still balance the budget by 2002. This amendment does not subtract one single thing—not one dime—from the effort to balance the budget.

In 1993 we went to bat when we were in charge. Now they are in charge. Let them go to bat, but not take the bat and crush so many vulnerable people in our country.

We have seen this before. Economic voodoo that asks working families in places like West Virginia to shoulder the load while providing a windfall for the well-heeled.

Mr. President, I would just insert and would ask this be included in the RECORD the piece of paper, which we have not talked much about, Medicaid. This has been a Medicare debate. But Medicaid is included in this amendment.

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

Who loses if Medicaid is dismantled into a block grant?

Low income children. About 18 million of them will lose their health insurance coverage.

Low income women. About 8 million of them will lose their health insurance coverage.

Low income disabled. About 6 million of them will lose their health insurance coverage.

Low income elderly. About 4 million of them will lose their health insurance coverage.

Community spouses. The wives or husbands of nursing home patients covered by Medicaid will no longer be protected against impoverishment.

Private practice (fee for service) physicians. States will no longer have to pay for physician services at rates that give Medicaid patients access to private physicians. Instead, states will channel all of their payments for physician services to managed care plans, which may or may not contract with physicians now servicing Medicaid enrollees, and which may or may not pay the physicians with whom they contract adequately.

Community health centers and rural health clinics and their workers. States will no longer be required to reimburse them for their costs of treating Medicaid patients. Instead, states will channel all of their payments for outpatient services to managed care plans, which may or may not contract with these clinics, and which may or may not choose to pay adequately those with whom they do contract.

Teaching hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will channel all of their payments for hospital care to managed care plans, which may or may not choose to contract with teaching institutions, and which may or may not choose to pay adequately those with whom they do contract.

Children's hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will shift all of their payments to managed care plans, which may or may not choose to contract with children's hospitals, and which may or may not choose to pay adequately those with whom they do contract.

Public hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will shift all of their payments to managed care plans, which may or may not choose to contract with these hospitals, and which may or may not choose to pay adequately those with whom they do contract.

Mr. ROCKEFELLER. The Republicans are clearly headed toward a Medicaid block grant. On Wednesday in the Finance Committee we are meant to be marking up a welfare reform bill that will be all block grants. It will all be block grants. They will say it is not, but it is. They are all for it. Some of them who were not last year are this year.

Let me list a few of the consequences of a Medicaid block grant. No longer will 18 million children have a guarantee of health insurance. No longer will 8 million low-income women have a guarantee of health insurance. Sure, some States may do it, other States will not. About 6 million low-income disabled will lose their health insurance coverage.

Moving back to Medicare. Medicare is a critical element of a senior's Social Security. Millions of seniors depend on their monthly Social Security checks to buy food, to pay the rent, to buy prescription drugs, and pay their utilities.

Those same Social Security recipients depend on the Medicare Program for health insurance coverage, Medicare coverage that they contributed to all of their working lives.

Now we are going to say that seniors who worked hard all their lives, and planned their retirements taking into account their Social Security and Medicare benefit, that we will pull the rug out from under them.

We cannot have it both ways, they say. Boy, are they making a case against themselves.

Republicans have promised not to touch Social Security.

In fact, before last year's election, the Republicans also said they had no intention of cutting Medicare benefits. I quote Majority Leader DOLE:

President Clinton and Vice President Gore are resorting to scare tactics * * * falsely accusing Republicans of secret plans to cut Medicare benefits.—Washington Post, November 6, 1994.

And from the head of the Republican National Committee, Haley Barbour:

The outrage, as far as I'm concerned is the Democrats' big lie campaign that Contract with America would require huge Medicare cuts. It would not.

Republicans were not going to cut Medicare. That is what they said. But

that is certainly not what they are doing. The Senate budget resolution cuts Medicare by $256 billion and the Contract With America budget resolution cuts Medicare by $270 billion.

And, because of the way they plan to cut Medicare benefits—by shifting health costs to seniors—seniors are going to see their Social Security COLA's reduced by half. My colleague from Massachusetts, Senator KENNEDY, referred to this last Friday as a stealth Social Security cut. And, I could not agree more.

We do not yet know how the Senate Republicans plan to cut Medicare, but we do know what the House Republicans are thinking about. I will outline just a few of their ideas to cut Medicare by making seniors pay more. These proposals are all taken directly from the House Republican Budget Committee document.

First, there is a mandatory managed care proposal. Under this proposal, seniors would have to pay more if they went to a hospital or doctor that was not in the Medicare network. Under this plan, seniors would not have a choice of signing up for managed care. Their enrollment in this Medicare managed care program would be automatic and mandatory.

Another Republican proposal would increase premiums for new Medicare beneficiaries who choose fee-for-service. New Medicare beneficiaries would pay a part B premium that is $20 a month higher if they choose Medicare fee-for-service.

Under another Republican proposal, the Medicare deductible for physician services would be doubled, from $100 to $200 and then indexed for inflation.

And, there has been a lot of talk about handing out Medicare vouchers. Under the Republican plan, Medicare would be capped and vouchers handed out. The Government would make a standard contribution and seniors would have to make up any price differences between the Government voucher and the price of their health insurance. The House Budget Document says "Medicare could continue to offer the traditional Medicare benefit plan * * * [but] most likely, the beneficiary would have to pay an amount in addition to the voucher."

Next, the Republicans want to require new copayments for home health care, lab services, and skilled nursing home care.

Finally, the Republicans favor an across-the-board hike in every senior's part B premium which is currently $46.10 a month.

Day after day, the Republicans have come to the Senate floor and denied that they are cutting Medicare.

Mr. President, when I talk to seniors in West Virginia about the above proposals and the increased costs that they are going to have to pay, they understand that their Medicare benefits are going to be cut. They see cuts in their Social Security benefits.

The Republicans can talk about the billions of dollars that they are going to allow Medicare to increase by, but I want to talk about the average West Virginia senior getting by on a fixed income of about $10,700 a year.

Under the Republican budget resolution, seniors living on fixed incomes are going to see half of their Social Security COLAs get eaten up by new Medicare charges—that is a cut.

When half of the seniors in West Virginia who live in rural areas risk having their rural hospital shut its door—that is major cut in services.

Mr. President, my colleagues on the other side of the aisle have tremendous discipline when it comes to staying on message. They can repeat, and repeat, and repeat that these Medicare cuts are not really cuts at all. They can say over and over and over again that there are no tax cuts in their budget resolution. But anyone who reads this budget resolution will see the $170 billion that has been set aside for tax cuts and the $256 billion cut in Medicare and the $175 billion cut in Medicaid.

My amendment will put money back into the pockets of senior citizens. My amendment says that we are not going to balance the budget and pay for tax cuts by gutting Medicare and making seniors pay more.

This amendment is about setting priorities. If this amendment was adopted, the budget resolution would still achieve balance by 2002. This amendment says that health care and long-term care for seniors, and health care for children and the disabled, should not be destroyed so that we can hand out tax cuts to the wealthy. This amendment would make sure that millions of working families and retirees who depend on Medicare and Medicaid for their health care and long-term care needs would not be left out in the cold and swamped with huge health bills.

Mr. President, I urge my colleagues to vote for my amendment and tell the American people loud and clear that we in the Senate have our priorities right.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired. The 8 remaining minutes has been given to the minority leader.

Mr. ROCKEFELLER. I yield the floor.

Mr. DOMENICI. Mr. President, I yield 4 minutes to the distinguished Senator from Indiana, Senator COATS. I assume that would be followed by the minority leader with his time, and I would wrap up with the remainder of the Republican time.

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

Mr. COATS. Mr. President, I think the Senate's debate on the balanced budget amendment a few moments ago was a turning point in this session of Congress—perhaps and hopefully, a turning point in the economic affairs of our country. It was important not for its disappointing final vote but for the issues that it clarified.

During that debate, opponents of the balanced budget amendment again and again challenged those who supported it: If we really want a balanced budget, they would say, propose one. One Member of this body put it like this: "Let Senators get to work, to show Americans we have the courage this amendment presumes that we lack."

Opponents of the balanced budget amendment pressed that argument as hard and as far as they could. They threw down a gauntlet before a watching Nation. Mr. President, this week, Republicans have picked it up. And those who made that challenge have fled from the field—proposing nothing of their own. They revealed that their point in the balanced budget debate was not a conviction but an alibi.

It is a terrible, disturbing thing, to have your bluff called before an entire country. That is precisely what has happened to the Democrats. Their bluff has been called. Their call for "Go ahead and propose one," was taken up by Republicans. We have proposed one.

Thanks to the Republican 7-year budget, we can now see our way clear to a balanced budget. After 40 years of wandering in the desert of deficit spending, we are finally destined for the promised land of balanced budgets.

There is courage in this budget—courage we have not seen for decades. Courage that makes this a historic moment. But, if we are honest, it is courage without alternatives. The status quo may be comfortable, but it is not sustainable. Because the road we are on, while it may seem wide and easy, ends with a cliff, and the fall will be disastrous for our economy, disastrous for our people, including our seniors, disastrous for our children and for the Nation's future.

Mr. President, 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. Two decades of promises, two decades of rhetoric, budget proposals, budget deals, tax increases, unfulfilled promises, and spending cuts, all these have failed. This is the best argument for a balanced budget amendment, defeated for the moment by just one vote.

So we turn to this effort, this courageous effort, let me say to the Senator from New Mexico, the only effort, the only game in town is the Republican budget proposal.

No one has proposed anything different. If you do not like this, you are walking away from the debate. The President has abdicated his leadership on this most critical of all issues facing our Nation. Likewise, Democrats have abdicated leadership on this, the most critical of all issues.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

The minority leader is recognized for 8 minutes, the time remaining.

Mr. DASCHLE. Mr. President, I listened carefully to the words of the distinguished Senator from Indiana. If you listened, you heard one thing that is completely unrelated to what is addressed in this amendment. To listen to the Senator from Indiana, you would think that this amendment was going to add somehow to the deficit; that it was going to somehow change the parameters of this budget resolution; that somehow it was going to move back the date of the balanced budget goal to a time beyond 2002.

Mr. President, that has nothing whatsoever to do with what we are now considering in this amendment. There is no disagreement on a balanced budget. There is no disagreement, at least for most of us, on what date we ought to set for a balanced budget. But there are fundamental disagreements.

The President has laid down his budget. The Republicans, as is their right now, have laid down an alternative. These two budgets are 60 percent the same. But there is a fundamental difference in priorities in the remaining 40 percent of this budget. This amendment and, indeed, this entire debate, is about modifying this budget to reflect those priorities. It is about a fundamental difference in how and where we ought to invest our resources.

What the Republicans are suggesting is that, if we do the things the chairman has proposed, somehow there will be a $170 billion pool from which to provide a tax cut at a later date. There is no doubt about that. Everyone has acknowledged that is what we are talking about, a tax cut that will substantially benefit those at the upper end of the income scale.

We are saying that we cannot accept that tradeoff. We are saying that it is wrong for seniors to pay $6,400 per couple in additional out-of-pocket health expenses to finance a tax cut for upper income Americans. We are saying that it is wrong for working families to pay $1,400 more for this tax cut. We are saying that it is wrong for students to pay $3,000 more over the course of their college careers to pay for a tax cut. These are the issues our amendment addresses.

The people who are the hardest hit and who are going to feel it the most are the senior citizens. A $256 billion cut in Medicare over the next 7 years will affect 37 million people, resulting in $900 a year more in additional health care expenses per beneficiary, $3,200 over the course of the 7 years. For what? So that the wealthiest 1.1 million people in this country can get a $20,000-a-year tax cut. Those people making more than $350,000 a year will get $20,000 back in taxes.

This graph says it clearly. We are not talking about increases in the debt. We are not talking about altering the glidepath or our balanced budget goal. We are talking about the fact that the Republicans want to provide a tax cut for wealthy citizens, while the Democrats are concerned about paying for that tax cut with Medicare cuts. This is the essence of the difference between their approach and our approach, especially when you consider the fact that 97 percent of those who are dependent upon Medicare make less than $50,000 a year.

We cannot accept that Medicare cuts will pay for tax cuts for affluent Americans. The $256 billion Medicare cut, resulting in a $900-a-year increase in out-of-pocket costs to beneficiaries, is especially troubling when you see how limited most seniors' economic resources are. Nonseniors, people under the age of 65, only spend about 8 percent of their income on health care. Seniors, on the other hand, pay 21 percent of their income on health expenses. In other words, they pay almost three times more each year on health care than nonseniors.

There is a lot of debate about how we are affecting the growth of Medicare spending. Let's be clear about this. The Republicans say they are allowing Medicare costs to increase—that all they are doing is cutting back on the program's growth. I hope everyone understands the effect their proposal will have on the Medicare program. It is very important that everyone appreciate the reasons for Medicare's explosion in costs. There are two basic reasons.

First, the demographics of our country continue to change in positive ways. We are seeing more and more people over the age 65, more and more people who are living long enough to enjoy their retirement. Therefore, more and more people are relying on Medicare. That is not some management problem. This represents a tremendous new opportunity for our older Americans to enjoy the benefits of their retirement years. And more Medicare beneficiaries are living longer and longer. The over age 85 group is the fastest growing population of Medicare beneficiaries.

Second, more and better health care technology is allowing people to live longer and healthier lives.

The Medicare program is expected to grow about 8.3 percent per year, taking into account these demographic trends, new technology, and general increases in the cost of living. In the private sector, which has a younger, healthier population that needs fewer health care services, we see slightly lower total growth in health care costs. What the Republicans would like to do through this budget is dramatically cut back the growth in Medicare while private sector health care costs continue to grow at a rate of 7.2 percent.

The impact that will have on seniors could not be more clear. Millions of seniors today depend upon Medicare for their health care and can now walk into a hospital or clinic with the confidence that they are going to be treated when they are ill. Under this budget, they will no longer have the confidence that Medicare will be there when they need it. A lot of people are not going to have the care they deserve, in large measure because of the dramatic reduction in the availability of resources for Medicare. We simply cannot allow that to happen.

The situation is much the same with respect to Medicaid. The demographic trends and new technology affect Medicaid much as they affect Medicare. I think we all have to realize that, unless we are really prepared to tackle meaningful health reform and address the proliferation in technology, the ramification of these demographic trends in our Nation, and the explosion in general health care costs, it is extremely difficult to do anything meaningful to produce the kinds of savings that the Republicans are proposing.

The bottom line is this. Whose side are we on? Are we on the side of senior citizens? Are we on the side of kids? Are we on the side of working families? Or are we on the side of those who want to raise more money so we can cut taxes for the wealthy by $20,000?

This could be one of the most, if not the most, important votes on health care in this session of Congress. The decision we will make in less than 10 minutes is about whose side we are on, about whether or not senior citizens are going to be confident in their ability to get the kind of health care they need for as long as they live.

I yield the floor.

The PRESIDING OFFICER. The remaining time for debate is now in the control of the Budget Committee Chairman.

Mr. DOMENICI. Mr. President, what time are we scheduled to vote?

The PRESIDING OFFICER. At 3:10, in 12 minutes.

Mr. DOMENICI. Mr. President, I yield myself the remaining time.

First of all, I do not expect an answer, but it would be good to know whether the distinguished Senator from West Virginia, Senator ROCKEFELLER, who spoke with such passion on this subject and talked about how wonderful his amendment is for seniors, I wonder if we might find out someday whether he would vote for a budget resolution if this amendment passed? I have serious doubts the Senator from West Virginia would, for putting back $100 billion into Medicare seems to me to be far less than that which he and many on the other side of the aisle really have in mind. Essentially, they have found this contingent fund of $170 billion so they can now

start spending it; so this is another effort to paint us one way when they do not really have a solution.

But let me just talk about what is going on, in terms of the Republicans, what we are suggesting.

Whose side are we on? Make no bones about it. We are on the side of all Americans. There are those in politics who would like to make us choose sides.

They would like to split the United States of America as if all Americans are not interested in America's future.

Whose side are we on? We are on the senior citizens' side because we want to make the trust fund that pays for their health care solid, improve it, make it better, and make sure that it is there for them for a long time.

We are on the side of the working men and women in America who are paying that bill because they, too, would like to know that when it comes their turn to get Medicare, it will be there. We propose that it will be there for them.

We are on the side of the children of America, the young children that we so much love, that we have so much affection for. We are on their side, too.

Because, Mr. President, and fellow Americans, if we do not fix the Federal budget where it stops hemorrhaging at $275 billion a year, all Americans—seniors, children, middle-aged Americans, young couples who are just entering the work force, with one child, or two children, or just married and starting their life—we are on all their sides, because we would like the fruits of their work to give them a good paycheck, not a deflated paycheck that goes down while it sounds like it is going up because they are paying incredible amounts of what they work for to the Federal Government to pay our bills.

I believe the seniors in America want a future for their children, for their children who are out there working, and their grandchildren that they are hoping will get an education and benefit and prosper in America.

So we answer that question. Whose side are we on? We are on every single American's side. We are for helping every American have a better life and asking that some sacrifice now so that there will be a better life, especially for our children.

What are we saying about Medicare? Let us talk about it again. There is no need—nonetheless, we cannot prevent it—to frighten Americans. The Medicare system is bankrupt. That is not Republicans talking. It is six trustees, four of whom work for the President. They said you ought to reform it. And they told us how much was needed to reform it short term. They said $163 billion over 5 years.

We have asked the committees in the U.S. Congress to make it solvent over 7 years by finding a way to reform, to add opportunities to senior citizens, to change the system that is essentially about 30 years old, and, say, let us modernize it and make it better for seniors, and in the meantime let us save money. Instead of 10 percent growth, let it grow at 7.

Who is the principal advocate of the proposition that when you let something grow at 7 percent instead of 10 that you are not cutting it? Let me ask one more time who the best advocate of that is. I will quote quickly. October 5, 1993, President Clinton speaking to the AARP:

> Today, Medicaid and Medicare are going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation.

That is the President saying that. He proposes in the yellow on this chart:

> That is not a Medicare or Medicaid cut . . . only in Washington do people believe that no one can get by on twice the rate of inflation.

And then there is some laughter.

> So, when you hear all this business about cuts—

Said the President,

> let me caution you that that is not what is going on. We are going to have increases in Medicare and Medicaid.

Exactly the same thing happening, except it is the Republicans proposing that we do it and do it now and carry it out over a 7-year period.

Now the Republicans, the President, and the Democrats said let us leave Social Security off the table, with some exceptions. Some have said you ought to reform it, too. But that has been the basic proposal. We even hear on the floor of the Senate today that we are not living up to that commitment because we are trying to reform Medicare.

Let me remind everyone that the current law with reference to Social Security checks and Medicare payments holds seniors harmless from any cut in their Social Security. If Medicare premiums were to go up, you hold them harmless; they cannot have a cut in their Social Security. We stated the same thing in this budget resolution, and those who are familiar with the hold harmless law know that. And to now say we are cutting Social Security, when everybody understands it has been written about, it has been promulgated across this land that we took it off, we let it stand on its own as many said we should.

Mr. President, let me say that the minority leader was wrong on a couple of things. He said the President's budget and the Republican budget are going in the same direction, they are about 60 percent alike. Nothing could be further from the truth. The President's budget goes in one direction, perhaps south; the Republican goes north, or vice-versa. The President's budget would let the deficit go back up to $275 billion and reforms no entitlement program which is breaking the bank for our people for years to come. We get it into balance in 7 years, and we do address entitlements that we could not afford to pay for, and everybody knows we cannot afford to pay for them. We are saying reform them. We are asking for a commission to help us reform them. And we will get on with the task of answering the question. Who are we for? We are for every single American. We are for the dream of a senior citizen that their children succeed in life. And we think we are going to make that dream come true.

We are for a senior who says, "I want Medicare to be around in 10 or 15 years. I do not just want it right now." We are for seniors who are saying, "We would even like for it to be around for our son or daughter, who is 45 or 50 years of age." We are for that senior, too. We are for that 22-year-old couple, 26-year-old, or as this weekend I will have a new couple in my family, that 28-year-old couple. We are for them because we want their paychecks to grow. We want their standard of living to go up.

What will prevent it? What is the most objective way of preventing our children from having success? Let the deficit continue to roar, put more and more taxes on the next generation, and on the 28-year-olds, and the 20-year-olds across America—taxation for the children without representation, for they are not even able to vote and we are putting huge taxes on them. Yes. Huge taxes, as we ask them to pay our bills out of their work and their effort. That is what it is all about.

And, Mr. President, finally, every time an opponent of the Republican plan in the U.S. Senate puts up a chart, they cannot resist talking about we are going to give tax cuts to the rich. We are going to give $20,000 to somebody earning $320,000 or $350,000.

Mr. President, it is particularly—particularly—offensive to this Senator when a member of the Budget Committee comes to the floor and says that. It is offensive because by a vote of 21 to 1 the Budget Committee proposed in this budget resolution an amendment by Senator BOXER and Senator BROWN of Colorado. What did it say? It said, if we have a tax cut—if we have a tax cut—90 percent of it shall go to the American people earning $90,000 or less. Even in that score we are for middle-income Americans. We are for the working Americans.

What does this amendment try to do? This amendment says from that side of the aisle—and let me pay my friend, Senator EXON, a compliment for his hard work. Nonetheless, when he finishes saying that I have been successful with my hard work, he then proceeds to tell me what I have done wrong.

So, let me just suggest for all his hard work here is the essence of the Democrat plan. First of all, there is no plan. But this particular amendment says after you balance the budget with

cuts that we do not want—Democrats speaking—with cuts that we do not want, after you finish doing that, and we have not helped you a bit, then we suggest that whatever economic dividend there is for the American people, we are suggesting that we tell you how to spend it. For today, they are saying to us, take $100 billion of the hard-earned economic dividend that we say, if it occurs, we want to go back to middle-income Americans as a moderate tax cut, they would now say we did not help you with it, the cuts are not cuts we want—we have heard that all day long, they are not the cuts we want—but now we would like to tell you how to spend it. We would like you to spend it—this one will be Medicare, then there will be one on education, and then there will be one on something else.

Essentially, I hope the American people see through all that, and I hope that overwhelmingly the amendment is turned down.

I yield the floor.

Mr. LEVIN. Mr. President, we are more than 20 hours into the debate on the budget resolution. By midweek, the Senate will likely approve a budget which projects a balanced budget in the year 2002, although the Republican budget continues to rely on the Social Security trust funds. However, the proposed budget resolution which is before the Senate and even more so the resolution approved by the House are not balanced in another even more important way. In an effort to reach a balanced budget by the fixed target of the year 2002, while keeping the Pentagon's budget off the table, providing for an ill-advised, and if the House's proposals are any guide, inequitable tax cut, the resultant budget blueprint represented here penalizes the middle-income working families, neglects the need to invest in our Nation's future, and penalizes our senior citizens, all while providing for a tax reduction which will benefit mostly the wealthiest of Americans.

The Rockefeller amendment which we are now considering takes a critical step in the right direction by providing additional funding for Medicare while cutting back the funding for an ill-timed, and inequitable tax cut for the most well-off Americans for which the budget resolution before us reserves $170 billion.

The tax cut laid out by the House provides more than half of its benefits to people making more than $100,000 a year and gives a $20,000 tax break to those who make $350,000, while the budget takes the largest bite out of the Medicare Program relied upon by older Americans; 78 percent of those who receive Medicare benefits are making less than $25,000 a year. Those dependent on Medicare will experience the largest cut in Medicare's history costing on average by 2002, a $900 per year increase in premiums, deductibles and copayments, approximately $3,200 over the next 7 years—$6,400 for couples by the time 2002 rolls around.

Several of my colleagues over the past several days have quoted Republican commentator Kevin Phillips, but his recent public remarks sum up the problems with the Republican budget proposal very well. He said:

> Spending on government programs—from Medicare and education to home heating oil assistance—is to be reduced in ways that predominantly benefit the top 1 or 2 percent of Americans.

Mr. Phillips goes on to say:

> If the budget deficit were really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with * * * the people who have the big money making the biggest sacrifice. instead, it's senior citizens, the poor, students, and ordinary Americans who'll see programs they depend on gutted while * * * the richest 1 or 2 percent—far from making sacrifices—actually get new benefits and tax reductions.

Mr. Phillips says it all, Mr. President. The debate is not really about whether we should be moving to a balanced budget. It is about how we attempt to get there over the next 7 years. It is basically about fairness. The Rockefeller amendment is a first step toward making this budget more equitable.

Mr. GRASSLEY. Mr. President, we have to keep our eye on the problem. The problem is that the Medicare Program is going broke. And this means that out-of-control spending in the program must be addressed. We cannot address out-of-control spending by spending more.

Medicare spending is growing rapidly. The part A Program, which pays for the hospital care of beneficiaries, will grow 8.3 percent annually for the forseeable future. Part B, which pays doctor bills, will grow at 14.1 percent per year. The overall program will grow at 10.5 percent per year.

Evidence of the difference between income to the program and spending by the program is the pending bankruptcy of the part A program. Under current estimates, this program will not be able to pay its bills in the year 2002. The trustees of the fund, the Secretaries of the Treasury, Labor, and Health and Human Services recently addressed the financing shortfall of the trust fund. They said: "the projected year of exhaustion for the HI Trust Fund is 2002."

The situation is really no better, probably worse, for the part B program. The part B program doesn't present the crisis aspect that the part A program presents, but only because 70 percent of the funds for the program come from general revenues. Surely we cannot tolerate 14 percent annual growth in a program of this size.

The public trustees of the Medicare Program have tried to bring the situation facing the Medicare Program to the attention of the Congress and the general public. The public trustees serve as trustees of the program together with the Cabinet Secretaries I mentioned a moment ago. One is a Democrat, one a Republican. Their terms have just expired. They have no axe to grind. They both have long experience in government. They worked in leadership positions in agencies with responsibility for retirement programs. They are substantial people, whose views must be taken seriously.

They said, in the 1995 Trustees' Report, that "the Medicare program is clearly unsustainable in its present form * * * it is now clear that Medicare reform needs to be addressed urgently as a distinct legislative initiative". The administration officials serving as trustees, the Secretaries of Treasury, Labor, Health and Human Services, together with the Commissioner of Social Security and the Health Care Financing Administrator, said in the 1995 Report that "the trustees urge the Congress to take additional actions designed to control HI program costs." They also said that "the trustees believe that prompt, effective, and decisive action is necessary."

The budget resolution we are considering attempts to address the serious problems in the Medicare Program identified by the trustees. In this budget, the Medicare Program will continue to grow at 7.1 percent per year. Over the 7 years covered by the budget resolution, the program will grow 59 percent from $161.1 billion in 1995 to $256.7 billion in 2002. This will be a per capita increase of 49 percent. The average annual per capita growth rate is 5.4 percent. This is a real per capita increase of 2.4 percent per year.

Some have argued that the real per capital change in spending must be calculated using the medical CPI. And it is true that, were we to use this index to measure the change in per capita Medicare spending, there would be a real decrease in that spending. Yet, the Congressional Budget Office stopped using the medical CPI several years ago. They concluded that that measure was seriously flawed. Among other things, it cannot adequately account for the increases in quality of health care services. In addition the index uses list prices rather than actual transaction prices. And, these days, list prices have little to do with the actual cost of services.

I am not trying to argue that the spending slowdown will not be difficult and painful. As a Senator representing a rural, Medicare-dependent State, with high-quality and relatively low-cost medical care, I realize this all too well.

But, there are two additional steps in the budget process during which the

impact of the Medicare spending slowdown on vulnerable areas of the country can be cushioned. First, the resolution calls for a Commission to suggest how this spending slowdown might best be achieved. I am confident that this Commission will take into consideration the special circumstances of vulnerable regions and vulnerable groups when they develop their recommendations.

Second, the Committee on Finance, of which I am a member, will make the critical decisions about how to change the Medicare Program so as to realize savings. As a member of that committee, I intend to work hard to ease the impact of the spending slowdown on the most vulnerable. Medicare expenditures in rural areas are considerably smaller than are expenditures in nonrural areas. For instance, the part A expenditure in rural areas is only about 13 percent of total part A expenditures. Total program payments in nonmetropolitan statistical areas is about 23 percent of total program payments. In the past, this difference has made it possible to cushion the impact of reconciliation bills on rural areas. Thus, I think that it should be possible to cushion the effects on rural areas of the spending slowdown without adverse effects on other areas. Mr. President, I am concerned about the Medicare Program and all those who depend on it. I do not believe that this budget resolution, with all the sacrifice it calls for, will jeopardize the health care services on which older people depend. I am concerned, Mr. President, that if we do not act to put the Medicare Program on a sound footing, Medicare-dependent States like my own will suffer the most when the day of reckoning ultimately comes.

I am also concerned about the future of our country. If we do not act, we will be faced with Federal deficits into the indefinite future. If we do not act, interest on the national debt will reach $300 billion annually be the end of the decade. That is larger than the Defense budget. That is larger than the Medicare Program. That is larger, in fact, than any item in the Federal budget except the Social Security retirement program.

Surely, Mr. President, we cannot go on like this.

THE FUTURE OF MEDICARE AND MEDICAID

Mr. HATFIELD. Mr. President, the American public became well versed during last year's debate on the health care system and the need to stem rising health care costs. In the last year or so, we have seen the health care market begin to change and costs beginning to go down. Unfortunately, in the two largest Federal health care programs, Medicare and Medicaid, this has not been the case. Annual costs continue to rise by nearly 10 percent. As we attempt to balance the Federal budget, we simply cannot continue to sustain this rate of growth in our Federal health programs.

The pending amendment would take the savings or economic dividend expected from a balanced budget in 2002 and apply it to Medicare and Medicaid. While I am reluctant to even support a broad-based tax cut using these savings, at this time I do not believe these anticipated savings should be used to increase Medicare and Medicaid funding without addressing fundamental reforms in these two programs. After all, the savings are anticipated and may or may not be there when the budget is balanced in 2002. By using these anticipated funds to get us to a balanced budget or to sustain the Medicare and Medicaid Programs, we are kidding ourselves and reverting to budget tricks used during the 1980's. Therefore, I will oppose the Rockefeller amendment.

The recent report by the Medicare trustees describes the crisis we will face as a nation if we continue to allow costs to grow at their current rate. The Medicare Hospital Insurance Trust Fund will be bankrupt in 2002. Yes, we have known about this for a number of years but the day of reckoning is upon us. As soon as 1997, Medicare expenditures will exceed incoming revenues.

Before we begin to pour money into the trust funds, we must look at the substantive problems with the program which lead us down the road toward insolvency. Allowing Medicare expenditures to continue to grow at their current rate by applying the projected balanced budget savings to the trust funds will merely extend the insolvency date a few more years. Instead we must recognize that changes must be made to guarantee the long-term solvency of the program. That is why I have cosponsored legislation introduced recently by my colleague from Oregon, Senator PACKWOOD, to require the Medicare trustees to provide Congress with their recommendations for solving the short-term and long-term Medicare solvency issues.

Some States, including my own State of Oregon, are far down the road toward building cost efficiency into our health care system. A recent study of hospitals nationwide concluded that if the 1993 U.S. average hospital expenditures per capita had been the same as Oregon's age adjusted expenditures per capita, the United States would have saved over $66 billion of its $267 billion in hospital expenditures that year. We must continue to look at States like Oregon as we grapple with reforms in both Medicare and Medicaid. There are innovative reforms underway in our States which can provide concrete examples of how to reduce costs without adversely impacting access to quality health care services.

Balancing the budget will not be easy but it is necessary. It will require a shared sacrifice by all Americans. In order to assure that this is accomplished we must be willing to address inefficiencies in programs such as Medicare which simply could not be imagined in the 1960's when the program was originally passed. I will work with my colleagues in the Senate to assure that this occurs.

Mrs. FEINSTEIN. Mr. President, I rise in support of the proposed Medicare and Medicaid amendment, and would like to take a few minutes to explain my reasons for taking this position.

We all know that Medicare and Medicaid spending cuts are necessary.

There is no argument that Medicare and Medicaid must be reformed, that the Medicare trust fund must be restored to balance, and that entitlement spending must be slowed. Let me give you just a few examples of the need for reform:

The current cost of Medicare alone is a staggering $176 billion, and the program increases about 10 percent annually.

At over $803 billion, Medicare, Medicaid, and other entitlement programs already eat up over 50 percent of our annual budget.

The current Medicare Program pays out much more in benefits than it is taking in from premiums and payroll contributions.

Without reform, Medicare will continue to grow out of control. Costs for new technologies and procedures continue to increase rapidly, there are about 1 million additional Medicare participants each year, and managed care efforts for Medicare and Medicaid participants have not yet yielded significant savings to the Federal Government.

For those reasons, I have supported deficit reduction efforts and changes in Medicare in the past, and believe that we must all be willing to enact health care reform legislation, including measures such as means-testing the Medicare part B premium, raising the age of eligibility for new Medicare enrollees over time, and expanding a competition-based managed Medicare Program.

However, $400 billion in cuts from Medicare and Medicaid is a huge amount, which goes too far, too fast, without any assurances that our health care system won't be significantly undercut.

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 $400 billion out of Medicare and Medicaid over the next 7 years—almost a third of the entire $1.3 trillion in cuts. These health care cuts include $256 billion from Medicare and $176 billion from Medicaid, along with cuts in other public health areas.

What exactly do health care cuts of this size really mean? Well, no one

really knows, but health care experts tell us that the options for cuts of this size are few, and estimates by the Health Care Finance Agency, which runs these programs, have projected these fiscal impacts:

First, $256 billion in Medicare cuts will almost certainly increase seniors' out-of-pocket health care costs for premiums, deductibles, and copayments.

This will lower seniors' Social Security checks, because that is where the Medicare part B premium is deducted. Medicare premiums and Social Security checks are linked together because under the integrated Social Security check-issuing system, Medicare premiums are automatically taken out of Social Security checks. An increase in the Medicare premium leads directly to a decrease in the Social Security check.

Second, in addition, $176 billion in 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.

Do we really want to cut Medicare and Medicaid by $400 billion, based upon what we know about the effects of these cuts?

The impact of these cuts on would affect California enormously—more than almost every other State.

California will be particularly affected by these cuts because it has a large and growing population of 31 million residents, a high—20 percent—Medicaid rate, a high—23 percent—uninsurance rate, an extremely large—2 million—population of illegal immigrants, and high health care costs despite the spread of managed care and the tremendous success of group purchasing alliances.

For California, $256 billion in Medicare cuts could cause $34 billion in total cuts to California hospitals and patients over the next 7 years, according to the Health Care Finance Administration. Despite having only 9.5 percent of the Nation's Medicare population, California would pay for over 13 percent of the Medicare cuts.

These cuts could include a $4,300 increase in out-of-pocket costs—premiums, deductibles, and copayments—to each of the 3.6 million Medicare recipients in California, according to the Health Care Finance Administration.

Out-of-pocket costs are a critical issue for Medicare recipients, who already pay an extraordinary 23 percent of their incomes on health care—compared to an average of 8 percent for those under 65. This increase would be 40 percent higher for Californians than cost increases to the rest of the Nation.

For California, $176 billion in Medicaid cuts could cause $15 billion in lost Federal funding—12 percent of the total cut, second only to New York, which can afford to spend thousands more than California on each Medicaid patient.

In reality, cuts of this size are only necessary to help pay for a Republican tax cut.

The Congressional Budget Office estimates that balancing the Federal budget will create an economic dividend of $170 billion.

If the budget is balanced and the dividend is certified by the CBO, Republicans plan to use this dividend for tax cuts. Over $345 billion in tax cuts have already been included in the House version, and a similar proposal will soon be debated here in the Senate.

But the dividend could equally be used to soften the cuts in Medicare and Medicaid, which is what the Rockefeller amendment proposes, and how I believe it should be used.

This amendment would direct the Finance Committee to restore $100 billion, of the proposed $400 billion cut, to Medicare and Medicaid programs in order to ensure that 36 million Medicare recipients, our system of world-class hospitals, and those who still have their own private insurance are not adversely or disproportionately affected.

Here is the impact of the Rockefeller amendment on California:

While the budget resolution is projected to cut $34 billion in Medicare from California seniors and hospitals over the next seven years, the Rockefeller amendment would restore roughly $13.4 billion of that $34 billion.

While the budget resolution is projected to increase each of California's 3.6 million Medicare recipients' out of pocket costs as much as $4,300 per person over the next seven years, the Rockefeller amendment would specifically direct the Finance Committee to lower those increases.

While the budget resolution would cut $15 billion in Medicaid payments to California, the Rockefeller amendment would protect the most vulnerable populations, lessen the burden on state resources, and support the safety net of California hospitals.

Medicaid funding is included not only because it protects poor women and children, but also because so many seniors receive long-term health care and other supplemental "safety net" services from Medicaid, along with doctor and hospital coverage from Medicare.

This amendment is fully paid for. It does not lessen the deficit reduction in the budget, and still leaves significant cuts in Medicare and Medicaid. It is paid for out of the same bonus that Republicans would use for a tax cut. If CBO does certify a $170 billion bonus when the budget reconciliation bill goes through, then those funds would go back into Medicare, not into tax cuts.

Without this Medicare and Medicaid amendment, the budget resolution makes huge amounts of cuts, with no real assurance that they can be achieved in 7 years without destroying our health care system or imposing a crushing burden on seniors. Therefore, I urge my colleagues to support this amendment.

Ms. MOSELEY-BRAUN. Mr. President, I rise today in support of my colleague from West Virginia's amendment on Medicare. This amendment would take $100 billion from the reserve fund that my friends on the other side of the aisle have reserved for tax cuts, and put it back in Medicare and Medicaid. This is an important amendment because millions of Americans depend on Medicare and Medicaid to help them shoulder the burden of an increasingly expensive health care system.

This amendment is about fairness and shared sacrifice. It will still put us on a glide path toward a balanced budget but it will put less of the burden on the Medicare and Medicaid Programs. This amendment is needed because the budget resolution is Draconian and unfair. This body should consider a budget that restores fiscal discipline and balances not only the numbers on each side of the ledger but also the priorities of this Nation. Unfortunately, this budget does not accurately portray the Federal budget or the interests of the American people. This budget resolution is about numbers. I guess some believe the end justifies the means. Unfortunately, the human side of the equation has been all but ignored. The last time I looked, this Government still had an obligation to serve all of its citizens. That includes the old, the sick, the young, and the poor—not just the prosperous.

Let us take a moment to discuss what $256 billion in cuts to Medicare and $175 billion in cuts to Medicaid really mean.

It means 1.6 million Illinoisans who are covered by Medicare would have to pay an additional $2,770 over 7 years in out-of-pocket costs. Already the elderly spend nearly 21 percent of their income on health care, compared to 8 percent for nonseniors.

It means Illinois would lose $9.3 billion in Medicare funds over the next 7 years and over $6 billion from Medicaid—a 30-percent cut.

It means payments to providers will be cut. And as June O'Neill, Director of the CBO, said recently "no pain, no gain". Well it is true that we must share the sacrifice as we say, but let us take a look at that pain. And then let's consider whether or not we need the invasive and expensive, in terms of human costs, prescriptions ordered by Dr. Domenici's committee.

Cuts of this magnitude implemented this quickly will:

Close rural and inner-city urban safety net hospitals. These hospitals bear a disproportionate share of the cost of uncompensated care. They do not have

the ability to cost shift and large cuts hit their bottom line directly. In Illinois we know of at least 10 hospitals that would close, most of them in areas that are already designated as health professions shortage areas.

It means medical education will suffer. Academic health centers that now train this Nation's residents will have to reduce the number of residents trained and the quality of that training may suffer. Remember, each and every one of us benefits from well-trained physicians.

It means hospitals and doctors will no longer treat Medicare patients, because it will be cost prohibitive to do so. And this means seniors lose choice and access to quality care.

Large cuts in Medicaid funding are no less devastating.

It means more babies will be born without prenatal care and will not receive well baby care. One-third of all births are funded by Medicaid.

It means between 5 and 7 million kids would lose coverage and the phase-in of coverage to the children of the working poor would be jeopardized.

It means millions would lose benefits. This means the loss of benefits not only for poor children, but for the elderly and disabled too. What many forget is that two-thirds of Medicaid costs go to provide services for the indigent elderly and severely disabled.

HHS estimates that all preventive and diagnostic screening services for children, home health care, hospice, and dental services would be eliminated.

It means more middle-class families will be responsible for paying for costly nursing home care for their elderly parents. Nursing home care averages $38,000 per year.

Clearly, changes to Medicare and Medicaid are needed. These programs are costly entitlements that gobble up more and more of our Federal budget and contribute more and more to our Federal deficit. We must not be resistant to change. Change is inevitable if we are to ensure that Medicare remains a viable program not only for our generation but for our children. But as Secretary Shalala recently cautioned the finance committee: "Don't kill Medicare to save it."

Changes to Medicare and Medicaid must be made in the context of health care reform. The budget resolution does not propose a solution to reduce health care inflation. Not only does it raise the cost of health care to older Americans—83 percent of Medicare users have an annual income of under $25,000—but it will reduce access and choice. On top of that, it will produce a big cost shift onto the rest of us. HHS estimates that if only one-third of Medicare cuts are shifted to other payers, businesses and families would be forced to pay a hidden tax of $40–$50 billion. We have difficult choices to make, but this budget fails. It is time to try again.

We can balance the Federal budget, but we have to set some priorities here. We cannot, indeed must not, balance the budget on the backs of children and the elderly. It is not right and it is not the American way. This amendment seeks to reduce the burden of this budget on those who need it most. I offer my wholehearted support.

Thank you Mr. President.

REPUBLICAN BUDGET PLANS AND MEDICARE CUTS

Mr. LEAHY. Mr. President, I believe the current debate in Congress on the budget is the most important action Congress will take this year. The Republican budget proposals are indeed monumental. The debate over how we balance our Federal budget will have repercussions to State and local governments for years to come.

I agree with several things in the Republican budget plans. I agree we need to continue to reduce the deficit and achieve a balanced budget. The Federal deficit and its resulting interest payments on the growing national debt put a heavy drag on our economy. In 1990 and 1993, I cast politically unpopular votes that cut about $1 trillion from the projected deficit. Since 1992, the deficit has been reduced from $290 to $176 billion this year—a drop of one-third. And more savings must be made.

But as Ross Perot would say: "The devil is in the details." How we balance the Federal budget is just as important as balancing it.

I am extremely disappointed that the Republican budget would reduce Medicare spending by the largest amount in history—$256 billion in the Senate version and $288 billion in the House.

These numbers are big, but what do they really mean to Vermonters? Under the Senate Republican budget proposal, the average Medicare spending per Vermont beneficiary would be reduced from today's level by over $4,000 over the next 7 years.

Over the next 7 years, Vermont will lose $339 million in Medicare funding, $79 million in the year 2002 alone. If this loss of funds is split 50–50 between Medicare recipients and providers, in the year 2002 Medicare beneficiaries will be paying about $500 in increased copayments, premiums, and deductibles. Hospitals, doctors, and other health care provides will be receiving $500 less from each Medicare recipient.

These reductions result from slowing the projected growth of Medicare to 7 percent a year instead of the projected increase of 10 percent a year. Some claim that these reductions are not really cuts. I fail to understand that logic.

For the 83,000 Vermonters on Medicare and in particular the 12 percent of Vermont seniors who live below the poverty level, does it make any difference what we call these reductions? Over the next 7 years, Vermont seniors, or the hospital, or the doctor will have to come up with over $4,000 to maintain their current level of benefits.

Ask the elderly couple that is retired and living on a fixed income if they can afford this slowing of growth? Ask the family down the road that has a grandparent who was just diagnosed with Alzehiemers whether they will be able to afford this slowing of growth? Ask the rural doctor who is already having trouble covering costs whether he or she can afford this slowing of growth?

Ask the typical rural hospital that currently receives only 91.5 cents on the dollar for the cost of each Medicare participant whether it can afford this slowing of growth. Ask the Vermonter with private health insurance that is currently paying that remaining 8.5 cents on every dollar on hospital costs alone due to cost shifting whether they can afford this slowing of growth?

The scariest part about the Senate Republican budget resolution is that it ignores the fact that it is not just Medicare costs that are rising. All health care costs are rising. And by just cutting Medicare—and Medicaid for that matter—a huge cost-shift of medical expenses will result and make sure that all Vermonters pay more for health care.

Vermonters need to realize that the magic number of $256 billion in the Senate and $288 billion in the House will do nothing for the long-term solvency of the Medicare trust fund. It extends the trust fund's life another 3 years from the current projection of it going broke in 2002. Since the first trustees' report in 1970, there always has been a date certain for the trust fund's insolvency. It is interesting to note that last year the insolvency date was projected at 2001, yet Republicans at that time saw no such urgency in shoring up the trust fund or dealing with the real problem of overall health care costs.

The Republican Medicare cuts are short-sighted. Simply cutting Medicare does not make its problems go away. To reduce Medicare costs, we must reduce health care costs throughout the system, which can only be achieved by true health care reform. But the Republicans have no plan to curb Medicare costs except to cut the program.

I hope in the coming months that Members from both sides of the aisle hammer out a plan to deal with the issue of comprehensive health care reform. But in the meantime, simply cutting Medicare is not the answer.

Mr. BIDEN. Mr. President, this Republican budget sets the wrong priorities. The goal is right—steady movement toward a balanced budget—but how the Republicans propose to get there is wrong. More than half of all

the cuts in this budget come from just two programs—Medicare and Medicaid. Specifically, the Republican budget would cut $256 billion from Medicare over the next 7 years and another $175 billion from Medicaid, about $58 billion of which would come from long-term care for the elderly. This would be, without a doubt, the largest Medicare cut in history—three times larger than any previous cut.

This was not part of the Republican Contract With America. In fact, some have forgotten about an earlier contract—the contract we made with the senior citizens of America—those who worked hard and played by the rules. Cutting health care for those who are at an age when they need health care the most is simply wrong. To cut Medicare as much as the Republicans are proposing violates the long-standing contract with America's seniors.

And, why? So that the wealthy can be guaranteed a tax cut and so that rich billionaires can continue to renounce their U.S. citizenship in order to avoid paying taxes.

I believe we should have a tax cut—one that is targeted to middle-class families for the cost of education. And, I will discuss that issue in more detail later. But, the Republicans in the House have already passed their tax cut. Families making less than $30,000 would get a tax cut of $124—less than 50 cents a day—while families making over $200,000 would get a tax cut of over $11,000.

I am not saying we should raise taxes on the wealthy. And I am not saying that we should give a tax cut to everyone but the wealthy. But, Mr. President, do our richest 1 percent, or 5 percent, need a tax cut more than our retirees on a fixed income need protection against skyrocketing health care costs. I do not think so. I do not think we should provide a tax cut for guys like me—and I am the poorest one around this place—while we are increasing my mother's health care costs. And, I certainly do not believe that billionaires who renounce their American citizenship should have priority over the seniors who gave so much to this country.

I know what the Republicans are saying. They are claiming that they are not cutting Medicare and Medicaid—only reducing the rate of increase. Technically, true. But, for those seniors whose costs go up because Medicare pays for less, is that not a cut? For those seniors who have less access to health care services because Medicare providers refuse to take new Medicare patients, is that not a cut? For those seniors who may no longer qualify for Medicaid nursing home care because Medicaid payments to States are restricted, is that not a cut? Call it what you want. The fact is, seniors will pay more—much, much more.

Assuming that half of the Medicare cuts will come from seniors themselves, this Republican budget means that the average senior citizen will pay between $800 and $900 more in out-of-pocket costs—premiums, deductibles, and copayments—in 2002 than they would otherwise pay. Over the course of the next 7 years, the elderly would have to pay a total of about $3,200 more in out-of-pocket costs. That is on top of the average senior already expecting to pay about $25,000 in premiums, copayments, and deductibles for Medicare between now and 2002. The Republican budget would result in a 13-percent increase in out-of-pocket Medicare payments by America's seniors. And, on average, seniors already pay 21 percent of their income on health costs.

I know what else the Republicans are saying. They are claiming that we need to cut Medicare in order to save it. They argue that Medicare will go bankrupt in 2002, and they just want to protect the program for posterity. Mr. President, this budget does not reform Medicare; it cuts Medicare. Not one single proposal has been offered to save Medicare. Instead, the budget establishes an arbitrary number of $256 billion and says that is how much is going to be cut regardless of the actual cost of medical services or the total number of people who qualify. Between now and the year 2002, the number of seniors eligible for Medicare will increase by 4 million—15,000 in my State of Delaware. The Medicare funds will not keep pace. Someone gets cut.

If the Republicans were interested in saving Medicare, they would attack the causes of why Medicare is going bankrupt. But, they do not. If the Republicans were interested in saving Medicare, they would come to the table with the goal of saving Medicare. Instead, they want Democrats to come to the table after they have pulled an arbitrary number out of thin air.

And, where have the Republicans been? We have known since 1985 that the Medicare trust fund would become insolvent near the turn of the century. And, yet, for 7 years, Republican Presidents Reagan and Bush never proposed saving Medicare from bankruptcy. In 1993, not one single Republican in either the House or the Senate voted for President Clinton's proposal to shore up the Medicare trust fund. And, last fall, Republicans were so concerned about saving Medicare that they forgot to include it as part of the Contract With America.

Let us stop the charade. Republicans are cutting Medicare to balance the budget and to provide tax cuts to the wealthy. That is their priority. They are wrong. Democrats have alternatives that will achieve the same goal—a balanced budget in 2002—without taking this much from Medicare. For example, Senators ROCKEFELLER and LAUTENBERG have an amendment to return part of any economic dividend that results from a balanced budget back to the Medicare and Medicaid Programs. We ought to adopt the Democratic amendments and fulfill the original Contract With America—the contract with America's seniors.

Mr. BINGAMAN. Mr. President, I rise in support of the amendment offered by my distinguished colleague from West Virginia, Senator ROCKEFELLER, to restore $100 billion of the $426 billion proposed cuts in the Medicare and Medicaid programs over the next 7 years.

Mr. President, virtually everyone—Members of Congress, the President, program administrators and even current beneficiaries of the Medicare and Medicaid Programs—agree that changes, including slower spending, need to be made to the current system. The cost of health care is growing too fast and too high. Medicare, for example, currently is expanding by more than 10 percent per year, or three times CPI. These escalating costs simply are unsustainable.

President Clinton and many of us here in Congress spent 2 years trying to deal with this problem in a responsible, comprehensive way. Had we been successful, the Medicare Program would be more secure and access to affordable health care would have been a reality for all Americans, young and old alike. But at the time, my colleagues on the other side of the aisle were not interested in working with us to help make the Medicare Program secure. We heard repeatedly that there was no crisis, no need for Congress to act.

So here we are, with the Medicare Program in real trouble and the chairman of the Senate Budget Committee proposing to save it by cutting the program $256 billion over 7 years. Along with the Medicare cuts are $170 billion in cuts to the Medicaid program, which often serves as a long-term care safety net for seniors and the disabled.

My first question is "What do cuts of this magnitude mean to my homestate of New Mexico?" Unfortunately, Mr. President, States like New Mexico are going to be hit especially hard. This is due to a combination of factors:

First, New Mexico has a growing senior population.

Second, New Mexico has a high poverty rate; a high rate of seniors living in or near poverty; and low per capita income level.

Third, New Mexico's hospitals and providers are heavily dependent on Medicare and Medicaid revenue, more so than most other States.

SENIOR POPULATION—DEPENDENCY ON MEDICARE

In New Mexico, more than 212,000 seniors, disabled children, and disabled adults currently depend on Medicare. By 2002, more than 257,000 New Mexicans are anticipated to be eligible for the program. Looking at seniors alone, New Mexico's over-65 population grew

by 37.8 percent between 1980 and 1990. The senior population is expected to grow by another 11 percent by 2000—to 204,000—and by more than 21 percent by 2010—to 247,000. Our over-65 growth rate, which is currently at 11 percent, is one of the highest in the country.

What do the proposed cuts mean to these seniors? According to an AARP study, to the average Medicare beneficiary in New Mexico it means $3,237 more in out-of-pocket expenses over the next 7 years, or $462 per person per year. This is $462 per person more in higher premiums, higher deductibles, higher copays, and more services not covered.

SENIORS IN POVERTY—TIE BETWEEN MEDICARE AND MEDICAID

A cost shift of this type is especially tough on New Mexico's seniors and their families because so many in my State are living at or near poverty. In fact, at 22.4 percent, New Mexico has one of the highest poverty rates in the country. One in every five New Mexicans—including about 26,000 seniors—lives in poverty.

Mr. President, the majority of my constituents are barely making ends meet today. And then along comes the majority in Congress with an significant increase in the obligation of beneficiaries—all beneficiaries, regardless of income level—to pay more out-of-pocket for their health care. How can poor, elder New Mexicans possibly come up with an additional $3,200 for their health care? The simple answer is that they will not be able to.

Through the Medicaid Program, the State typically would pick up the extra cost. But to do so, the State must raise additional revenue, either by cutting services elsewhere or by raising taxes. Under the budget plan before us today, the situation is even more grim for the States: before even beginning to address the new costs they will face, States must first come up with revenue to cover the initial shortfall they will face from the $170 billion in proposed cuts to the Medicaid Program itself.

If New Mexico or any other State will not or cannot raise the revenue needed to keep the safety net in place without Federal assistance, the results will be tragically clear: hundreds of seniors will have to go without health care; and hundreds of families will be forced to shoulder even more of the costs and burdens of providing long-term care for an elderly parent or relative. Those least able to afford it and most vulnerable among us—the very poor, frail elderly—will be hurt most.

The very bad news does not end there, however. I want to turn for a moment to the situation facing seniors with income levels above the poverty line. In New Mexico, our per capita income is $14,709, or more than $5,000 below the national average. Per capita income for New Mexico's seniors is even lower, estimated at around $12,000 per year by AARP, with between 20–25 percent being spent on health care.

If Senator ROCKEFELLER's amendment does not pass, the message to New Mexico's seniors will be that they will have to spend even more on their health care. The Senate will be telling New Mexico's seniors that they must spend more of their $12,000 to $14,000 annual income on health care. To many, this will simply be impossible.

I have just described the impact of the proposed Medicare cuts on New Mexico's Medicare beneficiaries. The adverse impact on our State does not stop there. Just as the cuts hurt New Mexico seniors more than seniors in many other States—because many of our seniors are living at or near poverty and our per capita income level is low—the cuts will also hit New Mexico's hospitals and health care providers harder than hospitals and providers in other States.

NEW MEXICO'S HOSPITALS AND PROVIDERS

The proposed Medicare and Medicaid cuts will be tough on our hospitals and providers, particularly in rural areas, because they are disproportionately dependent on Medicare and Medicaid for their revenue. Most NM hospitals/providers depend on the programs for 70 to 80 percent or more of their revenue. Nationally, 60 percent or less of all revenue comes from Medicare and Medicaid.

A hospital with a 60 percent or lower Medicare revenue share can compensate for lost Medicare-Medicaid dollars by cost-shifting to private insurers. NM hospitals and providers cannot. They depend on reimbursement from Medicare and Medicaid. Even a slight cut to rural providers could represent a serious financial threat to the providers and a very real threat to health care for rural New Mexicans.

Mr. President, I believe we can find a more equitable way to achieve the kind of savings and fiscal accountability we need. We can agree, for example, that we can develop ways for fairly changing many variables contributing to higher health care costs. Fraud, waste, and inefficiency can all be identified, targeted, and changed. We can improve case management, increase use of cost-effective, quality managed care where appropriate, and focus more on prevention and early detection.

I believe the amendment put forth by Senator ROCKEFELLER represents a more equitable, more reasonable approach to the challenges we face. I will support it, and I urge my colleagues to do likewise.

Mr. KENNEDY. Mr. President, in crafting this budget resolution, the Republican majority has made a great show of its pledge to protect Social Security. But when the American people look behind the rhetoric, they will find that the Republican budget plan is a sneak attack on Social Security, and a violation of our Government's compact with its citizens.

As every senior citizen knows, the Medicare part B premium is deducted directly from their Social Security check. When that premium goes up, Social Security benefits go down. The Republican budget will raise those premiums and reduce Social Security checks by more than $1,750 per senior over the life of this budget plan. For an elderly couple, the reduction in the Social Security check will be $3,500. Next year alone, as a result of this Republican budget, seniors will see a premium increase of $134 compared to current law. In effect, that will eliminate more than half the average COLA increase of $237. Lower income seniors will lose 83 percent of their COLA.

Senior citizens rely on their annual cost of living adjustments to pay for the increased costs of food, housing, fuel, and clothing that they face every year. But under this Republican budget, the majority of that COLA will be stolen to pay for tax cuts for the wealthy. The last time the Republicans tried to cut the Social Security COLA they were forced to back down. Now they are trying to do it by stealth—but it is not going to work.

It is not only through the increase in the Medicare premium that the Republicans are attacking Social Security. In the House budget, the Republicans have arbitrarily assumed an unprecedented, unilateral reduction of the CPI of .6 percent. That change is designed to cut Social Security COLA's by another $23 billion over the next 7 years.

At the most basic level, the harsh cuts in Medicare contained in this budget resolution are a repudiation of our historic commitment to Social Security, because the distinction between Medicare and Social Security is a false one. Medicare is part of the same compact between the Government and the people as Social Security. That compact says "Contribute during your working years, and we will guarantee basic income and health security in your retirement years."

Any senior citizen who has been hospitalized or who suffers from a serious chronic illness knows that there is no retirement security without Medicare; the cost of illness is too high. A week in an intensive care unit can cost more than the total yearly income of many senior citizens.

It is the low- and moderate-income elderly who will suffer most from these Medicare cuts. Eighty-three percent of all Medicare spending is for older Americans with annual incomes below $25,000; two-thirds is for those with incomes below $15,000.

How can any budget plan that purports to be part of a Contract With America break America's contract with the elderly? It is bad enough to propose these deep cuts in Medicare at all. It is even worse to make these cuts in order to pay for an undeserved and unneeded tax cut for the wealthiest Americans.

The cuts in Medicare are unprecedented—$256 billion over the next 7 years. By the time the plan is fully phased in, the average senior citizen is likely to pay $900 more a year in Medicare premiums and out-of-pocket costs. An elderly couple would have to pay $1,800. Over the life of this budget, they have to pay $6,400 in additional costs.

The part B deductible could double under this Republican plan, raising the amount a senior citizen would have to pay before they can see a doctor by an additional $100.

A typical senior citizen needing home health services could have to pay an additional $1,200. Anyone who is sick enough to need the full home care benefit could have to pay $3,200.

Seniors could lose the freedom to select their own doctor, or face unaffordable costs if they refuse to give up their family physician.

The fundamental unfairness of this proposal is plain. Because of gaps in Medicare, senior citizens already pay too much for the health care they need. Average elderly Americans pay an astounding one-fifth of their income to purchase health care—more than they paid before Medicare was even enacted 30 years ago. And the reason we enacted Medicare then was because the elderly faced a health care crisis then.

Lower income, older seniors pay even more than a fifth of their income for health care. Medicare doesn't cover prescription drugs. Its coverage of home health care and nursing home care is limited.

Unlike private insurance policies, Medicare doesn't have a cap on out-of-pocket costs. It doesn't cover eye care or foot care or dental care. Yet this budget plan piles additional medical costs on every senior citizen—while the Republican tax bill that has already passed the House gives a tax break of $20,000 to people making more than $350,000 a year.

It is interesting to compare the generous benefits that the authors of this resolution enjoy under the FEHBP plan available to every Member of Congress to the much less adequate benefits provided by Medicare to senior citizens. Medicare has no coverage at all for outpatient prescription drugs, but they are fully covered under Blue Cross-Blue Shield Standard, the most popular FEHBP plan. The combined deductible for doctor and hospital services under Blue Cross/Blue Shield is $350. For Medicare, the combined deductible is $816. Blue Cross/Blue Shield covers unlimited hospital days with no co-payments. Under Medicare, seniors face a $179 per day copayment after 60 days and $358 after 90 days. After 150 days, Medicare pays nothing at all. Medicare covers a few preventive services, but it does not cover screening for heart disease, colorectal cancer, and prostate cancer—all FEHBP benefits. Dental services are covered for Members of Congress—but not for senior citizens. Members of Congress are protected against skyrocketing out-of-pocket costs by a cap on their total liability, but there is no cap on how much a senior citizen has to pay for Medicare copayments on deductibles.

Members of Congress earn $133,600 a year. The average senior's income is $17,750. For the limited Medicare benefits they receive, seniors pay $46.10 a month, but for their comprehensive insurance coverage Members of Congress pay a grand total of $44.05 a month—$2.00 less than seniors must pay out of incomes one-eighth as large.

The Republican sponsors of this resolution do not seem to understand that the average senior citizen has an income of only $17,750 a year. Because of this budget, millions of elderly Americans will be forced to go without the health care they need. Millions more will have to choose between food on the table, adequate heat in the winter, paying the rent, and paying for medical care. These proposals are cruel—and they are unjust. Senior citizens have earned their Medicare benefits, they have paid for them, and they deserve them. Yet our Republican friends would deny them.

How do they explain this to senior citizens? This is a budget that Marie Antoinette would love—let them eat cake.

The Medicare cuts in this resolution harm more than senior citizens. These proposals will strike a severe blow to the quality of American medicine, by damaging hospitals and other health care institutions that depend heavily on Medicare.

These institutions provide essential health care for Americans of all ages, not just senior citizens. Progress in medical research and training of health professionals depend on the financial stability of these institutions. Academic health centers, public hospitals, and rural hospitals will bear an especially heavy burden. As representatives of the academic health centers that guarantee our world-renowned excellence in health care said of this budget, "Every American's quality of life will suffer as a result." Health care providers from the American Hospital Association, to the American Medical Association, to the Catholic Health Association have warned of the devastating effects of these cuts on the quality of care.

In addition, these massive cuts will inevitably impose a hidden tax on workers and businesses, as the National Association of Manufacturers has warned. The private sector will face increased costs and higher insurance premiums, as physicians and hospitals shift even more costs to the nonelderly. According to recent statistics, Medicare now pays only 68 percent of what the private sector pays for comparable physicians' services; for hospital care, the figure is 69 percent. The proposed Republican cuts will widen this already ominous gap.

During the course of this debate we have heard a number of arguments that attempt to defend this fundamentally indefensible proposal. We heard them over and over again during the course of this debate—as if repetition would somehow make them right.

The first argument is that deep cuts are needed to save Medicare from bankruptcy. The hypocrisy of this claim is astonishing. Just a few weeks ago—before they began to feel the political heat on Medicare cuts—the Republicans passed a tax bill through the House that took almost $90 billion in revenues out of the Medicare hospital insurance trust fund over the next 10 years—and brought it that much closer to insolvency. We did not hear a word then about the impending bankruptcy of Medicare.

We also did not hear about it when last year's Medicare trustee's report was issued. Republicans were too busy last year blocking health reform and pretending there was no health care crises at all.

This year's trustees report actually shows the Medicare trust fund to be in a stronger financial position than last year. The newfound Republican concern for the solvency of the Medicare trust fund is a sham—a convenient pretext to rob Medicare to pay for tax breaks for tycoons. Medicare is nowhere near as bankrupt as Republican priorities.

It is true that the April 3 report of the Medicare Trustees projects that the Medicare Hospital Insurance Trust Fund will run out of money by 2002. But few if any Republicans would be talking about Medicare cuts of this magnitude, absent the need to finance their tax cuts for the wealthy. As the Medicare Trustees themselves noted in their report, modest adjustments can keep Medicare solvent for an additional decade—plenty of time to find fair solutions for the longer term.

Similar projections of Medicare insolvency have been made numerous times in the past, but adjustments enacted by Congress were able to deal with the problem without jeopardizing beneficiaries. Now is no different. For example, an estimated 20 percent of all Medicare hospitalizations could be avoided with better preventive services and more timely primary and outpatient care. As much as 10 percent of all Medicare expenditures may be due to fraud, and could be reduced or eliminated by better oversight. A simple technical change that would shift primary responsibility for home health services from the Hospital Insurance Trust Fund to the Supplementary Insurance Fund would keep the Hospital Insurance Fund solvent until 2008, without reducing benefits or increasing Government costs. This single adjustment would actually keep the Trust

Fund solvent a year longer than all the draconian Republican cuts put together.

Some Republicans have accused Democrats of attempting to scare America's senior citizens. Senior citizens do have reason to fear what this budget resolution will do to their Medicare benefits. But the real fear-mongers are those who attempt to cloak their unfair, misguided budget in phony dire warnings about the bankruptcy of Medicare.

We don't have to destroy Medicare in order to save it. Congress will never allow the Medicare Trust Fund to become bankrupt. I know it. The Members on the other side of the aisle know it. And the American people know it.

Another false Republican argument in defense of Medicare cuts is that they are not really a cut, because the total amount of Medicare spending will continue to grow. The fact is that the Republican plan calls for spending $250 billion less on Medicare that the Congressional Budget Office says is necessary to maintain the current level of services to the elderly.

Every household in America knows that if the cost of your rent, the cost of your utilities, and the cost of your food go up—and your income stays the same—you have taken a real cut in your living standard.

Only in Washington could someone contend with a straight face that making senior citizens pay $900 a year more for their medical needs is not a cut in their benefits. Every senior citizen understands that.

Republicans speak of a cut in defense, even though defense spending has stayed stable. Apparently, the same Republican logic doesn't apply to senior citizens that applies to spending on guns and tanks. Well, I say to them—a cut is a cut is a cut—whether it's in Medicare or Social Security or national defense.

To try to defend their no cut argument the Republicans have even resorted to quoting President Clinton speaking in favor of his health reform plan. This plan included a reduction in Medicare growth as part of an overall reform that slowed cost growth throughout the system. What they have conveniently ignored is that the Clinton plan put every dollar taken out of Medicare back into expanded benefits to senior citizens. This Republican budget takes money from senior citizens to fund tax cuts for the wealthy. And under the Republican budget, the already dangerous gap between what Medicare pays and the private sector pays for comparable services will continue to widen, while under the Clinton plan total Medicare spending would actually have increased at a faster rate than private sector spending.

The third specious Republican argument is that Medicare costs can be cut by encouraging senior citizens to join managed care. True, such care may help bring Medicare costs under control—in the long run. Enrollment by senior citizens in managed care is already increasing rapidly. it is up 75 percent since 1990. But no serious analyst believes that increased enrollment in managed care will substantially reduce Medicare expenditures in the time frame of the proposed Republican cuts.

In fact, according to the General Accounting Office, Medicare now actually loses money on managed care, because the healthiest senior citizens tend to enroll in managed care and the payment formula is too generous. This kind of problem can easily be worked out, and will help to restore the fiscal stability of the program. But the only way to save serious money in the short-term on managed care is to penalize those who refuse to join. This option has already been suggested by the Republican health task force in the House of Representatives.

But I say right now to my Republican colleagues—it is wrong to force senior citizens to give up their freedom to choose their own doctors and hospitals. It is wrong to penalize them financially if they refuse to enroll in managed care.

The American people will never accept a policy that tells senior citizens they have no right to go to the hospital and doctor of their choice, or that puts unfair financial pressure on senior citizens to give up that right.

The fourth Republican argument is that deep cuts in Medicare are necessary to balance the budget. That argument refutes itself. All it proves is that Republican priorities are wrong. Democrats favor a balanced budget, and under President Clinton, we had been making real progress toward that goal. There is a right way to balance the budget, and a far-right way. And unfortunately, the Republicans have picked the latter.

It is true that we need to bring health care spending under control. But that applies to all health spending, not just Medicare and Medicaid. As President Clinton told the White House Conference on Aging last week, 40 percent of the projected increase in Federal spending in coming years will be caused by escalating health costs.

But what this Republican budget fails to recognize is that the current growth in Medicare spending is a symptom of the underlying problems in the entire health care system—not a defect in Medicare.

In fact, Medicare has done a better job than the private sector in restraining costs in recent years. Since 1984, Medicare costs have risen at an annual rate that is 24 percent lower than comparable private sector health spending. As a result, Medicare now pays only 68 percent of what the private sector charges for comparable physicians' services; for hospital care, the figure is 69 percent.

Slashing Medicare unilaterally is no way to balance the budget. It will simply shift costs from the budget of the Federal Government to the budgets of senior citizens, their children, and their grandchildren. That is not a real saving.

Moreover, senior citizens will also face greater discrimination from physicians and hospitals less willing to accept them as patients, because Medicare reimbursements are already much lower than the reimbursements available under private insurance. Previous cuts in Medicare have already led to serious cost shifting, as physicians and hospitals seek to make up their reduced income from Medicare patients by charging higher fees to other patients. The result has been higher health costs and health insurance premiums for everyone, as cost shifting becomes a significant hidden tax on individuals and businesses.

The right way to slow rising Medicare costs in the context of broader health reforms that will slow health cost inflation in the economy as a whole. That is the way to bring Federal health costs under control, without cutting benefits of shifting costs to working families. In the context of broader reform, the needs of academic health centers, rural hospitals, and inner city hospitals can also be met. Unilateral Medicare cuts alone, by contrast, could reduce the availability and quality of care for young and old alike.

The President has said that he is willing to work for bipartisan reform of the overall health care system, but the Republicans have said no. The only bipartisanship they seem to be interested in is the kind that says, "Join us in slashing Medicare." That is not the bipartisanship the American people want or the elderly deserve.

The cuts in Medicaid proposed in this budget are equally unfair—a total of $175 billion over 7 years—a devastating 30-percent reduction from the current spending levels. The double whammy of huge Medicare cuts and huge Medicaid cuts will hit hospitals and other health care providers even harder than Medicare cuts alone. Struggling State governments and State and local taxpayers will also face heavy burdens. Massachusetts would lose $4.4 billion in Federal matching funds over the next 7 years. By the year 2002, we would need to increase State spending by 26 percent to maintain current program levels.

Other States with higher Federal matching rates would be hit even harder. New Mexico would lose $1.3 billion, and would have to increase program spending by a massive 87 percent. Nationally, State and local taxpayers would have to increase program spending by 35 percent by the year 2002 to maintain program levels.

States cannot afford these huge increases. And the impact of these arbitrary cuts on real people is even more

disturbing. Medicaid is a key part of the safety net for senior citizens, the disabled, and children. Two-thirds of all Medicaid spending is for senior citizens and the disabled. If an elderly American becomes sick enough to need long-term nursing home care, Medicaid is the only source of funding after personal savings are exhausted. Cuts in Medicaid will mean that needed care for senior citizens is denied. Heavy additional burdens will be imposed on their children and grandchildren.

Children also depend on Medicaid. Eighteen million children—more than a quarter of all children in our country—receive health care under Medicaid. More than half of these children are members of working families. Their parents work hard—most of them 8 hours a day, 40 hours a week, 52 weeks a year. Without Medicaid's help, all their hard work will not buy their children the health care they need.

We often hear that the reason to balance the budget is for America's children. A budget that denies health care to millions of children is the wrong way to express concern for their future.

The recent V-E Day ceremonies reminded us that today's senior citizens have stood by America in war and peace. America must stand by them now. Senior citizens have worked hard. They've played by the rules. They contributed to Medicare. They have earned their Medicare benefits, and they deserve to have them. Yet this Republican budget proposes to take those benefits away.

The amendment we are offering will restore a large part of these unfair cuts. I urge the Senate to adopt it.

Mr. DODD. Mr. President, I hope all of my colleagues will take a step back from this debate and examine what these cuts in Medicare and long-term care would mean in real terms for real people. I believe that these reductions are simply wrong. They violate our American values of fairness.

These are not just numbers on a page. We are talking about injecting fear into the lives of people who deserve to spend their retirement years in peace. The cuts seem all the more callous given that they are being made to finance tax cuts for the most affluent Americans.

Let us talk about people, not programs, for a moment. The people we are discussing fought the wars, paid the taxes and built the wealth that all of us here have enjoyed. We just marked the 50-year anniversary of V-E Day. Many of the people who won that war for us are now on Medicare. The least they deserve is to live their last years in dignity. In their twilight years, they deserve better than this budget gives them.

There is no way these cuts would not hit people of modest means. Medicare is not a program for the rich. Today, Medicare serves 35 million seniors, who have a median income of $17,000. Seventy-eight percent earn less than $25,000 a year. The typical senior already spends 21 percent of his or her income on out-of-pocket health costs. That compares to 8 percent for nonseniors. Should we really be jacking up those out-of-pocket costs to pay for a $20,000 tax cut for people making over $350,000 a year?

CUTS WOULD BE PAINFUL

Despite all the rhetoric on the other side of the aisle, these cuts would be painful. This is what Robert Reischauer, the highly respected former director of the CBO, had to say about the reductions:

> There's no way to do this without imposing real sacrifice and real pain, and both beneficiaries and providers will feel it. The notion that this can be squeezed out of the system with greater efficiencies is wishful thinking.

Taking a hacksaw to medicare, as this budget proposes, would be devastating. Recipients of care would pay $3200 more over the next seven years. That is an enormous hardship for seniors living on modest, fixed incomes.

Businesses and workers who have private insurance would be hurt, too. Without overall reform, cutting medicare would not necessarily cut the actual cost of visiting a doctor or hospital. So doctors and hospitals would in all likelihood try to shift costs of $40 to $50 billion from medicare patients to privately insured businesses and workers. That is nothing but a hidden tax that private businesses and their employees neither deserve nor can afford.

LONG-TERM CARE

The cuts in this budget resolution would also decimate the long-term care protection that Medicaid provides seniors. Working families with a parent who needs long-term care would face nursing home bills of an average of $38,000 a year without Medicaid's long-term care protection. Where will our seniors who have spent down all their savings and now rely on Medicaid to pay for their nursing home care go without such protection?

IMPACT ON HOSPITALS

These cuts would particularly hit rural and innercity hospitals with large concentrations of elderly and low-income patients. In my own State of Connecticut, home to many urban hospitals, Medicare makes up 40 percent of all hospital revenue. Half of the hospitals in Connecticut are teaching hospitals, which rely heavily on Medicare to train tomorrow's physicians.

Many of these hospitals already operate on the edge: some may have to close their doors if such an important source of financing is slashed. Nearly 10 million Medicare recipients live in rural America, where there is often only one hospital serving a county. Draconian Medicare cuts like those proposed by the Republicans could force many of those rural hospitals out of business.

A DIFFERENT COURSE

We must do something to control Medicare spending, but we cannot do it in isolation. The problems of Medicare are the same problems facing the entire health care system. To focus only on Medicare puts its recipients at risk and would have unintended consequences for the rest of the health care system.

We need honest, thorough health care reform, and I invite our Republican colleagues to begin a dialogue with us on this important subject. But I also ask them to step back from the draconian cuts in Medicare and long-term care. I hope my colleagues will support the pending amendment.

Mr. BRADLEY. Mr. President, I come to the floor today to express my very serious concerns about the cuts to Medicare and Medicaid which are contained in the budget resolution.

Mr. President, my colleagues across the aisle have stated repeatedly that they are not touching Social Security. But at the same time over a third of the cuts which they have proposed, including over 40 percent of the cuts in the year 2002, come from Medicare and Medicaid. Mr. President, I would like to spend a few minutes discussing what the proposed Medicare and Medicaid cuts will mean to our most vulnerable citizens. As I discuss these impacts, I would like my colleagues to ask themselves how they can credibly claim that this budget does not reduce these people's security.

Let me start with Medicare. This budget cuts spending for the Medicare program by $256 billion over 7 years. I would like to spend a minute discussing what these numbers mean in human terms. They mean that seniors will have to find an average of $3,447 more to pay for their health care over the next 7 years. In my home State of New Jersey, seniors will have to come up with an additional $932 in the year 2002 alone just to pay for the additional Medicare costs which this budget imposes on them. For many seniors across the country, these new costs will be extremely difficult to bear. In 1992, the median income of seniors in this country was only about $17,000 a year, and about a quarter of elderly households had incomes under $10,000. Of these incomes, seniors already spend more than one of every five dollars on medical costs. For the millions of seniors across the country who live on fixed incomes, finding an additional $3,447 over 7 years will mean having to give up something else which is important to them. It is estimated that there are already nearly 8 million seniors nationwide who are forced to choose each month between paying for their medications and paying for food. I can't help wondering how many millions more seniors will be faced with this horrible choice once the proposed cuts go into place.

An increased financial burden on seniors is only one of the negative consequences which will result from the proposed Medicare cuts. Along with having to pay more, seniors will likely find that their ability to choose their own doctor is restricted—perhaps not explicitly, but because financial limitations leave them with no choice but to join a managed care plan. Also, doctors, hospitals, and others providers are all likely to face reduced payments. They already receive far lower payments from Medicare than from private insurers, and if Medicare rates are reduced much further some may find that they can no longer afford to take Medicare patients. Those who do keep accepting Medicare will be forced to shift even more costs onto their privately insured patients, creating a hidden tax on employers and individuals.

And that's just Medicare. In addition, this budget cuts Medicaid by $175 billion. That's an 18 percent cut, relative to what spending would be if there were no change in law. I think it is very important that we all understand exactly who these cuts will affect. Medicaid now insures about one of every four American children. It pays for roughly one of every three births in this country. And it pays for over three-fifths of the people who need long-term care services, either in nursing homes or at home. Over half of Medicaid funds go for persons who are either elderly, blind, or disabled. Most elderly recipients of Medicaid are people who spent their whole lives as members of the middleclass. But when faced with nursing home costs averaging almost $40,000 a year, it doesn't take long for their entire life savings to disappear. Once they reach this point, these people have nowhere else to turn. Thank goodness Medicaid has been there to provide a safety net for them.

This resolution caps Federal Medicaid spending at an average annual growth rate of 5 percent. We all know that Medicaid spending is expected to grow much faster than that in the future. By setting a 5 percent cap, the Federal Government is essentially saying to the States: "It's all your problem now. We can't figure out how to deal with the growing number of uninsured and the rising costs of health care, so you do it. We wash our hands of any responsibility to help you deal with these critical needs." But, if we are honest with ourselves, we must admit that States can't cope with these problems alone.

So, Mr. President, let me tell you what is expected to happen once these proposed Medicaid cuts go into effect. By the year 2002, the number of uninsured children in America is predicted to rise by more than 6 million. By that same year, there will be an additional 3 million persons who need—but can not get assistance with—the costs of long-term care. These will be people who will be required to leave nursing homes, or will never be able to enter one, despite the fact that they need more care than their family and friends are able to provide, either financially or physically. As I stated earlier, many of these people are now members of the middle-class, but the astronomical costs of long-term care will impoverish them rapidly. For those persons who are able to enter and remain in nursing homes the picture is not much brighter. Medicaid now pays significantly less than the private sector for long-term care. When Medicaid cuts these payments even further—as it will have to do in response to the budget cuts—nursing homes will have to do even more with less. This means that staff will be stretched even thinner, and each resident will receive even less personal attention. The proposed cuts will mean that the quality of life of nursing home residents will deteriorate even further.

Mr. President, I hope that my remarks have helped put a human face on all the numbers which have been floating around the floor of this chamber the last few days. I recognize that reducing the deficit will require painful choices. But in making these choices, we can not ignore how these decisions, will impact the persons whom we have been elected to represent. My colleagues across the aisle claim that they are concerned about the impact of deficit reduction on our oldest and most vulnerable citizens. They have stated repeatedly that Social Security is "off the table" — that it has not been cut. To them I respond: Medicare and Medicaid are vital parts of our Social Security System. They provide security at a time when people are most vulnerable—when they are sick. To take over a third of your proposed cuts out of Medicare and Medicaid is to deny security when it is most needed.

Mr. SARBANES. Mr. President, I rise to express my strong support for the amendment offered by my colleagues, Senators ROCKEFELLER and LAUTENBERG, to restore critical funding to the Medicare Program.

In order to provide a significant tax cut to the very wealthy, Senate Republicans have proposed a budget resolution which includes draconian cuts in many important programs, including a substantial cut in Medicare. In my view, drastic cuts on the spending side, in order to create room for a tax cut, are not appropriate and do not reflect the priorities of this Senator. I oppose the Senate Republican budget proposal and feel very strongly that the resolution before us directly threatens the health and well-being of our Nation's seniors citizens.

Over half the people who receive Medicare are older Americans with incomes below $15,000 a year. The Republican budget with its deep Medicare cuts lay the basis for tax cuts for the very wealthy. This is the situation before us.

The proposed Senate Republican budget resolution would cut Medicare by $256 billion over the next 7 years. I know it is asserted that the actual dollar amounts for Medicare will not drop, but rather will increase gradually over the next 7 years. However, if the proposed dollar increases are not proportional to increases in Medicare enrollees and increases in the costs of medical care, the end result is massive cost shifting and cuts in services for beneficiaries.

Mr. President, in my view, it is essential that we recognize that Medicare is not a system unto itself. The Medicare Program is, instead, a large component of our Nation's health care system and it is illogical to assume that isolated cuts in Medicare will not adversely effect all Americans.

First and foremost, these ill-conceived cuts would harm our senior citizens. The Health Care Finance Administration [HCFA] estimates that Medicare payments account for 45 percent of health care spending by our Nation's elderly. Under the GOP budget plan, out-of-pocket costs to seniors are expected to increase by an average of $900 per person per year by the year 2002. Over a 7-year period, the typical beneficiary would pay an estimated $3,200 in additional out-of-pocket costs. While this might not sound like much to some, these numbers become more significant when you factor in statistics which indicate that 60 percent of program spending was incurred on behalf of those with incomes less than twice the poverty level, and 83 percent of program spending was on behalf of those with annual incomes of less than $25,000.

Clearly, when we talk about Medicare recipients, we are not talking about our Nation's wealthiest citizens. Many seniors live on fixed incomes. In fact, a large number of Medicare recipients depend on Social Security benefits for much of their income. According to HCFA, about 60 percent of the elderly rely on Social Security benefits for 50 percent or more of their income and 32 percent of the elderly rely on Social Security for 80 percent or more of their income. It is also estimated that as many as 2 million seniors can expect to see the value of their Social Security COLA's decline as increased Medicare costs consume 40 to 50 percent of Social Security COLA's by 2002. Requiring these individuals to pay more for their health care will directly undercut their standard of living. In my view, it is simply unacceptable to create a situation where more and more seniors will see their resources stretched to the degree that they will have to choose between food and health care.

As a result of the proposed cuts in the Republican budget resolution, seniors may also end up paying more for

the services they currently receive. The number of Medicare recipients is expected to increase over the next several decades just as the baby boomer generation reaches retirement age. The Republican budget proposal fails to account for this projected growth. Therefore, in order to make ends meet, hospitals and other health care centers will have to shift costs to other payers or cut valuable services which are supported, in part, by Medicare reimbursements. According to the American Hospital Association, costly but crucial services like trauma care units, burn units and intensive care units would have to be closed in many hospitals. Teaching hospitals, which receive a higher rate of reimbursement for Medicare patients than nonteaching hospitals, will suffer losses in revenue certain to impact the fiscal integrity of these institutions. Reductions in funding to such institutions will result in less support for services, research, and education. Such consequences impact us all and illustrate clearly the danger of arbitrarily cutting this critical program.

In addition, businesses and working Americans could see increased health care costs and higher premiums as health care providers and institutions shift a larger portion of costs to the nonelderly in an attempt to cover rising medical costs and provide quality services with limited resources. Communities could also see increases in State and local taxes in order to assist financially strapped hospitals and health care providers.

Mr. President, the Medicare Program does not operate in a vacuum. Cuts of the magnitude being proposed by the Republicans will impact us all. I am not suggesting that the Medicare system does not need to be reformed. What I am suggesting is that there is a right way and a wrong way to make changes in the system and how we go about doing so provides a clear picture of what kind of society we are going to be.

In his 1941 message to Congress, Franklin Roosevelt articulated a second bill of rights which established a basic standard of security and prosperity for all Americans. Among these rights is "the right to adequate medical care and the opportunity to achieve and enjoy good health." The proposed Republican budget resolution seriously threatens this basic standard and I urge my colleagues to join me in support of the Rockefeller-Lautenberg amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Are the yeas and nays requested?

Mr. DOMENICI. 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.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1112. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from North Carolina [Mr. FAIRCLOTH] and the Senator from Texas [Mr. GRAMM] are necessarily absent.

I also announce that the Senator from North Carolina [Mr. FAIRCLOTH] would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 46, nays 52, as follows:

[Rollcall Vote No. 173 Leg.]

YEAS—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	Jeffords	Reid
Byrd	Johnston	Robb
Conrad	Kennedy	Rockefeller
Daschle	Kerry	Sarbanes
Dodd	Kohl	Simon
Dorgan	Lautenberg	Wellstone
Exon	Leahy	
Feingold	Levin	

NAYS—52

Abraham	Gorton	Murkowski
Ashcroft	Grams	Nickles
Bennett	Grassley	Packwood
Bond	Gregg	Pressler
Brown	Hatch	Roth
Burns	Hatfield	Santorum
Campbell	Helms	Shelby
Chafee	Hutchison	Simpson
Coats	Inhofe	Smith
Cochran	Kassebaum	Snowe
Cohen	Kempthorne	Specter
Coverdell	Kerrey	Stevens
Craig	Kyl	Thomas
D'Amato	Lott	Thompson
DeWine	Lugar	Thurmond
Dole	Mack	Warner
Domenici	McCain	
Frist	McConnell	

NOT VOTING—2

Faircloth	Gramm

So the amendment (No. 1112) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DESIGNATING JAMES R. KETCHUM AS CURATOR EMERITUS OF THE U.S. SENATE

Mr. DOLE. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A resolution (S. Res. 122) designating James R. Ketchum as Curator Emeritus of the United States Senate.

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 question is on agreeing to the resolution.

The resolution (S. Res. 122) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 122

Whereas James R. Ketchum will retire from the United States Senate after 25 years as Senate Curator, and 35 years of Government service;

Whereas he has dedicated his Senate service to preserving the works of art, history, and traditions of the Senate;

Whereas he has contributed immeasurably to the restoration of the Old Senate Chamber, the Old Supreme Court Chamber, the President's Room, and other historic rooms in the Capitol;

Whereas he has developed exhibitions and educational programs detailing the rich heritage of the Senate for all to enjoy;

Whereas he has upheld the high standards and traditions of the Senate with abiding devotion; and

Whereas he has earned the respect, affection, and esteem of the United States Senate: Now, therefore, be it

Resolved, That, effective July 1, 1995, as a token of the appreciation of the Senate for his long and faithful service, James R. Ketchum is hereby designated as Curator Emeritus of the United States Senate.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RETIREMENT OF GERALD A. HACKETT

Mr. DOLE. Mr. President, I send a resolution to the desk relating to the retirement of Gerald Hackett and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A resolution (S. Res. 123) relating to the retirement of Gerald A. Hackett.

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 question is on agreeing to the resolution.

The resolution (S. Res. 123) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 123

Whereas Gerald A. Hackett will retire from the United States Senate after 33 years of service, the last 29 years as Executive Clerk;

Whereas his dedication to the United States resulted in the computerization of the

nomination and treaty processes, and the on-line publishing of the Executive Journal;

Whereas he has performed the duties of his office with remarkable diligence, perseverance, efficiency, and intelligence;

Whereas he has faithfully performed his duties serving all Members of the Senate with great professional integrity and dedication; and

Whereas Gerald A. Hackett has earned the respect, admiration and esteem of the United States Senate: Now, therefore, be it

Resolved, That the United States Senate commends Gerald A. Hackett for his long, faithful, and exemplary service to his country and to the Senate.

SEC. 2. The Secretary shall transmit a copy of this resolution to Gerald A. Hackett.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RETIREMENT OF FREDERICK R. BROOMFIELD, SR.

Mr. DOLE. Mr. President, I send a resolution to the desk relating to the retirement of Frederick R. Broomfield and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A resolution (S. Res. 124) relating to the retirement of Frederick R. Broomfield, Sr.

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 question is on agreeing to the resolution.

The resolution (S. Res. 124) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 124

Whereas on June 30, 1995, Frederick R. Broomfiled, Sr. will retire from service as a member of the Department of Office Services staff within the Office of the Secretary of the Senate after almost 20 years;

Whereas he has upheld the high standards and traditions of the Office of the Secretary of the Senate with abiding devotion; and

Whereas he has gained the trust, confidence, and respect of his associates and the Members of the United States Senate: Now, therefore, be it

Resolved, That the United States Senate expresses its deep appreciate and gratitude to Frederick R. Broomfield, Sr., for his years of faithful and exemplary service to his country and to the United States Senate.

SEC. 2. The Secretary shall transmit a copy of this resolution to Frederick R. Broomfield, Sr.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONCURRENT RESOLUTION ON THE BUDGET

The Senate continued with the consideration of the concurrent resolution.

Mr. COHEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

AMENDMENT NO. 1116

(Purpose: To express the sense of the Senate regarding losses of trust funds due to fraud and abuse in the Medicare program)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Mr. COHEN] proposes an amendment numbered 1116.

Mr. COHEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 94, after line 21, add the following new section:

SEC. . SENSE OF THE SENATE REGARDING LOSSES OF TRUST FUNDS DUE TO FRAUD AND ABUSE IN THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds that—

(1) the General Accounting Office estimates that as much as $100,000,000,000 are wasted each year in the health care system due to fraud and abuse;

(2) outlays for the medicare program under title XVIII of the Social Security Act during fiscal year 1994 were $161,100,000,000, and the General Accounting Office estimates that up to 10 percent of those outlays were wasted because of fraud and abuse;

(3) medicare beneficiaries incur higher out-of-pocket costs and copayments due to inflated billings resulting from fraudulent and abusive practices perpetrated against the medicare program; and

(4) funds lost because of fraud and abuse are contributing to financial crises of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as identified by the Boards of Trustees of such trust funds in their 1995 annual reports.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that as the Committee on Finance of the Senate and, if established, the Bipartisan Commission on the Solvency of Medicare recommended under section 307, address the long-term solvency of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), high priority should be given to proposals which identify, eliminate, and recover funds expended from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund due to, fraud and abuse in such program.

Mr. EXON. Will the Senator yield for a question?

Mr. COHEN. Yes, I yield for a question.

Mr. EXON. The Senator from North Dakota has a bill that he would like to proceed to introduce, as in morning business, and take 10 minutes to talk about it. It has nothing to do with the measure at hand. After the conclusion of the opening remarks on the offering of his amendment, I would appreciate that side accommodating the Senator from North Dakota, if that is satisfactory, and the time will be charged to us.

Mr. DOMENICI. Mr. President, might I inquire, the Senator said it is unrelated to the budget?

Mr. EXON. Yes, unrelated to the budget.

Mr. DOMENICI. We have a similar request, Mr. President. Did the Senator from Wyoming wish some time? Did he not want to introduce a bill?

Mr. THOMAS. Three minutes, if I may.

Mr. DOMENICI. May we have, immediately following, 3 minutes for the junior Senator from Wyoming?

Mr. EXON. I assume the Senator from Maine would want to go ahead and offer his amendment at this time.

The PRESIDING OFFICER. The Senator from Maine offered the amendment.

Mr. EXON. I thank the Senator from Maine and the chairman of the committee.

The PRESIDING OFFICER. Without objection, it is so ordered. We will proceed with the Senator from North Dakota, followed by the Senator from Wyoming for 3 minutes, and then the Senator from Maine.

Mr. CONRAD. I thank the Chair.

(The remarks of Mr. CONRAD pertaining to the introduction of S. 840 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. Under the previous order, the Senator from Wyoming is recognized.

Mr. LOTT. Will the Senator yield?

Mr. THOMAS. Yes.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I ask unanimous consent that a vote occur on or in relation to the Cohen Medicare fraud amendment, to be followed immediately by a vote on or in relation to the Democratic education amendment, at 7:15 p.m. this evening, with the first vote limited to the regular 20-minute time limit, and the second vote limited to 10 minutes in length. I note at this point that this has been cleared with the Democratic side of the aisle. I further ask that no points of order be considered as having been waived by this agreement.

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

Mr. LOTT. I further ask unanimous consent that no second-degree amendments be in order to either amendment, and that the time between now and 4:30 be equally divided for consideration of the Cohen amendment, and the time from 4:30 p.m. to 7:15 p.m. be equally divided on the Democratic education amendment, and that following

the two back-to-back votes, Senator ABRAHAM be recognized to offer an amendment relative to education.

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

Under the previous order, the Senator from Maine is recognized.

AMENDMENT NO. 1116, AS MODIFIED

Mr. COHEN. I send a modification of my amendment to the desk.

The PRESIDING OFFICER. The Senator has that right.

The amendment is so modified.

The amendment (No. 1116), as modified, is as follows:

Strike all after the word "section" and insert the following:

SEC. . SENSE OF THE SENATE REGARDING LOSSES OF TRUST FUNDS DUE TO FRAUD AND ABUSE IN THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds that—

(1) the General Accounting Office estimates that as much as $100,000,000,000 are wasted each year in the health care system due to fraud and abuse;

(2) outlays for the medicare program under title XVIII of the Social Security Act during fiscal year 1995 were $161,100,000,000, and the General Accounting Office estimates that up to 10 percent of those outlays were wasted because of fraud and abuse;

(3) medicare beneficiaries incur higher out-of-pocket costs and copayments due to inflated billings resulting from fraudulent and abusive practices perpetrated against the medicare program; and

(4) funds lost because of fraud and abuse are contributing to the financial crises of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as identified by the Boards of Trustees of such trust funds in their 1995 annual reports.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that as the Committee on Finance of the Senate and if established, the Bipartisan Commission on the Solvency of Medicare recommended under section 307, address the long-term solvency of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), high priority should be given to proposals which identify, eliminate, and recover funds expended from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund due to, fraud and abuse in such program.

In addition, the Senate assumes that funds recovered from enhanced anti-fraud and abuse efforts be used to fund health care anti-fraud and abuse enforcement efforts, reimbursements to the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund for losses due to fraud and abuse, and deficit reduction.

Mr. COHEN. The focus of debate today has been on what to do about Medicare. I think all of us share the concern over the grim news that the Medicare trustees announced a few weeks ago, namely, that the Medicare trust fund is going bankrupt.

I support the budget resolution that calls for a bipartisan commission to devise a plan to basically pull Medicare out of its financial crisis. Just as we restored public confidence in the Social Security system over a decade ago through a bipartisan panel, the only way to fix Medicare is also through a bipartisan panel.

The amendment I am offering today for myself, Senators DOLE and BRADLEY, urges the bipartisan commission to give high priority to a problem that is costing the Medicare Program, senior citizens, and taxpayers across the country billions of dollars every year: health care fraud in Medicare.

For the past 3 years, the staff on the Senate Special Committee on Aging has been investigating the explosion of fraud and abuse throughout the U.S. health care system. Nearly a trillion dollars is spent on health care each year, and roughly 10 percent is lost through abusive practices and fraudulent activities.

Over the past 5 years, the estimated losses from health care system fraud total $418 billion. That is four times the amount lost to the savings and loan crisis—all those scandals, four times the amount just in the past 5 years.

A major victim of this health care fraud is the American taxpayer. In 1993, spending on Medicare and Medicaid totaled some $272 billion, or over 30 percent of all the moneys we spend on health care in this country. The Federal Government loses as much as $30 billion a year due to fraud in the Medicare and Medicaid systems and as much as $44 billion from fraud when we take into account all of the Federal health care programs.

Taxpayers are losing $44 billion a year today through health care fraud. I think this only represents a tiny fraction of the problem. These are the ones that we know about, the ones that are being caught and prosecuted. I think they represent a tiny fraction of the level of fraudulent activity taking place in this country.

Mr. President, it is shockingly simple to defraud the current system. The payors are running as fast as they can to process the over four billion claims that are filed every year, and law enforcement simply is lacking in the resources necessary to really detect and prosecute this fraudulent activity.

Recently the Aging Committee heard, I think, some compelling testimony on the extent of the fraud in this country. FBI Director, Louis Freeh, testified "We see cocaine dealers turning into health care fraud entrepreneurs" because that is where the money is big—but enforcement is little.

Director Freeh also told the committee about how the Russian mafia and other organized criminal groups from every corner of the globe are now engaged in creative schemes to siphon off money from the Government and private health care funds.

Mr. President, padding claims and cost reports, charging the Government beneficiaries outrageous prices for unbundled services, and billing Medicare for program costs that have nothing to do with patient care are but a few of the schemes that are currently ruining our system.

The Medicare system is the one that is being targeted because of its sheer size and complexity. At our hearing, the Aging Committee heard testimony that we are experiencing "a feeding frenzy" on the Medicare and Medicaid Programs, equivalent to "unprecedented white collar wilding in which wave after wave of multimillion dollar frauds have swept through nursing homes and hospitals, clinics and pharmacies, durable medical equipment, radiology and labs, and more recently, home health care."

I would like to share with my colleagues just a few examples of how Medicare is being exploited and how fraudulent providers are draining Medicare, siphoning off these precious dollars from the Medicare trust fund and increasing the costs for senior citizens.

A chain of health home care companies were discovered by Medicare auditors to have been billing Medicare for over $16,000 in alcoholic beverages at conferences, over $9,800 in personal travel for the owner's family, and over $3,200 in golf shop expenses. The home care companies also allegedly charged the Medicare Program for over $100,000 in promotional items given to doctors and others to encourage them to use the company's home health care, including $85,000 in gourmet popcorn provided to doctors. Let me repeat that: $85,000 for gourmet popcorn going to doctors to promote the use of these home care companies.

Mr. President, it is difficult to call on our senior citizens to bear cuts in Medicare when they learn that their Medicare taxes and premiums are being used to pay for gourmet popcorn.

It is not limited to gourmet popcorn and golf shop fees. Let me give a couple of other examples of the costs that are driving Medicare close to bankruptcy.

We have the case of a phantom laboratory allegedly cheating Medicare out of $300,000 for lab tests that were never performed. The so-called lab submitted the bills that were really no more than a rented mailbox and a Medicare billing number.

We had a medical equipment supplier billed Medicare close to $1,300 apiece for wheelchair pads that cost about $50 to $100 to manufacture, representing a markup of roughly 2,500 percent.

We have an equipment supplier that allegedly billed Medicare for $4,000 apiece for compressors used to treat swelling. The devices cost less than $500 each.

We have a chiropractor and his wife who defrauded Medicare and private insurers by billing for services never provided. One time bills were submitted for 169 patients supposedly treated in a single day.

We had four companies who peddled liquid nutritional supplements by offering "free medical milk." These companies then billed Medicare for over $14 million for the supplements that were not medically necessary, and that were often not even delivered to the Medicare patients.

While I want to emphasize that by far most health care providers are honest professionals with only the best interest of patients and Medicare beneficiaries in mind, without a doubt there is fraud in each segment of the health care industry. The cases I have mentioned are just a small example of the kinds of rip-offs that are being perpetrated day in and day out in our Medicare Program, and indeed, throughout the entire U.S. health care system.

Mr. President, we cannot wait any longer. I have tried for the past 2 years to introduce legislation that would deal with Medicare fraud. Each time it has been blunted. On the one hand, the Senate passed an amendment to the crime bill containing some of the provisions of my legislation, only to have the House strip them out saying that this anti-fraud legislation does not belong on the crime bill. It belongs on health care reform. Of course, we did not have health care reform last year.

I tried every single way to attach the health care fraud legislation to appropriations bills last year, including the D.C. appropriations bill, but others sought to amend it, because they wanted to load down this amendment with other issues.

Mr. President, as a result of this, we have had to wait for health care fraud reforms. What we are doing is we are losing roughly $11.5 million to health care fraud every hour. That is precisely what is being lost through fraud. We are losing $11.5 million an hour, $275 million a day, $100 billion a year.

Mr. President, this legislation that I have introduced the past 2 years was included in virtually every health care bill that was circulating last Congress: The Dole bill, the President Clinton bill, the so-called Mainstream Coalition bill. These provisions in the legislation that I have introduced had the support of the Justice Department, the Director of the FBI, and the Department of Health and Human Services' inspector general. I believe the White House is now also advocating health care fraud enforcement measures.

Now is the time to move forward with the bill. It has been introduced and will be considered as separate, free-standing legislation, hopefully in the very near future. In the meantime, what we have to do is at least go on record as saying we have to put a stop to the level of fraud taking place in our health care system today, particularly in Medicare and Medicaid.

This resolution calls upon the bipartisan panel to look at ways in which we can reduce the perpetration of fraud against our system, that those moneys can be saved. Perhaps we will not be able to recover all the dollars lost to health care fraud in Medicare, but we will be able to recover some of these billions that are now being lost to fraud and abuse. Hopefully, the amounts recovered will be used to increase our health care fraud enforcement efforts, to reduce the deficit, and to apply to the Medicare trust fund itself. It seems to me that would be an appropriate recommendation for the trustees of the Medicare trust fund to endorse.

I am hoping that we will use the same sort of bipartisan commission to restore public confidence in the solvency of Medicare that was formed in the wake of the declaration over a decade ago that Social Security was going broke.

I mentioned this morning during my remarks that the issue was exploited by the Democratic majority at that time. They waited until after the 1982 elections were over and exploited the issue and then came back in and said, "Let us form that bipartisan panel."

We did. The Social Security trust fund is solvent at least until the year 2020 or 2030. We need to do precisely the same thing now. We have to call together a bipartisan panel to look at what is taking place in our health care system. The FBI has identified areas of fraud. We can look at the New York Times on Sunday's edition and find another example of the kind of scams that are being perpetrated against our elderly—not confined just to health care, but scams that target the elderly in general—and we have to put a stop to it. We have an opportunity to take a big step toward cracking down on scams targeting the elderly and programs serving the elderly by passing legislation that will give the tools and resources necessary to law enforcement officials to accomplish that end.

There should be no political disagreement on this issue. This cannot be delayed another day, another week, another year, or else the very people that we are trying to help who are now facing the prospect of having their Medicare trust fund go broke within a 6½ year period of time will be the ultimate losers. We will be the ultimate losers.

We have an opportunity to prevent that from taking place through reforms contained in the budget resolution itself, which Senator DOMENICI as chairman is calling for so we do not see the growth of 10.5 percent but rather 7 or 7.1 percent. In that 7.1 percent, we can save billions of dollars by adopting the legislation that everyone says that we need.

Mr. President, I will not take a great deal of time today since time has now been limited. Let me say that this is an important resolution. Hopefully, it will enjoy bipartisan and perhaps even unanimous support, so we can all go on record as in favor of giving this panel an opportunity to consider ways to shape legislation to prevent the kind of fraudulent activity that is robbing our senior citizens of their trust funds and driving up the costs of Medicare and the entire health care system.

Mr. President, I reserve the balance of my time.

The PRESIDING OFFICER (Mr. CRAIG). If neither side yields time, the time is charged equally.

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

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

Mr. CONRAD. Mr. President, I ask unanimous consent that we go into a quorum call and that both sides be charged equally.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 1116, AS FURTHER MODIFIED

Mr. GREGG. Mr. President, I ask unanimous consent that the amendment presented at the desk by Senator COHEN be modified. I send a copy of the modification to the desk.

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

The amendment (No. 1116), as further modified, is as follows:

On page 94, after line 21, add the following new section.

SEC. . SENSE OF THE SENATE REGARDING LOSSES OF TRUST FUNDS DUE TO FRAUD AND ABUSE IN THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds that—

(1) the General Accounting Office estimates that as much as $100,000,000,000 are wasted each year in the health care system due to fraud and abuse;

(2) outlays for the Medicare program under title XVIII of the Social Security Act during fiscal year 1994 were $161,100,000,000, and the General Accounting Office estimates that up to 10 percent of those outlays were wasted because of fraud and abuse;

(3) medicare beneficiaries incur higher out-of-pocket costs and copayments due to inflated billings resulting from fraudulent and abusive practices perpetrated against the medicare program; and

(4) funds lost because of fraud and abuse are contributing to the financial crisis of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as identified by the Boards of Trustees of such trust funds in their 1995 annual reports.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that as the Committee on Finance of the Senate and, if established, the Bipartisan Commission on the Solvency of Medicare recommended under section 307, address the long-term solvency of the medicare program under title XVIII of the Social

Security Act (42 U.S.C. 1395 et seq.), high priority should be given to proposals which identify, eliminate, and recover funds expended from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund due to, fraud and abuse in such program.

In addition the Senate assumes that funds recovered from enhanced antifraud and abuse efforts be used to fund health care anti-fraud and abuse enforcement efforts, reimbursements to the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund for losses due to fraud and abuse, and deficit reduction.

Mr. HATCH. Mr. President, by most estimates, the costs of health care in the United States approach $1 trillion annually. By the turn of the century, the figure will exceed $1.5 trillion, consuming up to 16 percent of the Nation's gross domestic product.

Since health insurance experts, the FBI, and other agencies agree that fraud and abuse can account for as much as 5 to 10 percent of these costs, any effort to rein in health spending needs to address this problem. That is why I commend my colleague from Maine for bringing his amendment to the floor.

Still, I must raise some concerns about the language my colleague proposes which would have the Senate go on record in support of using health care fraud related fines and penalties to finance our investigative efforts in this area.

Frankly, I feel it is a dangerous precedent. We need to carefully contemplate whether such a financing mechanism will taint our anti-fraud effort.

Historically, Congress has frowned on financing law enforcement activities through criminal and civil fines and penalties. Yet, this amendment—as did most of the major health care bills last Congress—suggests that our Nation's antifraud efforts should be funded through fines, penalties, and damages collected.

I believe this sort of a system will create an incentive for Federal investigators to forgo prosecution or exclusion where warranted—or pursue civil actions where unwarranted—in favor of large civil penalties that will provide additional funding for investigators. Year after year, Federal agencies associated with such a program will be motivated by their immediate fiscal needs. I think this is a serious issue.

Americans have witnessed how civil forfeiture and the resultant dash for cash by law enforcement has, in some cases, inappropriately driven law enforcement investigations. We must be sure that we do not compromise the priorities and integrity of our law enforcement officials.

I also have concerns about taking one penny which could be used to replenish the Medicare trust funds and dedicating it to law enforcement purposes. According to the Congressional Budget Office, in fiscal year 1994, Federal spending for the Medicare Program totaled an estimated $162 billion, or over $440 million a day. CBO estimates that, in less than a decade, Medicare spending will more than double from $181 billion in 1995 to $463 billion in 2005.

Even by the most conservative estimates, billions of dollars are being lost to waste, fraud, and abuse and that is a luxury we cannot afford. However, Medicare's hospital insurance trust fund is going bankrupt; in fact, its balances will dip into the red next year. We should use any recoveries from illspent Medicare funds to put back into the trust funds, not for new purposes.

As I stated earlier in my remarks, I have strong concerns regarding the use of health care fraud related fines and penalties to finance investigative efforts in this area. Moreover, it seems to me that any funds recovered should be used for their original purpose which is to provide health care to Medicare beneficiaries.

I support the spirit with which my colleague offers this broadly crafted amendment. But, I have serious reservations about the so-called bounty hunter provisions contained in the second part of this sense-of-the-Senate amendment.

Nevertheless, I will support the Cohen amendment, but reserve my rights to debate this matter further on the floor should legislation in this area be considered.

Mr. GREGG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. In suggesting that, does the Senator suggest that the quorum be divided equally?

Mr. GREGG. I ask unanimous consent that the time be charged equally with the time running against both sides.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. BINGAMAN. Mr. President, I ask unanimous consent that I be allowed to speak on the Harkin-Hollings amendment during the remainder of this time between now and the beginning of the debate on that amendment.

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

Mr. BINGAMAN. Mr. President, I do not think anybody disagrees that we need to reduce dramatically the portion of our revenues that we expend on interest on the national debt. There is no disagreement that the current level of debt which was built up particularly in the 1980's and early parts of this decade needs to be brought under control. The interest on that debt is robbing us of the ability to invest in our children and in our future. We need to bring our annual deficits down to zero. We need to start to reduce the underlying debt in order to ensure that our children are not saddled with the interest burden that we bear today.

Mr. President, we can go about this task in a shortsighted way by just cutting programs, including education and training programs and investments in our future, and reducing taxes at the same time—that is essentially what the Budget Committee has proposed. It said we shall cut programs, we shall take the savings from those cuts and reserve them for a tax cut . Or we can take the responsible and long term and comprehensive approach that the Harkin-Hollings amendment will propose. That amendment restores funding to the function of the budget that provides for education and training, including student loans.

If we free our children from the burden of the Federal debt only by depriving them of the education and training they will need to compete and succeed in the global and technologically driven economy of the next century, then we have not been responsible. All we have done is trade one burden, which is debt payments, for another, which is inadequate skills. The budget resolution which has been presented does just that. It is antiworking-families and antiseniors and antifuture.

What the Harkin-Hollings amendment does is to take the $170 billion the committee has identified and earmarked for a tax cut, and applies $40 billion of that to restore some of the funding that has been cut by the Republican budget in the areas of education and training. The $40 billion is still far short of what we should be restoring to that vital function, but it will help significantly.

When given the choice of a tax cut, which will go largely to wealthy taxpayers—at least the blueprint that the House has announced clearly intends that—or reinvestment in education and training for working citizens and for our neediest children, I do not think we should hesitate for a moment to forego the cut in taxes and seek the longer term benefit that we will reap from educating our children.

Let me make one thing very clear. The Budget Committee resolution does drastically cut education and training programs. I have heard various proponents for the budget say that all they are doing is restraining the growth in spending and not really cutting. That argument does not apply to the budget for education. The GOP budget does provide for less funding in 1996 than we are spending in 1995. It provides for a decreasing amount thereafter. Over 7 years, 25 percent is taken out of the level of funding for

these programs, the level that they receive today, when you measure that in constant dollars.

Furthermore, the GOP figures make no adjustment for the fact that the population is growing. There will be 9 percent more children of school age in the next 7 years in this country. In my home State of New Mexico, the estimate is there will be 12 percent more children in school. But the GOP budget does not take into account that increase in the school age population. So the effect of the budget is to make States stretch dollars with a shrinking value over an increasing number of students.

Let me be specific. My State of New Mexico has the third highest rate of child poverty of any State in the country. More than one in four children in my State live in families with incomes below the poverty line. One-third of the students in New Mexico's schools have limited proficiency in English. Our school-age population has grown tremendously. It has grown much faster than the school-age population in most parts of the country, and that growth is anticipated to continue.

Against this background, we are facing actual decreases in funds for the programs that serve our students.

The title I program, formerly known as chapter 1, provides about $850 per disadvantaged student to help them meet high standards in math and in reading. That is the 1995 number, the current fiscal year, before the rescission that we have voted on and that the President has indicated he will veto.

The Budget Committee chairman has expressed an intent, expressed in this budget resolution, that title I funds not be cut but instead be frozen. If that intent is carried out by the appropriators and title I in fact is not cut the way that other education programs will be cut, the result for New Mexico is not that we will enjoy "level funding" of the program; no, it will mean that we receive the same number of dollars each year for the program. Those same number of dollars will buy less and less as the 7 years progress and the costs of education—supplies, teacher salaries, and energy costs—all increase.

So even if our population did not grow, we would be facing a decrease in the real buying power of the Federal dollars for education. But, of course, the population is growing. It is expected to grow over 12 percent in the next 7 years. So instead of 88,000 children being eligible for title I services in my State, as is the case today, there will be almost 99,000 eligible students by the year 2002. Today we serve 73 percent of the students eligible for title I. In 2002, that percentage will decline considerably to near 50 percent. That will mean almost 50,000 poor children from New Mexico who will not receive the services they need to meet high standards that we are setting for our children.

It is clear that if the funding is frozen to 1995 levels, then almost 4 million needy children will be denied assistance nationwide. If programs are cut at even 25 percent across the board, then title I would leave another 1 million children unserved.

What I just described assumes that title I will not be cut and that that proposal to not cut title I is carried out. If that assumption is correct, then all of the other programs will have to be cut drastically in order to achieve the overall decrease in the budget category that this budget requires.

What are some of those other programs? Technology is one of the programs. The current programs which are attempting to bring technology to the classroom will have to be cut. Mr. President, these programs are very, very limited at the present time. In 1995, we have committed $40 million to this effort, assuming the rescission bill does not pass. But even that would be seriously jeopardized if this budget resolution is adopted.

The Star Schools Program, again, would face a drastic cut. Obviously, we cannot tell just what the appropriators will do. The Star Schools Program tries to bring distance learning, technology-based education to our neediest schools, especially those in isolated rural areas, and those funds will likely be cut as well.

Because of the nature of Federal programs—which are usually targeted to the neediest students—withdrawal of Federal aid will hurt those States that are least able to make up the shortfall themselves. New Mexico is one of those States.

Let me talk for just a moment about higher education funding, Mr. President. The budget includes a $14 billion cut in student loan aid and an undetermined cut in Pell grants.

Mr. President, Pell grants are critical to students in my State. I noted above that the poverty rate in my State is among the highest in the Nation. The way out of poverty is education. Yet many of our citizens are not able to afford that education. They depend upon Pell grants. They depend upon work-study and Stafford loans and State aid to pay for the increased cost of higher education.

The GOP budget says that the Pell grants will remain at current funding—at least that is the apparent intent—but what does it mean? It means that the total Pell grant funding will remain at 1995 levels with no cuts or increase through the year 2002. That would mean that real funding, measured in constant dollars, would decline by reason of the growth of student population and by reason of inflation.

Today, about 33,000 students in New Mexico receive Pell grants. I think it is pretty obvious that this budget is going to either cut the amount these students receive in Pell grants or result in a much smaller percentage of our young people who are eligible to apply and receive those Pell grants.

It is clear to me that the budget is going to have a profound impact on students in my home State, even if you look just at the students who receive these Pell grants. When you look at other programs, you have to come to the same conclusion.

The Federal work study program provides about $5.4 million in grants to 6,300 students in our State.

The Federal supplemental opportunity grant program serves 6,500 students in our State.

Perkins loans serve over 5,000 students in New Mexico.

The numbers they have provided in this budget resolution point in one direction, Mr. President. The numbers indicate that the Stafford program will not be impaired, but if, in fact, we are going to save the $14 billion that is contemplated in the budget resolution, we are going to have to cut that program. We are going to have to charge interest to those students from the time they take those loans just as the House has proposed to do.

Mr. President, the proposal before us has as its purpose to cut the deficit. Clearly, we need to accomplish that. I am proud of the deficit reduction we have accomplished in the last 2 years. I am sorry we did not have the same zeal for deficit reduction by many of my colleagues when those votes were being cast in the last few years.

But cutting investment in education and training for our children is not the right way to accomplish deficit reduction. If this Nation is to remain the world leader in the 21st century, we cannot cut investments in our most important resource; that is, in our children.

The effect of this amendment that Senators HARKIN and HOLLINGS are offering would be to reduce the size of the proposed tax cut by $40 billion so we can return some reasonable level of support for education and training. It is an amendment that makes excellent sense for the future of America.

I urge my colleagues to support it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Under a previous order, amendment No. 1116 is temporarily set aside.

Under the previous order, it would now be in order for a Democratic amendment regarding education.

Mr. EXON. That order had been agreed to previously; is that correct?

The PRESIDING OFFICER. It has.

Mr. EXON. Then the Chair will be recognizing the Senator from Iowa; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. EXON. I thank the Chair.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa, Senator HARKIN.

AMENDMENT NO. 1117

(Purpose: To restore funding to education by using amounts set aside for a tax cut)

Mr. HARKIN. Mr. President, I send an amendment to the desk on behalf of myself and Senator HOLLINGS.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. HOLLINGS, proposes an amendment numbered 1117.

Mr. HARKIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 74, strike lines 12 through 24 and insert the following: "budget, the appropriate budgetary allocations, aggregates, and levels shall be revised to reflect $28,000,000,000 in budget authority and outlays of the additional deficit reduction achieved as calculated under subsection (c) for legislation that reduces the adverse effects on discretionary spending on education and $12,000,000,000 in budget authority and outlays for legislation that reduces the adverse effects on direct spending for education.

"(b) REVISED ALLOCATIONS AND AGGREGATES.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chair of the Committee on the Budget of the Senate may submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974, discretionary spending limits under section 201(a) of this resolution, budgetary aggregates, and levels under this resolution, revised by an amount that does not exceed the additional deficit reduction specified under subsection (a).".

Mr. HARKIN. Will the President please advise the Senators as to the timeframe now for debate on the education amendment?

The PRESIDING OFFICER. The time until 7:15 this evening is to be equally divided, with Senator BINGAMAN having asked unanimous consent and spoke using some of the time allocated to the Democratic side.

Mr. HARKIN. So between now——

The PRESIDING OFFICER. Right now the Senator has 72 minutes.

Mr. HARKIN. Mr. President, I join with Senator HOLLINGS in offering this amendment. I believe this amendment really does set the stage for what we are talking about in terms of priorities and choices. We all agree we need to get the deficit down and balance the budget, but what we have all talked about is in terms of reducing the deficit and what it does to help future generations of Americans. There has been a lot of talk about our responsibility to balance the budget for the sake of our children and their future, and that is true.

But what this budget does is it cuts off the very fountain of life and funding that ensures that our children and future generations will be able to have a better life in our country because of the devastating cuts that this budget makes in education.

We have seen report after report after report, study after study telling us about the importance of investing in education. I am reminded even of the group of CEO's that was brought together by President Reagan. These were not social planners and thinkers, these were CEO's of our major corporations, charged with the responsibility by President Reagan of determining what we needed to do in our educational system. They met, they filed their reports, and what they said basically is that we have to fund education, we have to fund early intervention programs, and we cannot back off on the Federal commitment to education.

The President of the United States, President Bush, convened the Governors, and in 1989 they set up the national education goals, agreed upon by a Republican President, by Republican and Democratic Governors, by the U.S. Congress—by the Senate and by the House—what our goals were in education by the year 2000.

Mr. President, we do not need any more reports. We know what needs to be done. We know how critical education and training is to competing in the world economy. We know that investing in education will save us money in the long run. We know that we are falling behind our competitors. We know that it is more difficult for middle-class families to pay for college education today. How many more reports do we need to tell us what we already know? We do not need any more reports.

We know that slashing education by the largest level ever is wrong. Taxing millions of college students with more debt is wrong. Denying Head Start to hundreds of thousands of young Americans is wrong. The amendment I am offering with Senator HOLLINGS will do what is right: It will keep us on the right path, the right course.

Our amendment restores $40 billion for education and training programs. Our amendment restores $12 billion for student loans, $28 billion for discretionary spending. It restores common sense by investing in education.

Mr. President, this is an anxious time for our Nation's students. They will soon be getting their report cards and, I must say, it is an anxious time for parents who are funding our kids in college. We want to see those report cards, too. We want to see how they have done in the classroom. I asked my daughter today if she got her report card from college. No, she did not have it yet.

I think it is time for us to look at a report card to see how this budget would do in our Nation's classrooms. Let us see if this budget that we have before us passes or fails, what kind of a grade it gets.

So let us look at the different assignments, Mr. President, and I have it here on the report card. Let us look at the different assignments that the people of this country have given to us, the national education goals, what they have set out. Let us see how this budget does on a report card.

Our first assignment was to make college affordable for students and for working families. How does this budget do? It cuts student loans and reduces PELL grants by 40 percent. It cuts $5 billion from other grant and loan programs. It increases the personal debt of college students by anywhere from 20 to 48 percent.

What that means is a lower income college student going to college borrowing money will have his or her debt increased by anywhere from 20 percent minimum to 48 percent maximum. The maximum increase, of course, falls on the poorest students because they borrow the most money, and so they will have the biggest debt to pay back. Just the opposite.

What kind of a grade do we give this assignment? It cannot be anything more than an F. It flunks at making college affordable for students and working families.

Our next assignment: Make sure all children will start school ready to learn. Mr. President, the No. 1 goal of the President's Conference on Education set up by President Bush, agreed upon by Republican and Democratic Governors in 1989, the No. 1 goal: All children will start school ready to learn.

What does this budget do? It freezes Head Start funding so that by the year 2002, 350,000 to 550,000 fewer children will be served. It freezes Head Start. Fewer children will be served. Another F.

Another assignment: Improve student achievements so that U.S. students will be best educated. Another one of our goals, by the way. What does the budget do? It freezes title I funding so that by 2002, 2 million fewer children will be served. Right now, Mr. President, the Federal Government provides about 6.6 percent of funding for local school districts. In 1980, that was 11 percent. It is now down to 6.6 percent, and that includes the school lunch program. So if you take out the school lunch program, it is even a lot less than that. Education right now is 2.2 percent of the Federal budget—2.2 percent. In 2002 under this budget proposal, it will fall; 1.4 percent of the Federal budget will go for education.

What does that mean? That means that if our local school districts and our States want to continue a high level of education and input, it can only mean one thing: Hang on, your

property taxes are going to go through the roof. And so this budget fails in improving student achievement so that they will be the best educated.

The next assignment, making sure that all schools will be safe and drug free, another one of our goals, to make our schools safe and drug free.

This program funds things like the DARE Program that we are all so familiar with and I am sure we hear about in our States when we go back there and how successful the DARE Program is. This budget cuts over $1 billion from the Safe and Drug Free Schools Program. Ninety-four percent of school districts will lose funding from it, affecting over 39 million children. So on keeping our schools safe and drug free, this budget, another F.

Another assignment we have is to increase the Federal commitment for funding of special education and reduce the costs to local school districts.

Mr. President, this Congress in 1975 passed legislation for the education of all handicapped. It is called now IDEA, Individuals with Disabilities Education Act. The commitment of Congress in 1975, and in every Congress since then, has been to pick up 40 percent of the costs of special education for our school districts—40 percent. Do you know what it is now? Eight percent; 8 percent.

We are not talking about something that local schools can do or cannot do at their will. There is a constitutional obligation on our local school districts that if they provide a free and appropriate public education for nonhandicapped students, they have to do it for handicapped students. Constitutional requirement. We have said that we will come in and help local school districts meet that constitutional requirement by helping fund special education. Five-and-a-half million students with disabilities. Over the next 7 years, under this budget, school districts will lose over $5 billion in Federal funding for special education. And again, these school districts cannot say: OK, now we have lost the Federal funding, so all you disabled kids, out, we are not going to give you the kind of education that is comparable to other students. They cannot do that. The Constitution of the United States commands that they have to do that.

So what it means, again, is hang on to your hat in your local school districts, Mr. President. Property taxes will go up through the ceiling to pay for special education, because we, in this budget, are saying we are not going to fund it. So another F on that assignment.

Another assignment is to make the United States first in the world in math and science—another goal—by 2000. In an international assessment of eighth graders on math in 1992, the United States ranked 13th out of 15 countries. This budget cuts $700 million in teacher training for math and science teachers—400,000 fewer teachers will receive training and retraining.

So in trying to make our country first in math and science, another F.

Another goal is to improve technology to prepare students for the 21st century. We are saying we have to get better technology in the schools: Up-to-date computers, fiber optics and interaction, and get on the superhighway, get all this technology, Star schools, we are all for it. We have to do it if our kids are going to be competitive in the future. Over the next 7 years under this budget $175 million will be cut from Star schools and education technology. Another F.

Well, lastly, I think our overall assignment, is it not, is to ensure a better future for our children. Is this not really why we are here? Is this not why we take time on the Senate floor to debate and offer amendments? Is this not why our constituents put us here, to ensure a better future for our children? This is the largest education cut in the history of this Congress, the largest education cut in history. How, I ask, is that ensuring a better future for our kids?

So, Mr. President, in test after test, this Republican education budget fails our children. It fails them in the earliest times, getting them ready for school, and it fails them later on when they go to college. It fails our future. As a parent, I would be upset if my daughter brought home a report card with nothing but F's, and if she did, she would have to go back to school and do it all over again. That is what we are trying to do with our amendment. We are saying: Go back to school, those of you on the other side that want this budget. You have failed. So Senator HOLLINGS and I are saying, we will make it right and we will send you back to school. We will send you back with this amendment so we do not fail our kids. We want them to pass and we want to invest in education. The way to do it is to restore these cuts and restore some common sense back in the budget.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield time to the Senator from South Carolina?

Mr. HARKIN. Yes, I yield whatever time the Senator may wish to consume.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the distinguished Senator from Nebraska, Senator EXON, be added as a cosponsor.

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

Mr. HOLLINGS. Mr. President, One of the most distinguished forefathers, James Madison, said that "a popular Government without popular information or the means of acquiring it is but a prologue to a farce or a tragedy, or perhaps both." He said that in a letter to John Adams, and Adams wrote back that "The whole people must take upon themselves the education of the whole people and be willing to bear the expense of it."

Coming up to Horace Mann's day, he referred to the Northwest ordinance where we laid the groundwork to develop Iowa—and it is a distinct pleasure to be associated with Senator HARKIN. Those States in the Midwest were set up in 6 mile by 6 mile blocks, and the middle block—number 16—was reserved for public education.

Horace Mann said:

> This law laid the foundation of the present system of free schools. The idea of an educational system that was at once both universal, free, and available to all the people, rich and poor alike, was revolutionary. This is the great thing about America. No other nation ever had such an institution. Three centuries later, it is a stranger to the bulk of the people of the world. The free public school system, which Puritans conceived, has been in large measure the secret of America's success. In these classrooms children of all races, nationalities and tongues learn the common language and became imbued with one central idea—the American conception that all men are created equal, that opportunities are open to all, that every minority, whether respected or despised, has the same guaranteed rights as the majority. Parents who landed here often brought with them the antagonisms, the rivalries and suspicions of other continents. But their children became one and united in the pursuit of a democratic ideal.

Mr. President, this idea was brought up-to-date, this observation of Horace Mann, just Sunday before last, on May 14, at the graduation exercises at the College of Charleston in my hometown which, incidentally, was founded in 1767. It is the fourth-oldest liberal arts college in the United States and the oldest municipal college in the United States, now having become a State university. Our distinguished colleague from Kansas, the Senator from Kansas, Senator NANCY KASSEBAUM, was the graduation speaker. As Dr. Alexander, our greatest of great presidents there, spoke and introduced the program, he said this, and I think it should gain the attention of everyone:

> A few more than 900 soon-to-be graduates are seated behind me. If I ask each of them to stand who had attended college on a grant from the Federal Government, 405 of them would stand. If I then asked those to stand who had received a Government loan, an additional 198 would stand. If I then asked all those to stand who had received a scholarship which included at least some Government involvement, an additional 120 would stand. Eighty percent of today's graduates would then be standing. Of course, all the rest, as well as those who are standing, had a part of the expenses at the college paid for by the State of South Carolina.
>
> So while our graduates are thanking their families and friends, they might do well to also thank the Government. At the College of Charleston, we do not think of the Government as our enemy. It is not possible to love the College of Charleston and hate the Government. In the American democracy, the Government, in the phrase of Lincoln, is

"of the people, by the people and for the people." Speaking for myself, I do not think it is possible to love America and hate the Government.

So my plea this afternoon is if we can set aside partisanship momentarily and get some bipartisanship back on track for the general good, let us look at this amendment and realize that we have to move forward.

This particular amendment has what aim? Is it our aim to streamline the Government and cut out the fat? Or is it our aim to hack away indiscriminately, to tear down Government, to cut out not just the fat but also the muscle? Quite frankly, I look at the unprecedented education cuts in the budget resolution and this is what I see—not an efficiency inspired streamlining, but ideologically-driven amputation.

I am reminded of the Florida doctors down there who recently went into the operating room to amputate a foot, when the patient awoke, he discovered that the doctors had amputated his healthy foot.

That is exactly what is occurring here in this particular budget resolution. We are not talking here, Mr. President, about highway demonstration projects and more subsidies and the usual litany of Government waste. To the contrary. We are talking about Government at its best. Government at its most cost efficient.

We are talking about proven programs—Head Start, Title I, assistance for educating disabled people, and college loans for low-income people. These are programs that demonstrably work, and work for our neediest citizens.

By the most conservative estimate, Mr. President, every $1 spent on Head Start translates into $2 in later cost savings and educational benefits. One investigation, the famous Perry Preschool Study, determined that there are $3 in benefits for every $1 spent on Head Start.

We see an even greater return from Title I programs. For every poor child, thanks to Title I intervention, who does not have to repeat a grade, Mr. President, we save $7,000. For every child who, thanks to Title I, does not drop out of school, we save potentially tens of thousands of dollars in welfare costs.

Mr. President, the cuts proposed in the budget resolution give rise to a broader question: How in the world did we allow education to become a partisan issue? How in the world did we reach a point where virtually every Republican is reported ready to vote for radical cuts in the education budget, and virtually every Democrat is ready to vote against the cuts.

I will never forget the bipartisan move over the years with the distinguished Senator from Vermont, Bob Stafford. We had been Governors together and worked on education and the education amendments. Thanks to the success of Senator Stafford, we had equally wonderful bipartisan support and leadership.

We used to have two rules for nonpartisanship around this place: One rule was politics stop at the water's edge; the other rule was that politics stops at the schoolhouse door. I deeply regret in the rush to dismantle Government we are willy-nilly throwing away our consensus on education.

Mr. President, I come to the floor to plead for a restoration of that consensus, to plead with my colleagues on the other side of the aisle to join in support of the amendment. Republicans have spoken very passionately about the need for people to pull themselves up by their own bootstraps, to stand on their own feet, to get out of the wagon, and help pull the wagon.

The distinguished Speaker of the other body has made a compelling case for what he calls "conservative opportunity society," a society which, he says, should guarantee equal opportunity but not equality of results. Fine. How can we credibly talk about equality of opportunity at a time that we are making radical cuts in education? How can we tell poor and disadvantaged persons that we believe in equal opportunity at the same time we are cutting the dickens out of Head Start, Title I, and other programs whose entire purpose is to make opportunity less unequal?

Indeed, Mr. President, if the cuts proposed in the budget resolution are allowed to stand without modification we will deal a devastating one-two punch to poor Americans.

First, we will shred the social safety net by enacting cuts in child nutrition, health care, job training and so on. Sixty percent of the $961 billion in budget cuts planned over the next 7 years will come from programs for poor and elderly. By hacking away at education, we cripple the ability of poor children to get a decent start toward literacy and other skills that they will need to stay off welfare and survive in the new economy.

I see a common thread, Mr. President, running through this budget resolution. The more needy a person is the more deeply they get cut. This is true not just of children but of States as well. Cutbacks in the budget resolution will hit hardest in the States that are most dependent on Federal aid.

These States tend to be small, they tend to be poor, and, yes, they tend to be Southern. Consider the following States and how much they depend on Federal assistance in their education budgets: Mississippi, 17 percent; New Mexico, 12.4 percent; Alaska, 11.5 percent; Alabama, 11.4 percent; South Dakota, 11.1 percent; North Dakota 11.1 percent; Louisiana, 10.8; Arkansas, 10.8; Kentucky, 10.1 percent; my own State of South Carolina, 9 percent.

The main program cut back by the resolution is Title I for the disadvantaged. We now serve, Mr. President, about 6 million children under the program, and projecting the same across-the-board cut to education, the Department of Education says that we will be serving only 4 million children when that particular cut has become law.

Taken together, the cuts in the budget resolution make a mockery of any notion of an opportunity society. This budget resolution tells poor people to pull them themselves up by the bootstraps, and then it takes away the boots.

It strikes me strongly that those who would make deep cuts in the social safety net have a special obligation, a special moral obligation, to at a minimum maintain the Federal Government's current level of investment in education. The bottom line, of course, is education equals opportunity.

The income and opportunity gap is already striking. Between 1973 and 1989, the annual earnings of black male high school dropouts in their twenties declined by fully 50 percent.

Consider this, Mr. President: Kids whose parents are on the top quartile of income have no trouble going to college. A whopping 76 percent of them earn Bachelor's degrees. But for kids whose parents are on the bottom quartile, a shockingly different story. Only 4 percent of these lower-income kids receive a Bachelor's degree.

Mr. President, we are limited on time here this afternoon and many of our distinguished colleagues are interested in addressing this particular problem.

Let me just say these are exactly the kids who are most at risk in underachieving, flunking a grade or dropping out. Take away Head Start and Title I and we are yanking the rug out from under the kids.

We have to get real. We cannot claim to favor an "opportunity society" at the same time we enact savage cuts in education. The opportunities of society should not be for those who are born on third base; rather, we also need an opportunity society for poor children who are born stuck in the batter's box with a two-strike count.

Yet by cutting deeply into Head Start, Title I, and the other education programs for the disadvantaged, we are heading in exactly the wrong direction. It is too late, now, Mr. President, to reconsider the priorities set forth in the budget resolution. To that end, therefore, I urge a strong bipartisan vote in favor of this amendment. If we are serious about opportunity for everyone, then we should be boosting our investment in education, not busting it.

Mr. HARKIN. I thank Senator HOLLINGS for his support and for his cosponsorship of this amendment and his long-time support for education in our country.

Mr. President, I ask unanimous consent to add the following as cosponsors:

Senator JEFFORDS, Senator KENNEDY, Senator PELL, Senator DODD, Senator BINGAMAN, Senator SIMON, and Senator MURRAY as cosponsors.

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

Mr. HARKIN. Mr. President, I yield 8 minutes to the Senator from Washington.

The PRESIDING OFFICER (Mr. FRIST). The Senator from Washington.

Mrs. MURRAY. Mr. President, of all the pain in this budget, nothing will hurt our Nation more than the draconian cuts to education.

Education allows Americans to pull themselves up by their own bootstraps. And I know this first hand. I am one of seven children from a family in a small town in Washington State.

My parents taught us the most important lessons in life. They taught us that everyone can make a difference. They showed us the bright promise of the American dream.

And, they taught us that education was the key to success.

That's why my parents—like many—are watching this debate closely. They understand what's at stake—because they know the difference education made in their children's lives.

Every one of my brothers and sisters, every one of us went to college. Every one of us has been able to follow our dreams—and one of us—my twin sister—is now a teacher herself.

When I stand here in this debate, I think of my sister, Peggy, in her classroom in Bellingham, WA. I know the challenges she faces as a sixth grade teacher.

Peggy tells me how class size will grow if these types of cuts are made. If we just shift costs from the Federal to local level in this way, the quality of education in her classroom will decrease.

I know she is watching this budget debate—like teachers all across this Nation—and she is expecting us to keep education funding a top priority.

Peggy instills the same hopes and dreams in today's children our parents and teachers instilled in us.

And, she knows that the priorities in this budget are misguided. Taxes on working families. Drastic cuts to Medicaid and Medicare. Slash-and-burn education cuts.

It frankly amazes me that we are seriously considering a budget which cuts education so severely.

The fundamental goal of any economic policy should be to raise the standard of living, and increase opportunity for all Americans.

You achieve this by strengthening education at all levels.

Last year, I worked with some of my colleagues from across the aisle in a bipartisan fashion to help expand educational opportunities for all Americans. Unfortunately, it seems—in this budget—that spirit has now collapsed.

This year, we are taking giant steps backward. In this budget, education is targeted for some of the largest cuts.

I have stated many times that I am all for deficit reduction. However, it is irrational to cut investments in our children and in our workers—and then turn around and say these cuts are good for our future. How is cutting education good for our future?

The American people have the right to know what's in this budget. Let's look at the specifics:

Head Start, one of the most effective early nutrition and education programs, in cut by $3 billion. This draconian cut will deny as many as 100,000 low-income children the benefit of a pre-school education. That makes no sense.

K through 12 education programs also take a big hit. This budget would eliminate Goals 2000, which supports the efforts of schools and communities to raise academic standards in their areas. That makes so sense.

Training programs are cut. The School-to-Work Program ensures that all young people attain the skills they need to enter the workforce. Some of our colleagues want to eliminate this program. That makes no sense.

Finally, I am truly concerned about the absence of student financial aid funds in this budget. Nationally, the costs for higher education have increased at twice the rate of family income over the past decade. Without financial aid, college has simply become unavailable to the middle class.

I would have never even thought of college if it were not for financial aid. Neither would any of my six brothers and sisters. This budget says to young Americans "you have to be rich to go to college." Again, that makes no sense. Again, this is the wrong message to our young people who far too often feel today there is no hope and no future for them.

We can not expect to retain our position as a leader in innovation, research, and production—unless we continue to invest in education.

At a time when Americans are fearful of losing their jobs; when Americans need training; when our high school seniors lack the funds for college; at this time, it makes no sense to turn our backs on them.

Every day, I hear my distinguished colleagues—who were captains of industry—talk about what private industry and big business need in this budget.

I do listen to leaders in industry. They tell me how important education is to American competitiveness. High tech companies and manufacturing firms need well-trained, high skilled work force. So, I do listen to them. And, I also listen to Americans who do not have rich, powerful lobbyists behind them.

Let us listen to America's displaced workers who need to be retrained. Let us listen to America's teachers. Let us listen to America's schoolchildren. Let us remember the common sense our parents taught us. Let us remember how each and every one of us got to this Senate.

I urge my colleagues to vote for this amendment and restore these education cuts, restore some hope to our children's faces, and restore some common sense to this budget process.

Mr. HARKIN. Mr. President, I yield 10 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I thank my colleagues, Senator HARKIN, Senator HOLLINGS, Senator MURRAY, and others who have made such a strong presentation on an issue which is of such fundamental importance to all Americans as the priority of education for the young people of this country.

What this amendment to the budget proposal is doing is restoring in a dramatic way support for higher education.

If there has been one extraordinary success story in the postwar period in the United States, it has been higher education. Of the 140 great world universities, 127 of them are in the United States of America. That is not an accident. Our higher education is the envy of the world. We are doing it right.

How has that come about? One reason is because you have participation of individuals that is not simply based on their ability to pay; another is government support for research, and finally, we have a system that attracts the best academic minds in the world. Overall, higher education has been an extraordinary success.

Mr. President, we have many problems in this country. We have many problems around the world. One problem that is growing increasingly serious is that access for the sons and daughters of working families to higher education is becoming more difficult. The escalation of costs has become a serious problem.

The universities, the teaching hospitals, the schools of this country are the envy of the world, and we have to ask ourselves in this budget resolution, as we are looking to the future: Why are we putting them at risk? And we are putting them at risk by the reduction of $30 billion in education funding over the next 7 years. That is the very basic and fundamental question. In a minute, I will come to the same question in terms of what we are doing in primary and elementary education, as well.

I would like to review for all of our colleagues the figures about what people earn when they achieve higher education—this chart can be viewed by our colleagues. The chart is self-evident, but fortunately, or unfortunately, we have to remind our colleagues and remind the American people.

The chart shows average annual earnings by level of education. If you do not finish high school, the average income is $12,000. If you complete high school, the average over the lifetime is $18,000. If you have some college but do not complete 2 years, it goes up to $19,000. It is $24,000 if you get an associate's degree from a 2-year college, and up to $32,000 if you graduate from a 4-year college. It goes on. For a master's, $40,000; a doctorate, $54,000; for a professional degree, $74,000 individually.

Our older brothers and sisters and parents understand it because they had the GI bill. Generally, borrowers under the GI bill repaid $8 for every $1 that was expended. Student loans work. Higher education works in the United States of America.

What did we do in the last Congress? In the last Congress, because of the concern about increased cost of education and the costs of loans to the Government—we moved toward a direct loan program to try to recapture some of the funding that was going to banks in the guaranteed loan program. We moved to phase in a direct loan program. We moved in a moderate way. There were some who believed we ought to go to a full direct loan program immediately. There were some who said, "Senator KENNEDY, Senator SIMON, and Senator Durenberger, since we have the best in terms of higher education, why do you risk the system by going to a direct loan program when we do not really know?"

We said, "Fine." We worked out a compromise, Republicans and Democrats alike, to move into a direct loan program in a moderate way. The direct loan program is now being managed by the Department of Education effectively. We have a direct loan program going on with competition with the guaranteed loan program, and we have reduced the losses that were coming from failure to repay student loans from $2.7 billion down to less than $1.2 billion—a dramatic reduction.

It is so interesting to hear Mr. Bennett talking about the Department of Education and we ought to abolish it. I wish he had been as good a manager as Dick Riley in recapturing the billions of dollars that were lost during his tenure. If he knows so much about the Department, where did not he recapture the funds?

So we have a situation now where we are doing well in implementing a direct loan program. We are also lowering the basic fees, reducing those the initial fee students have to pay.

We have also adopted national service as an additional way to get young people to go to college because we know that our Nation's future depends upon education.

Now we have before us the dramatic changes proposed the Republican budget to the Pell grants. This chart shows what is going to happen to these grants even though the chairman of the Budget Committee is telling us he is going to hold them harmless. You can hear all the statements that you want, but if you want to know what is going to happen to costs for students as we follow through the years of this budget, look at this chart. The bottom line shows what the value of the Pell grant will be in the year 2002—$1,501. The other line shows the average cost of going to State universities across the country—$8,026. Right now, the Pell grant is worth $2,590 and the average cost at a State university is $5,314. That shows you pretty clearly what is going to happen to students.

It is interesting that in 1965, when the Aid to Education Program was passed, we had three-quarter grants, one-quarter loans. Why? Because we set the economic challenge to the young person by figuring out what that young person could bring to their education, what they could earn over the course of the summer and during the year. But we did not want to encumber that individual and that family far into the distant future. If they were eligible on the basis of need, we intended that they were going to be able to get a grant and only a quarter was going to be a loan. Twelve years later, three-quarters are loans and one-quarter grants. What do our friends on the other side say? They are going to make the loans even more expensive.

So they are going to indenture the young people of this Nation. We hear all these speeches by our Republican brothers and sisters saying we are doing the young people a favor because we are going to keep the next generation out of debt. Instead, they are putting them in debt, putting them in debt by what they will have to pay for college to say nothing of what they will have to pay for graduate school.

I see our distinguished friend and a distinguished doctor presiding now. He can certainly tell us about what happened with his own classmates at medical school and the indebtedness of those individuals.

Whatever help and assistance we are providing in terms of the young people is going to be heavily undermined with this particular proposal. There is no other way about it. You can say, "Well, we are going to hold them harmless. We are going to provide the services." If you one program harmless, then you are going to find the further emasculation of some other program such as the chapter I program, the title I program, about $6.8 billion that goes to the neediest children, or you are going to emasculate others like the Head Start programs that depend upon the same pot of funding. It makes no sense. It makes no sense for the young people that are going to go through this system. It makes no sense for the universities and, most importantly, it makes no sense for the country. We have something that is working, and we are putting it at serious risk at the present time.

Mr. President, this amendment moves us dramatically back into a sane and rational position by restoring some $40 billion to education.

Mr. President, if we look where we are in primary, elementary, and secondary education, the fact of the matter is all of us who have supported the various programs understand that education is a local responsibility. I hear so much about what we need to do is get parents back in the school system and I agree that we do have to do that. I hear what we have to do is let teachers make changes in the curriculum and that is also true.

As the Senator from Iowa and the Senator from South Carolina know, and others know, only about 7 cents out of every dollar is provided by the Federal Government. But they are important dollars. Just look at the special needs children that were never being taken care of prior to the program that was developed in a bipartisan way under Senator Weicker, Senator HARKIN, and many of the members, Republican and Democrat, on the Human Resources Committee and on the Appropriations Committees. Education is not just a Democratic effort. I daresay that Senator Weicker had as much to do with increasing the commitment of this Nation to special needs children as any Member here. This has been a Republican as well as a Democratic effort.

We have often listened to our colleagues talk about how migrant children and illegal children have settled in various States and schools, and how they need some help and assistance. But if you take out the nutrition programs, and the special needs programs, if you take out Star schools, take out technology, take out the TRIO program, what do we have left? These are programs that have been tested, evaluated, challenged, and worked. Those are the programs they are emasculating.

What happened last year? We had a bipartisan commission that was set up to review what had happened in Head Start. In the 1980's and into the early 1990's, there was some increase in funding, to the credit of President Bush. But the problem was there was not quality control. You had continued turnover in programs without insisting on quality provisions for the teachers that were involved.

So there was a real question about the quality of the Head Start Program. We had a very good bipartisan panel, and their recommendations were reported out with only one dissenting vote on the Human Resources Committee, Republicans and Democrats alike.

I am not going to quote many of our colleagues on that side talking about the changes in the Head Start Program, how we were at last getting this

on track, how important that was because I do not have the time, but we made important changes. Then we went ahead and took a look at the chapter I program because of the various challenges that were suggested by many for that program. We reviewed and had hearings as did the House as well. Those changes were supported overwhelmingly by the Republicans and Democrats. We dealt with the changes that were taking place with different kinds of poverty impacting local communities and the growth of poverty in some of the rural areas. We went through that. We did not do all the things that everybody would have wanted, but we worked together and made great progress, Republicans and Democrats alike. Even in the Goals 2000 Program, Republicans and Democrats alike came together to pass legislation that provides new help and assistance to schools. Of that funding, 85 percent goes to local schools.

Goals 2000 was developed by Dick Riley from South Carolina, one of the most effective Governors in education, and also Governor Bill Clinton. Riley had great credibility because he had changed the academic achievement and outcomes of the black and brown and white students of his State of South Carolina in an extraordinary way, involving parents, involving local communities, involving the businesses. In Goals 2000 he brought that experience to the legislation.

We also had bipartisan support for the School-to-Work Program. I was with a former Governor of Maine, a Republican, last week at the dedication of the 1-year anniversary of the signing of the School-to-Work Program. This Republican Governor said that this is one of the most important programs of education that he has seen in the State of Maine.

At a hearing in our Human Resources Committee Tommy Thompson, Republican Governor of the State of Wisconsin, down, also said that this is one of the most important initiatives in his state. School to Work would be emasculated in this budget.

I mean, what is the sense? We have hearings, we develop the coalition, we develop the bipartisanship, we have men and women that are out on the front line, Republicans and Democrats, and we have educators and parents saying how the good the programs are. And we are effectively emasculating them, saying we are going to have to cut someplace, and we are going to go ahead and cut it.

So, Mr. President, I do not believe the wholesale cuts that have been effected in this budget are justified or warranted. I find to the contrary.

I think one of the things that I remember so clearly—is my time running out? Mr. President, how much time do I have?

Mr. President, if I can have 2 more minutes.

Let me just give you a few instances about the importance of support for students. This stack here on my desk represents the mail that I have received on the Internet system from students all over the country. I hope that our Members check their mail because when they do they will finding out what these proposed cuts mean.

I think there has been a great deal of trivializing the importance of the extra debt burden to students. You know, people are saying, "It is really only the cost of a big gulp a day. Really, it is only the cost of a one-way plane ticket down to Ft. Lauderdale." People are trying to trivialize this. I can tell you the increases are not trivial to students and working people.

I think this whole process demeans the young people of this country. It demeans their parents who have worked hard, worked and scraped and saved over the course of a lifetime to help send their children to college.

A student attending medical school in Massachusetts writes:

I am a 24-year-old African-American woman, born and raised in St. Louis, MO. I come from a poor, working- class, two-parent household. I am proud to say I was the first African-American valedictorian in my high school. I went on to college at a private institution. I received much-needed financial aid while there, including loans and scholarships. My parents helped as much as they could, but with two other children, they could only help a little.

Without the Stafford and Perkins loans that I received, I would not have been able to continue my education. After graduating from college I was accepted to an Ivy League medical school where I am still very much dependent on Federal financial aid. I hope to practice primary care (pediatrics) in an indigent community.

I am close to finishing school and may not be affected by such harsh cutbacks, but I am very concerned for the future generation of students.

Mr. President, this student and thousands of other students just like her are exactly what we need, primary care physicians in indigent communities.

Under the Republican budget a student following this course of study could well face over $40,000 in additional interest payments at the end of her medical training.

A student from New York writes:

"My mother just got laid off today. I only have one year left before I receive my bachelor's degree. I don't want my opportunity and those of others to be cut short. Everyone in the White House, on Capitol Hill, and in the state governments had their opportunity. Why are you taking away ours?

A college graduate from Colorado writes:

"I am not a student, but I'm raising my voice in support of government backing for student loans. If it were not for student loans, I would not have been able to attend college. My mother was supporting two kids and we lived in government subsidized housing—the projects. There was simply no way she could have paid for a college education for us, so we applied for loans and more loans. I received some grants and a great deal of loan assistance, and still I worked at McDonald's. I am now a consulting writer and I never have to look for work . . . it looks for me. This is a most wonderful life and I wouldn't have had any chance at all of attaining it without those student loans and grants. Please do whatever it takes to ensure that others get this chance . . . it is what allowed me to become who I am today, and I thank you all.

Another student, from Maine, summed up the situation: "If you think education is expensive—try ignorance"

I ask each of you to think seriously before you consider voting for a budget that contains $30 billion in cuts to student aid. You will see very clearly that this budget is turning its back on the nation's students.

The Republican budget turns its back on education, and it does so in order to pay for a tax cut for the wealthiest individuals in the country. That makes no sense. It is the wrong priority for education, and the wrong priority for the nation.

The pending Democratic amendment restores $40 billion to this anti-education budget—$40 billion that will help to correct these misplaced priorities. I urge the Senate to support the Democratic amendment.

I thank the Senator from Iowa for yielding time.

Mr. HARKIN. Mr. President, I thank the Senator from Massachusetts for a very eloquent and learned statement. I again wish to thank him for his great leadership over so many years in the area of education. I think what the Senator from Massachusetts just said really pulls it all together in terms of what this budget is about and what it is doing to kids in this country, and the history of what we have tried to do over the last couple of generations of young people to ensure that our kids do get that affordable, quality education in this country. Senator KENNEDY has captured it in his statement.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 21 minutes.

Mr. HARKIN. Mr. President, I yield 8 minutes to the Senator from Rhode Island. I apologize. If he does need some more, I will try to get some more time for the author of the Pell Grant Program.

Mr. PELL. Eight minutes is fine.

Mr. HARKIN. Senator PELL has been so important in making sure that the poorest kids in this country get a decent education. I am proud to yield to the Senator from Rhode Island.

Mr. PELL. I thank the Senator from Iowa. I second his remarks about the Senator from Massachusetts. He has shown remarkable leadership.

The budget resolution before us would have a very detrimental impact on Federal education spending. Instead of adjustments, fine tuning and reasonable savings, this resolution would produce drastic and unwarranted reductions of the small but critical role our Federal Government plays in education—5 percent for general education and 11 percent for higher education is the share of the Federal Government.

According to the Budget Committee figures, this resolution assumes a reduction of $59.4 billion in outlays for function 500 over the next 7 years when compared with current law. When compared with the President's budget, though, the estimate is that the reduction would total $65 billion over the same 7-year period. According to the Labor Committee's own estimates, education makes up about 58 percent of function 500, and this means therefore that the reduction in education spending could total as much as $38 billion over the next 7 years.

The reduction in education would come in two areas, mandatory spending and discretionary spending. The Hollings-Harkin amendment before us would add back $40 billion in both mandatory and discretionary spending. It would have the effect, therefore, of ensuring that we would not experience drastic cutbacks in Federal education spending.

Failure to approve this amendment would surely put education in harm's way. While the budget resolution assumes protection of certain programs, those are only assumptions. They do not have the full force of law. The final decision for discretionary cuts will be left to the Appropriations Committee, while the final decision for mandatory cuts will fall to we, the authorizing committee.

My fear is that the size of the cuts in the budget resolution are so immense that no program will be protected and all will be at risk. If the cuts are applied across the board, the Congressional Budget Office estimates that one-third of the Federal investment in education will be eliminated by the year 2002.

In mandatory spending, the budget resolution before us assumes savings of $13.8 billion in outlays over the next 7 years. Seven assumptions are made in order to achieve those savings, but only five of those are within the jurisdiction of our Labor Committee. According to OMB, the total of the remaining five options is less than $5 billion. That includes about $3.3 billion in savings if we eliminate the in-school interest subsidy for graduate students, an option which I for one would vigorously oppose.

The Labor Committee is also left with the responsibility to come up with almost $9 billion in additional savings. This is such a massive requirement that the only option available would be the elimination of the in-school interest subsidy for undergraduate students who come primarily from middle-income families.

To my mind, this is not the road we should travel. Elimination of the in-school interest subsidy for all students would, according to the Department of Education, increase student indebtedness by 20 to 50 percent. In a period when more Americans are borrowing more money to help finance a college education, this would be the wrong step and the wrong direction to take. In a very real sense, we would be increasing private debt to decrease public debt, an option that is not at all satisfactory.

With respect to discretionary program spending, the effect would be equally alarming. Freezing the Pell Grant Program at the current law level would diminish the value of that program by as much as 40 percent over the next 7 years. According to OMB, half of that is because of the increase in eligible students and the other half because of the expected increase in inflation in the next 7 years.

Freezing the title I program in elementary and secondary education for the 7 years comes when we anticipate at least a 9-percent increase in student population. The result: According to OMB, we will serve 2 million fewer students by the year 2002. That is 2 million fewer students by the year 2002.

According to OMB, failure to protect the Safe and Drug Free Schools Program would save $1 billion over the next 7 years. It would also mean that 94 percent, almost all of our Nation's school districts would lose funding that now goes to help 39 million students.

Failure to protect vocational education and training would place the very existence of this program at risk. OMB estimates that a possible cut of $5.3 billion over the next 7 years means that some 12 million fewer students would be served. This would come at a time when business and industry leaders are telling us they need a better and more well-educated work force if we are to remain leaders in the world marketplace.

Passage of this resolution without adoption of the Harkin-Hollings amendment before us would alter almost 30 years of a strong bipartisan partnership on behalf of education. It would seriously threaten bipartisan accomplishments that have brought the dream of a college education within the reach of every American who has the drive and the desire and the yearning that has begun to bring poor children into the education mainstream and that have brought real meaning to the concept of equal educational opportunity.

Mr. President, this is not the time to retreat in education; it is the time to advance. As President Clinton has noted, as a nation we face both a budget deficit and an education deficit. To my mind, we should not increase the latter to decrease the former. A strong and sound economy depends on a well-educated, well-prepared work force. To pull back in education is the wrong step, in the wrong direction, at the wrong time, and I hope we would not do so.

Accordingly, with all the strength we have, let us support the amendment before us.

I yield the floor.

Mr. HARKIN. Mr. President, I take this opportunity, in this small amount of time, to thank the distinguished Senator from Rhode Island for his many years of leadership and service to the young people in our country. There is a reason why they are called Pell grants. Go to any college, any student in this country—well, you go to anybody who is out in the professional world, who has graduated from college in the last 20 years. They all know one thing. They know what a Pell grant is. So many of our young people who came from lower-income families, who otherwise would not have had the ability to get through college, got those Pell grants. They are educated; they are making money; they are paying taxes; and we are all better off for it. We are a better country because of that.

I wish to say to the Senator from Rhode Island, thank you so much on behalf of millions of students, present-day students and millions of Americans who are out there now earning a decent living, raising their families, passing on a better life to the next generation, living the American dream because of the efforts of the Senator from Rhode Island.

Mr. PELL. I thank the Senator.

Mr. HARKIN. Mr. President, I yield 5 minutes to the Senator from Vermont, and I will try to yield more if I can.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. JEFFORDS. Thank you, Mr. President.

I rise in favor of the amendment.

I also want to echo the accolades for my patriot on the Education Committee, Senator PELL, who has done so much over the years. I stand here as the new subcommittee chairman of the Committee on Education, because I feel, as he does and others have, that we must be sure of what we do now. This is serious business.

Everybody recognizes that finally we have to balance the budget. But if we do not do it carefully, what we do will be counterproductive and will result in increased costs and decreased revenues.

It is so simple and easy for us to all hold hands, close our eyes, and cut across the board. But that will not do it. This will not do it if you get into the area of education.

Education has always been bipartisan and it should remain so today. So let us strike any partisanship out of here and take an examination of what will happen if we do not do this carefully. Let us talk about the counterproductive aspects of cutting education.

First of all, the business community came to me a year ago and cried to me, "You have to do something about increasing our productivity, of helping us improve the education of this Nation, because we are not any longer as competitive as we used to be." And unless

we improve things, we will be less competitive in the next century and this Nation will slip into a Third World capacity. Why?

Let us take a look at this chart. A chart is worth a thousand words.

The first chart is high school graduates unable to perform basic tasks. Just take our standards, forget about the international standards. Over half of our kids graduate unable to do simple functions that would mean that you are at least basically literate. I will show you later what that has an impact on.

Let me take the next chart. Let us take a narrow look at the international scene, where we stand in the world with respect to our education system. And I will end up with it in another area. We are now in the area of math, and the same is true in science, dead last when we compete with those other countries that are giving us competition in the international fields. That is shameful.

Are we going to do something about it? We cannot, if we cut education.

Let us take a look at what this failure of education has to do with our budget situation right now. We have a loss, through education failure, of $½ trillion in our GDP. That is because we are slipping behind with respect to productivity. We have problems. Eighty percent of those incarcerated in jails, costing $20,000 to $60,000 a year to incarcerate, are school dropouts; 60 percent of the teenage pregnancies are school dropouts.

In addition, the literacy level reduces our productivity level, losing more, and we have $208 billion a year through lost productivity through welfare. And it costs us another $200 billion for remedial training to bring our students up to the capacity where they can be productive in our industrial society.

In addition to that, because they earn less money being nonproductive citizens, it costs us $125 billion in lost revenue.

So let us take a look at the next chart and see what this has done to the median family income in this country and why we are losing that revenue.

Two-thirds of our society over the last 20 years—over the last 20 years—have had a decrease in their family income. And that is true even though we now have more two-worker families than ever before.

Education is related to what you earn. You will see the only ones now that are increasing their income in this decade are those that have had postgraduate education in college.

Now let us take a look at what is happening with respect to another area. One area in here, which is part of this proposal as well, but one that seems to be the easiest thing to do—our graduate students. Why do we not just increase their debt load a little bit? Why allow them to get subsidies for interest while they are in graduate school? Seems like an innocuous thing to do.

Well, this Nation has the best graduate schools in the world. Everybody wants to come here. However, over the last several years, a decade, the debt load of our college students has gotten so high now, it is estimated it will be up around $22,000 when they get out.

Well, they cannot go on to graduate school. We have fewer and fewer and fewer people that are going to graduate school.

Now what has that done to us? Let us take a look at what it has done to us in a competitive area.

Mr. President, I ask Senator for an additional 30 seconds.

Mr. HARKIN. Mr. President, how much do I have remaining?

The PRESIDING OFFICER. Six minutes 5 seconds.

Mr. HARKIN. I hate to tell the Senator from Vermont, I only have 6 minutes 5 seconds. I have two people that I promised more time to.

Mr. JEFFORDS. My punch line is all I wanted to get out.

Mr. HARKIN. The Senator gets at least 2 minutes for his punch line.

Mr. JEFFORDS. Well, it will not take that long.

What this chart shows here is, before, you know, we used to have all the foreign students come here. They used to get educated and they stayed. You saw them at IBM and all over the country allowing us to be more productive. Now what is happening, because of the debt load, fewer and fewer of our kids are going to graduate school and more foreign students are going to graduate school. The blue indicates the ones that are going home and the red indicates the ones that are staying here. More and more are going home. So what we are doing now is we are seeing almost all of the graduate students are being foreign students, a majority are, and they are all going home. Ours are staying here, but we do not have enough to fill the slots.

So that one little thing in this budget proposal would probably do more damage to our competitiveness than about anything else.

I yield the floor.

Mr. HARKIN. I thank the Senator from Vermont for his contribution now and in the past.

I yield 3 minutes to the Senator from Illinois.

Mr. SIMON. Mr. President, I will try to make it fast.

Of course, we need a balanced budget. But, of course, we have to have the right priorities.

Every study that has been made by any group—conservative, liberal, you name it—says we have to invest more in education. I have never seen a study that suggests to the contrary. And yet what we are asked to do is to cut back—cut back on Head Start, cut back on title I that helps poor kids that is really showing results, cut back in higher education.

Senator JEFFORDS is absolutely correct. In the narrative on the budget, you will see we are going to get that $14.7 billion in savings by cutting out assistance to graduate students. That is bad enough.

But you put the numbers together and you only get $2 billion of that. Where do we get the other $12.7 billion? Well, we get it out of the hides of students. And it means a lot of students are not going to go on to higher education. That is not the way we ought to go.

In fiscal year 1949, I say to Senator HARKIN, we devoted 9 percent of the Federal budget to education. We are now devoting less than 2 percent. And if this budget is adopted as is, it will go down even further——

Mr. HARKIN. To 1.4 percent.

Mr. SIMON. Down to 1.4 percent, Senator HARKIN says. It just does not make sense.

I visited a Head Start group in Rock Island, IL, an impoverished part of that city. Like every Head Start group, they have a waiting list. Monday morning, one set of kids comes in, Tuesday morning a different one, Wednesday morning a different one, and so forth.

I asked the woman in charge what would it mean in the lives of these young people if they could come here 5 days a week. She smiled and she said, "You could not believe the difference it would make in their lives."

We are denying them that chance. Oh, we are saving money, like you save money when you put up a house and you do not put a roof on it. You do not save money in the long run. We have to face up to the reality that we are going to have to change in this field of education. We are going to have to fund it more adequately.

I think of the testimony before our committee by the Secretary of Labor talking about a manufacturing company from Connecticut, I believe it was, making a decision, do they build in Mexico, the United States, or Germany? Mexico offered cheap labor, poor education; the United States better education, higher wages; and they reluctantly made the decision to build their plant in Germany where they have to pay $6.50 more per hour but where people are well prepared.

We are cutting back on our future if we do not adopt this amendment. I hope we do.

I yield the floor.

Mr. HARKIN. How much time do I have remaining?

The PRESIDING OFFICER. Two minutes 20 seconds.

Mr. HARKIN. Mr. President, I must say that I find the fact that we only have 3 hours to debate education unconscionable. We should have more time. I was under the impression we

were going to have 6 hours. I found out when I walked on the floor we have 3, by unanimous consent. I do not know how that happened. We need more time. This is the most important part of the budget to future generations.

I yield whatever time I have to the Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I think it is unconscionable that we not have more time.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. I thank Mary McEvoy, who is a fellow with me who helped write, I think, an important speech. I ask unanimous consent that she be allowed the privilege of the floor during the rest of this debate.

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

Mr. WELLSTONE. Mr. President, what we have before us today is a budget that says loud and clear to the American people that education is no longer a priority. The proposed $40 billion cut in education spending represents the largest education cuts in American history. In fact, it is estimated that by the year 2002, the Federal Government's commitment to young Americans will be cut by over 33 percent. And these cuts span all age groups. For example, by the year 2002:

Over 400,000 young children will be denied a Head Start through preschool education;

Education for over 5.5 million children and youth with disabilities will be eliminated;

School-to-work programs, partnerships between businesses, communities, and schools stand to lose over $5.3 billion.

And less than one-half of the children who need it will receive assistance to improve their reading and math skills. Are these America's new Goals 2002?

The cuts I have listed above are devastating. But there is also another program that the proposed Education budget reductions will negatively impact. I want to talk to you about cuts in student aid.

Remember, all of those who signed the Contract With America have signed a document that says they intend to support cuts in student aid. The proposed Senate budget is serving as another vehicle to accomplish this devastating promise.

Under the proposed budget, $30 billion would be cut in Federal aid to college students over the next 7 years, affecting over 4 million students. For example, last year in Minnesota, over 14,000 students received assistance from the Federal Stafford Loan Program alone. And these students are not from wealthy families who could afford to bear the entire brunt of the cost of their child's post-secondary education. In fact, the average income for the families of these students was less than $37,000 per year.

A college education is an essential part of the American dream. It gives people an opportunity to be all that they can be. And, I know from what my father always believed for me and I believe for my children—that their lives will be better than the last generation because they went on to pursue a higher education. In fact, over 92 percent of all Americans believe that investing in a Federal support of a college education is an investment in our country's future.

We also must remember that college education also significantly benefits to our Nation as a whole. Our communities are stronger, our economy is stronger and our democracy is stronger.

But the dream of an education is more and more difficult to achieve. Most students now are not going straight to college from high school. It is not affordable. Some have to save some money before they can afford to go. Some have small children to take care of. The student body these days includes a lot more non-traditional students—those who are returning to school, those who only go part time because of jobs or family or both, and those who take more than 4 years to get their degree.

The costs of going to school keep going up. Students are forced to put off school until they have saved enough money, seek student grants or go into a lot of debt. It used to be that State and Federal governments provided more grants than loans. Students were not asked to mortgage their future. But over the last 10 years the balance between grants and loans have been inverted—the number of loans far outweighs the number of grants. Loans are now the largest source of Federal student aid.

The Federal Government has had a commitment to high education for almost 50 years. Yet even at its current level of resources, the Federal Government's contribution is insufficient. We should not be cutting financial aid programs—we should be increasing and improving those programs. Higher education is one of the best investments we can make as a country and it is one of the best investments individuals can make in their own future. An education increases earning potential, decreases unemployment, and improves the standard of living.

As a Nation, we cannot afford to cut educational financial aid to America's families. We should not be taking away one of the few opportunities families have for their children and grandchildren to make a better life for themselves.

The Senate should go on record in saying that in our effort to balance the budget we should not be reducing opportunities for students to improve their lives.

IT IS EXTREMELY DIFFICULT TO GO TO COLLEGE THESE DAYS

The total costs of attending a 4-year public institution averages to about $7,600. The average cost to go to a 4-year private institution is around $16,000. Tuition alone has increased more than 120 percent over the last 10 years. At this cost higher education is out of reach for many middle income families. Without student aid many would be unable to pursue higher education. Students must seek out scholarship and other grants and awards. Many borrow, but even that is not possible without help from the Federal Government. For the 1993–94 academic year, students borrowed a record amount—$23 billion from Federal guaranteed loan programs. The average loan exceeds $2,700 annually. And, borrowing of course sends recent graduates into the working world with a pile of debt along with their nice new diploma. Debt that is sometimes with them for half of their lives.

Krista Hannem is a sophomore who will be graduating from community college and going on to Mankato State University to get a B.A. She is 24 years old, and married. She writes:

> I do not receive State or Federal grants, nor do I have any scholarships. In order to pay for my 2 years at [a community college], I have had to take out over $5,000 in student loans * * *. Last year I was receiving help through the State work-study program. When that was cut I suffered again. I realize that part of education is receiving some debt, and that it should not be a free ride, but neither should it be a weight tied around my neck. So I ask that whatever decision you make, you consider the many students like myself who are choking with this weight.

MOST STUDENTS ARE NON TRADITIONAL

The typical student these days is not the Brady Bunch kid who graduates high school and goes straight on to college. Forty-five percent of the student body these days is over 25 years old. In fact, nearly 20 percent of all students are older than 35. Many are single parents. Forty-three percent attend on a part time basis, thus probably not finishing a B.A. in 4 years. Even traditional students, students who enroll full time at 4-year institutions immediately after high school are remaining for 4 consecutive years, obtain a bachelor's degree within 5.5 years. Sixty-two percent of students of all ages work, including nearly half of traditional students. And, about one student in five is a member of a minority group: African American, Asian American, Latino, or Native American.

Denise Peters from Edina writes:

> I am a 29 single parent currently enrolled as a Jr. at the U. of M. Because of the excellent support of financial aid and other programs I have been successfully maintaining a 3.76 GPA. Before returning to school—from the time my son was 6 weeks old I worked as a medical assistant making $9.00 an hour * * *. Without the needed assistance the rug would be pulled out from under me * * *.

Sandra Mitchell from St. Louis Park writes:

> I am devastated at the idea of any financial aid cuts. Not only would I need to drop

out of college—I am a sophomore—but it would leave me with only two options. First, I could obtain an entry level position. Second, I could remain a public assistance recipient for a while. At any rate the best I could do for my self and my son and society is to maintain at below poverty level. I faced these options after a miserable divorce which left me without a home, money, or even credit to plan for the future. I have goals, not only for myself, but to be allowed to contribute and replace what I have used. By the time I graduate in 1997, I will be financially independent. Likewise I am setting an example for my son to achieve independence and pride which are invaluable to our whole society.

Troy Goodwater is a sophomore at Austin Community College. He is a 20-year single male. He lives at home. He has a part-time job and attends college full time. He writes:

My father is retired and receives only a four hundred dollar check each month from social security and my mother works two jobs in an effort to make ends meet. They are unable to assist me in any way in helping paying my tuition. I receive federal and State grants to help me pay my tuition. Without these grants I would not be able to further my education. These grants pay for all my schooling, because of my low finances. The Federal and State grants are very helpful to myself and many other college students, and if these grants are cut, the people who want an education and cannot afford one will suffer the most in the long run.

OUR FEDERAL COMMITMENT TO HIGHER EDUCATION SHOULD BE STRENGTHENED, NOT CUT

For almost 50 years the Federal Government has made a commitment to helping students go on to higher learning. Just during the academic year of 1993–1994 the Federal Government spent $31.4 billion to ensure that lack of resources does not prevent people from pursuing their dreams of a college education. In Minnesota alone, students received more than $420 million in Federal dollars.

The Federal Government provides 75 percent of all student aid including federal grant, loan, and work-study programs.

In 1990, about 5 million students received Federal student aid under one or more Federal programs. In the 1993–94 academic year about 3.8 million students received Pell grants; 4.5 million received Stafford loans; 991,000 received supplemental education opportunity grants; 697,000 received Perkins loans; 713,000 received Federal Work Study awards; and 650,000 received State student incentive grants.

Most Federal student aid is based on need, with the amount of assistance determined by formulas that factor in family, individual earnings, savings, and the cost of education. Pell grants are targeted to the neediest students. The campus-based programs—supplemental educational opportunity grants, Federal work study, and Perkins loans—gives school financial aid officers the flexibility to respond to unique student needs.

These programs help both low- and middle-income families. Of the Pell grants awarded to dependent students—those who are financially dependent on their parents—41 percent goes to students from families with incomes less than $12,000 and 91 percent goes to students from families with incomes below $30,000. Among Pell recipients who are financially independent, 73 percent have an income below $12,000.

Stafford and direct loans primarily benefit middle income families. Most subsidized student loans—72 percent are awarded to students who are still financially dependent on their families. The average family income of a dependent student who receives a Stafford loan—a loan on which interest is not charged while students are in school—is approximately $35,000. Seventy-five percent of such students have family income between $12,000 and $60,000. Among independent students who receive loans, average family income is $14,400. More than 69 percent have incomes above $6,000.

More than half of the students who receive Perkins loans have family income below $30,000. More than half of the students who receive funds under the work-study program have family income below $30,000. And more than 75 percent of students who receive funds under the Federal supplemental education opportunity grant program have family income below $30,000.

In recent years the Federal Government commitment has been diminishing. It used to be that State and Federal governments provided more grants than loans. Students were not asked to mortgage their future. But over the last 10 years the balance between grants and loans has been inverted—the number of loans far outweigh the number of grants. Loans are now the largest source of Federal student aid. And, even the number of loans has decreased. The explosion in the numbers of eligible Pell grant recipients combined with inflation meant that in 1992, 4.2 million students were forced to share the same amount of money that served 2.8 million students in 1987.

FINANCIAL AID IS AN INVESTMENT IN OUR FUTURE

Statistics show that financial aid to students more than pays for itself by stimulating economic growth, expanding the tax base and increasing productivity. A college degree makes an extraordinary difference in the lives of people holding them and in the lives of their communities. Our new service and information-based economy increasingly requires the technical skills and knowledge that can only be obtained through higher education.

Higher education also makes a difference to us as a Nation. A more educated citizenry makes a strong democracy.

THERE ARE BIG DIFFERENCES IN THE FUTURE OF THOSE WHO GO TO COLLEGE AND THOSE WHO DO NOT

Higher education is a ticket to greater opportunity and a better standard of living for millions of people. That is why over 82 percent of Americans feel that without a college-educated work force we will not be able to compete in a global marketplace.

It certainly has been instilled in me since I was young that the most important way to improve your lot in life was through an education. An education meant that your life would be better than your parents. That you would have more opportunities than they did. I feel the same about my children, and now my grandchildren. And, I think an education is even more important now than it was when I was growing up. The economy is so unsure these days that there is no guarantee that our children will be better off than we are. This is one of the biggest worries I hear back home. And part of that concern is the affordability of college.

According to the Department of Commerce, the lifetime average earnings of a man with a college degree is 51 percent higher than his colleague with a high school degree. The difference for women is even greater. The lifetime average earnings of a woman with a college degree is 57 percent higher than her colleague with a high school diploma.

In 1992, figures showed that the median income of men who were dropouts was $15,928, for a man with a high school diploma it was $22,765, and for a man with a college degree it was $36,691. For women dropouts the median income was $9,784, for a woman with a high school diploma it was $13,266, and for a woman with a college degree it was $24,126.

And, of course unemployment rates are decreasing according to education levels. In 1990 the unemployment rate for high school dropouts was about 12 percent. A high school diploma cuts that rate in half. A college degree cuts the rate in half once again.

CONCLUSION

All children, and all people, must share in America's future. We should not be balancing the budget on the backs of students, nor should we be balancing the budget by cutting back on investments in our future. And this must include opportunities for a college education.

The numbers in the current budget proposal that we now have in front of us do not add up. Despite what may be said, we cannot cut $40 billion without substantially reducing Federal aid to undergraduate and graduate students thus denying opportunities for millions of our young people. This educational opportunity cannot belong only to the well-to-do.

I urge my colleagues to restore the $40 billion proposed cuts in Education

programs to the budget. We must send the message loud and clear that this Congress is committed to assuring that all children, youth, and young adults have educational opportunities to become productive, tax-paying citizens of America.

Finally, all I can say as somebody who has been a teacher for 20 years—and it is impossible for me to speak about this issue in now 1 minute or less—I will just say to my colleagues that they are being myopic, very shortsighted, if they do not understand that the very best we can do is invest in the health, intellect, and skill of young people.

If we want to reduce poverty in this country, focus on a good education. If we want to have real welfare reform, focus on a good education. If we want to have a stable middle class, focus on a good education. If we want to have a country that can compete in the international arena, focus on a good education. If we want to have a representative democracy where men and women can think on their own two feet, understand the world, the country, and community they live in, and know what they can do to make it a better world, a better country, and a better community, focus on a good education.

This budget resolution takes us exactly in the wrong direction, and that is why I support this amendment and that is why, one way or another, we will have a lot more debate on this issue over the next 4 or 5 months, several years to come.

This resolution is a huge mistake. We will never reduce the violence, Mr. President, in our communities unless we understand an essential truth, which is we must invest in the health and the skills and the intellect and the character of young people in America, and that starts with investment in education.

That is all I can do, I say to my colleague from Iowa, in 1½ minutes.

The PRESIDING OFFICER. Time has expired.

PRIVILEGE OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Elizabeth Street, a congressional science fellow, and Ruth Hardy, a J.J. Pickle fellow, be granted privilege of the floor during the remainder of the debate on Senate Concurrent Resolution 13.

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

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I understand we have 82 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. BENNETT. Mr. President, I will have some opening remarks, but my colleague from Indiana wishes to speak first, and so we will turn to him. But before I do, and while my friends from the other side are still on the floor, I would like to make one opening comment for myself that I believe resonates with other Members on this side.

Senator WELLSTONE said if you want to solve poverty, focus on education; if you want a solid middle class, focus on education; if you want a sound working force—et cetera—focus on education.

I wish the record could be very clear that this Senator could not agree more with that statement. Indeed, if I may be personal, Mr. President, the thing that got me back into public life after I had left it and decided that I would spend the balance of my career in the private sector as a business executive was when I got a phone call asking me to serve as chairman of the Strategic Planning Commission for Education in the State of Utah. For the next 18 months, I immersed myself in educational issues. I came out of that with the conviction that with the collapse of the Soviet Union, education has replaced defense as the No. 1 survival issue in this country.

So I yield to no one on either side of the aisle in my conviction that we must, as a Nation, solve our educational problem. But I ask this rhetorical question as we begin this debate: As we agree about the importance of education, does that mean that there is no such thing as an educational program that is not working and may need to be defunded? Does that mean, in our conviction that education is essential to our survival, that there is not anything in the Department of Education that could be done more efficiently than is being done today and might, indeed, with better management yield up some hard-earned dollars to go toward balancing the budget? Does that mean we cannot have a lucid discussion about education in this Chamber that focuses on the effectiveness of the educational dollars that we are spending because education is such a Holy Grail that nothing relating to its effectiveness or its performance can be discussed?

If that is what it means, then I think the debate in this Chamber will not be particularly enlightening on this subject to either side.

Before I yield time to the Senator from Indiana, I would like to review the overall record. In unadjusted dollars, Federal spending for education has gone up 900 percent from 1965 to 1993. In constant dollars, it has more than doubled in that same time period. And what has happened to our educational achievements in the period when we have been doubling our commitment? The national assessment of educational progress says that over the past 20 years, there has been little overall change in student proficiency in reading, writing, science, and mathematics.

The senior Senator from New York, prior to his entering this Chamber, was a distinguished writer, and I remember reading an article by him where he said whimsically—and we all know he is given to whimsy at times—if you were to put educational achievement and educational spending on the same chart and track the trend lines, you would come to the conclusion that increased spending produces decreased performance in a straight cause-and-effect relationship.

The senior Senator from New York obviously does not believe it. He did not believe it when he said it, but he said it to make the point that the problems in education are not necessarily problems of money. I came to that conclusion in the 18 months that I immersed myself in educational issues in Utah.

I am dedicated to doing what I can to resolve and repair educational problems in this country. I have established a foundation to which I have given my personal wealth, whose primary focus right now is exploring new ways of solving our educational problems. We have some pilot projects which I may talk about where we are achieving dramatic breakthroughs in teaching and learning progress among disadvantaged students without any increase in costs.

With that opening statement, then, Mr. President, I yield such time as he may consume to the Senator from Indiana.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER (Mr. COVERDELL). The Chair recognizes the Senator from Indiana.

Mr. COATS. Mr. President, I thank the Senator from Utah for yielding, and I certainly want to say how much I respect the amount of effort and time that he has personally committed into looking into this issue, certainly more than this particular Senator. I am anxiously looking forward to his discussion with us about what he has found and what he learned in those 18 months that he has committed to studying this subject. And I think he raises the essential point that we are attempting to deal with here, and that is not whether or not Members of either side are more or less committed to education. I think we are all committed to education. I think our record shows that we are committed to education. But what many of us are attempting to communicate is that the current system of education—providing public education for our children in this country—does not seem to be working very well. Report after report throughout the decade of the 1980's, and now the 1990's, indicates that there are significant problems with the public education system in America. It is not based on anecdote, but it is based on facts, studies, and statistics.

And so the question that Republicans are essentially raising is: Is there a better way to provide education for America's young people, so that they

are better prepared to enter today's work force, so that we as a Nation are better prepared to compete internationally, so that we as parents can provide our children with better opportunities to learn? Those are the questions that are before us.

It is, in a sense, a question of, do we retain the status quo, the structure, the framework that has brought us to this point in American education, or do we allow for change? Do we allow for experimentation? Do we allow for a different approach? And perhaps if we do that, we can find that there is a more effective, more cost-effective and results-oriented way of providing education in this country.

Now, if it were simply a matter of money, we would be the best-educated Nation in the world. Our children would be head and shoulders above everybody else, because we have poured untold amounts of money into education in an attempt to solve the very problems that I think we all recognize exist today in education. It is the solution where we draw a line of distinction in terms of the difference between us.

The fact is that education spending has increased dramatically. In the last 30 years, we have increased spending four times what we spent in the 1950's. On average, we pay as much per student per year in public schools as many private schools charge. Per pupil spending tripled from its 1960 level, resulting in an average cost of $5,971 in 1993 figures. In the last 10 years alone, per pupil spending nationwide has increased 30 percent above the level required to keep up with inflation. That is according to the Education Commission of the States' report.

The Department of Education, in its first year, which was fiscal year 1980, housed 150 programs funded at $14 billion. Today, just 15 years later, it houses 250 separately authorized programs, employing nearly 5,000 people. Its fiscal year 1995 appropriations total is $33.7 billion. Their administrative costs alone are $440 million. The Education Department spends nearly $500 for every student in America.

So the question is not, are we pouring money into education, or are we making resources available either at the Federal, State or local levels for education. That is being accomplished. The question is: What are we getting for the money that we are putting into education? Are we getting the kind of results back that all of us here would desire? Or should we look to see if there is a more effective way of accomplishing this goal?

I suggest that we need to look—and look pretty immediately—at whether or not there is a more effective way, because the results are pretty discouraging.

We have all heard about the decline in SAT scores and the National Assessment of Educational Progress Reports, where in the face of the fact that real public spending in elementary and secondary education rose from just over $50 billion in 1960 to nearly $190 billion in 1990, and whereas real per pupil spending more than tripled from $1,450 in 1960 to $4,622 in 1990, I do not know of anybody saying that the result has been a tripling of the quality of education that is being received by our students.

Eric Hanushek, in his book, "Making Schools Work," which was published by the Brookings Institution, concluded from an exhaustive study of educational funding in America, that funding is not related to school quality.

A study done by American Demographics, a publication of the U.S. Census Board found that——

Mr. WELLSTONE. Will the Senator yield?

Mr. COATS. I will be happy to yield when I have finished my statement. My understanding is that the Democrats have had their full 90 minutes. We would like to use some of our time. I know the clock is running.

Mr. WELLSTONE. I did not mean to interrupt. I understand.

Mr. COATS. The results of the American Demographics study found that there was no direct correlation between the amount of money spent per pupil and student performance. In fact, there were many examples where it was the reverse—the more money spent per pupil, the worse the student performance in that school actually was. And oftentimes, where the amounts per pupil were relatively low, performance was relatively high. And so experts studying the situation had to go in and determine whether or not there were other factors involved in providing learning and education for our students. They found that there were many other factors involved.

Many have pointed to those factors. And those are factors that I would hope throughout the debate this year on education—and to my colleagues who said it is unconscionable that we only have 3 hours, let me just reply that I was not here when the unanimous-consent agreement was offered, but unanimous consent by its very nature means that any one of us can object. If anybody wanted to object, I suppose we could have objected to that.

We will have probably hundreds of hours of debate on education this year in this Congress. There are many bills that will be coming up. Senator LIEBERMAN and I are offering a bill, which may be an amendment to education. Others will be offering amendments on various bills. We will be dealing with this subject at length. So I do not think anybody needs to worry that we are going to be shorted in the amount of time we are going to speak on education subjects.

But, clearly, for those who think the solution to education is simply to pump more money into a system that has produced such disastrous results—I cannot understand that logic. It seems to me that now is the time to be asking fundamental questions about how we can reform the education system in this country. What changes can we make? What demonstration programs should we enter into to give us more data with which we can make decisions?

I have found—and I think this is supported by a number of studies and researchers—that there are some very basic principles that are involved in providing sound education. If you study schools that produce results, if you look at students that can demonstrate through their educational achievement the kind of success that we are looking for, you find some very common themes running through the whole program.

One theme is that the education process to which those students have been subjected to dealt with basic core subjects—the reading, writing, arithmetic and other subjects that have traditionally formed the core of our elementary and secondary education in this country.

We have seen a great deviation from that in the last few decades. There have been many new experimental programs and so forth, and unfortunately, the kind of electives that students have been allowed to sign up for, have not resulted in the kind of educational achievement in the basic subjects necessary for adequate performance in the workplace.

Schools that have returned to basic core subject teaching have turned out students that are much better prepared to compete in today's society.

Second, we found that in those schools that have demonstrated success and students have demonstrated success, we have found that there has been a pretty steady, high level of discipline, that the standards established by the schools, by the communities in which those schools resided, and administered by the administrators and the standards to which the students were held accountable, were high standards. Discipline was one of the major ingredients, one of the basic principles underlying the education process.

Third, we found that there was an emphasis on teachers, not on administrators. We have seen an explosion of administrative costs in our schools, where it seems that we have more positions filled by administrators than we do teachers.

Mr. WELLSTONE. Will the Senator yield? I wanted to ask a question.

Mr. COATS. Mr. President, I give the same reply to the Senator from Minnesota that I gave before. I would like to be able to complete my statement. I am sure the Senator has a number of questions he would like to ask, but I

would prefer to make my statement. To the best of my knowledge, we allowed your side to make your statements without interruption, and I think we would appreciate making our statements without interruption. I know the Senator would like to engage in debate on this subject. The time is divided. We will be happy to do that. There will be plenty of opportunities all year long, in committee, on the floor. We are under a time limitation. The limitation was agreed to. The Senator from Minnesota and Iowa agreed to it, or did not object to it.

So here we are. I think those of us who have a statement to make, to counter the statements made by the Senator from Iowa, the Senator from Minnesota and the Senator from Massachusetts, would like to make those statements without interruption.

Mr. President, if I could do that, I would appreciate that.

The PRESIDING OFFICER. The Senator has the right not to yield.

Mr. COATS. Mr. President, as I was saying, I think one of the basic principles underlying the provision of a sound education is the emphasis on those providing the education, not on those administering the building. One of the most discouraging things to this Senator in viewing public education is to find the layer upon layer upon layer upon layer of administrative bureaucracy designed to solve every problem in the school except providing the teaching of the student.

Inevitably, the more we involve the Federal Government in the educational process, the more layers of administration are required. The more assistant principals for this, that and everything else, the more forms, the more procedures, the more rules, the more of everything but what ought to take place in the classroom.

I, for one, have been urging the Senate to revise the way in which we fund our schools so that we can provide funds to hire competent teachers and then let them teach.

Another thing I have noticed: it does not make a difference how fancy the school is, how much equipment they have, or what the condition of the building is, these items pale in comparison to the requirement that the teacher knows what they are doing and the teacher is able to provide sound teaching to the students under his or her tutelage.

The fourth basic principle I found that seems to be a component of successful education is that the school involves the parents, that there is parental involvement and community involvement in the education process. There is a direct correlation between parental involvement and educational success.

Those are part of the values that we cannot necessarily legislate. Pumping more money into the Department of Education is not going to suddenly transform parents into being more concerned about their children's education. It is not going to make them show up at school more often, be more involved in the homework, be more involved in making sure their student gets to class on time and performs the work that is assigned. Community involvement and parental involvement is an essential key ingredient to educational success.

Finally, and I know this is controversial, but those schools that maintain some core basic values, have some value education as part of their curriculum, are more successful in turning out students who perform better, who are better trained, who do better on the tests. It provides, I believe, a better atmosphere for learning and has been demonstrated to be effective.

The sad reality that has emerged from about 30 years of Federal involvement and ever-increasing Federal dollars and ever-increasing Federal rules and regulations into our education is a pattern of more spending, especially as I said for administration, fewer students staying in school through graduation, lower SAT scores, lower graduation rates and dismal rates of academic proficiency.

We only need to look at the District of Columbia right outside our door to show that spending per pupil is not the solution to the problem. Most public school graduates arriving at college, graduating from District of Columbia schools, are ill-prepared for their further education. Nearly 90 percent of the freshmen at the University of the District of Columbia last fall needed remedial work in English, 49 percent had trouble reading, and 49 percent could not do basic math.

Now, is the solution to pour more money into the system? Or is the solution to say maybe there is something wrong with the system. Maybe we ought to look at ways in which we can change the system.

That is one of the things that Senator LIEBERMAN and I are attempting to do with our school choice demonstration project, designed for low-income families and low-income students and parents who find that their students are trapped in a public education system that is not going to provide them with the education they need to rise out of their current level of poverty. Many parents, particularly those who live in the inner city, are begging for the opportunity to send their students somewhere other than the public education facility.

We have a school in Indianapolis, IN, which is a private parochial school that spends one-third of the amount per pupil as the public school just down the block. We have parents standing in line trying to enroll their students in a parochial school that spends one-third less on their students than the public schools, because they know they are going to get a better education. And why will they get a better education? Because the basic principles underlying the education in that parochial school, many of which I have outlined earlier, are not provided in the local public school. All Senator LIEBERMAN and I are attempting to do is set aside some funds so that on a voluntary basis, communities can enter into demonstration programs, demonstration programs which will provide this Congress with objective data about the school choice alternative, which we can use to determine how best to make the necessary changes in the education system to enable the children in this country to lead successful, productive lives.

Yet each time we offer this amendment, we are thwarted by the same proponents of this amendment. We are not allowed any experimentation. "Do not do anything different. Keep the system just exactly as it is. The only thing it lacks is more money."

Well, I would argue, Mr. President, that it lacks much more than greater amounts of money, rather that it needs fundamental, basic reform. I do not have the answers as to exactly what that reform ought to be, but we ought to at least be able to experiment and give students and parents a choice outside the system. If we can give them a choice outside the system, maybe it will make the system better.

If we had one car company in America, I daresay that we, as consumers, would not enjoy the variety, the quality, nor the cost effectiveness that we get from having competition throughout the industry.

I am not aware of any system in America, that as a monopoly, operates efficiently. Competition spurs better performance, it spurs more cost-effective performance, it spurs better results. Yet we do not have competition in schooling alternatives in America for those with low incomes.

It is easy for Senators to say, "Let us keep all the emphasis on public schools." We can afford to send our kids somewhere outside the public schools. My children go to public schools, but it is easy for me. If I do not like the public school I can afford to send them somewhere else. But what about the low-income mother, living in the inner city? What about the parents who do not have the income to have a choice? They are condemned to a school which is condemning their child to an inferior education, trapping that child in circumstances and in poverty. And we cannot even provide a demonstration project to see whether or not it would benefit the children to have a degree of choice as to what school they attend.

Who are we trying to protect? The administrators? The system? Or do we really care about the education of children? I submit our goal here is not to

protect the system. It is not to protect the administrators. It is not to protect the lobbying groups. Our goal is to look out for the children and give them opportunities that they have not had under our current system.

So, I urge my colleagues to reject this "Let us just put more money into the existing system" amendment. That is what it is. "Let us make sure we perpetuate the status quo. Let us keep everything within the box and the framework will be defined by the public system and their lobbyists. They will define the framework. And do not let anybody dare compete with them because they might do it better."

Who do we really care about? Who are we really looking out for? I contend it is the students we should care about. It is their future we should care about. And we ought to give them the opportunities to escape a lousy, rotten, failed school if that is where they find themselves.

There are many public schools doing a fine job in America. But there are many lousy schools doing a lousy job in America. And to trap a certain segment of our population, low-income families, in that situation I think is a great disservice to the future of this country. To argue that those who object to putting more money into the failed system are against education, or do not care about the future of America, or somehow do not care about the future of our children, is the most disingenuous argument that I have heard. It just flies in the face of the facts that we all know are true.

As the report in the 1980's said, we are just treading along in a sea of mediocrity in public education in this country. It is high time we made some changes in the system. In 1995 let us be a little bit innovative, let us be bold, let us take some chances, especially when we are dealing with a system that has failed us so badly.

I went on longer than I intended. I thank the Senator from Utah for his generous yielding of time. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Utah.

Mr. BENNETT. Mr. President, I yield myself such time as I may require and will yield shortly to the senior Senator from New Mexico, who has a point to make.

Mr. WELLSTONE. May I have a point of inquiry and that is it?

Mr. BENNETT. I will be happy to yield to my friend for a question.

Mr. WELLSTONE. Will there be any opportunity for questions and discussion after the Senator speaks? Or does he want to just go forward without any questions?

Mr. BENNETT. I cannot speak for other Senators. When I get in my presentation, if the questions are not so much a barrier to prevent me from going on to the point I would make, I will be happy to yield for questions at the appropriate time, and tell my friend he could look forward to that, if he can stand the boredom of staying on the floor until I get going.

Mr. WELLSTONE. I thank my colleague for his graciousness and say to him, as a teacher, as long as we are talking about education, the best education is when we have a chance to have this exchange of views. I thank my colleague.

Mr. BENNETT. Mr. President, we have had some general statements about education here. Undoubtedly we will have some more before this time is up.

May I ask how much time remains?

The PRESIDING OFFICER. The Chair would advise the Senator from Utah that he has 49½ minutes remaining.

Mr. BENNETT. I thank the chair.

Let us talk for just a minute, although it may seem extraneous to the discussion we have had, about what the amendment does. Let us talk about the parliamentary situation with which we are faced, rather than about cosmic matters relating to education in general.

The total amount of Federal spending in America's educational system comes to 6.6 percent of the total figure. So we are talking about what happens to that Federal 6.6 percent. With all of this talk about gigantic slashes, even if we were to eliminate all of it that would be a 6.6-percent cut. But of course we are not talking about eliminating all of it. We are talking about funding here at a level that has been established in fiscal 1992. Someone says, "Why do you go back to 1992?" Simply because as I understand the budget process, there was a strong blip up in 1993 and 1994, and the Budget Committee has gone back to the level that they would consider to be more traditional, to hold that level through the year 2002. So we are talking about level funding, not slashing all of the 6.6 percent.

From some of the rhetoric I have heard on the floor this afternoon you would think we were cutting the entire educational system of the country by huge, huge amounts when in fact the amendment proposed by the Budget Committee would establish a level of funding for that which is 6.6 percent of the total rather than the other implications we have had.

Do Washington education dollars fund my daughter's textbooks? No. That is all done with State and local funds. So this budget has nothing to do with textbooks.

Do Washington education dollars pay for my son's teachers? No. That is all done with State and local funds. This has nothing to do with the paying of teachers' salaries.

Then do Washington education dollars build my neighborhood schools? No. We are not talking about building schools, paying teachers, buying textbooks or supplies.

The Federal dollars we are talking about go to very specific programs, primarily to assist State and local governments in efforts for special populations: Disadvantaged, individuals with disabilities—Federal dollars go to assist State and local people in that population. I stress assist, because, once again, the bulk of the funds come from the States and the localities. I will address that in just a moment. It goes to assist those with special needs: Bilingual education, drug use prevention, dropout prevention and so on. Some assists with research.

The programs with the largest outlays in the Federal dollars are Indian education, impact aid, school improvement—that is drug-free schools—math and science improvement kinds of things, education for the disadvantaged—we call chapter 1 programs—and, as I say bilingual education, special education, rehabilitation services for those with disabilities, some vocational, libraries and so on.

I alluded, in my opening comment, to my experience as chairman of the Strategic Planning Commission for Education in the State of Utah. We looked over the budget. That is where you start. You look at the numbers. And as the folks were outlining the budget to me, I said, "Can we move any money from this to this?"

I was told, "Oh, no. You cannot move any money from this function to that function."

"Why not?"

I am coming in as a businessman, all excited with this assignment from the State board of education. I am going to show them some sound business practices—all the naivete that comes with that kind of assignment, with those who really do not understand what they are getting into.

I was told: "You cannot move this money from this program to this program because when it is over here, it is matching Federal funds."

And naively I said: "Oh, matching Federal funds? OK. I understand that. We are spending 50-cent dollars, are we? The Fed put up 50 cents, and we put up 50 cents. I can understand that. Is it not wonderful to spend 50 cents out of every dollar?" "Oh," they said. "Bob, you really are naive. The Feds do not put up 50 cents. The Feds will put up 15 cents and require you to match the 85." "Oh. Well then," I said," "in that case, if we do not like the program, let us just tell the Feds to keep their 15 cents, and we will spend the 85 cents someplace else." Once again, with the shake of the head, "Bob, are you naive? You have to put up the 85 cents whether you want to or not. The Federal law requires it." I said, "Wait a minute. What is it? Matching funds? Matching means 50–50." They said "No.

Matching means whatever the Feds decide it means." "You mean we cannot refuse the 15 cents? We have to take the 85 cents, whether we want to or not, and spend it in this program?" They said, "Now you are beginning to understand."

I said, "What would happen if we did refuse the 15 cents?" They said, "The Federal Government would sue you. And they would win." I said, "Isn't there any program of matching funds where the Feds put up at least 50 cents out of every dollar?" They said, "Yes. There is one program where the Feds put up 50 cents out of every dollar. It is school lunch. But everything else the Feds put up less than 50 cents and the States have to put up more."

So they said, in effect, even though the Federal Government only puts up 6 percent of the total educational budget, the Federal Government controls the State priorities through this process because they distort how you are spending your State funds. My first education, if you will, in education and the discovery of how intrusive the Federal Government can be. Somehow I came back here with the desire that that ought to be changed. And this budget resolution which begins to level out rather than continue to spiral up Federal spending, I think, gives us an opportunity to effect that kind of change.

We have heard a great deal on this floor about the cost of college education, how we need to bring down the cost of college education, to do something about student loans, as this budget resolution does, and that it would be devastating to every college student who has to borrow money to go to college. Now, in this debate they are ignoring one very important thing when they say that.

I am about to yield time to the senior Senator from New Mexico because he has a chart on this and is ready to talk to us about that.

The important thing to remember is that the Congressional Budget Office has told us that, if we adopt this budget resolution, interest rates will come down. That means students who borrow money to go to school will have to pay back less because they have lower interest rates. Not only those students who are borrowing student loans, but also those students who, for one reason or another, cannot get a student loan will also benefit as a result of this budget resolution. The benefit will be across the board. All students who have to go into debt to pay their college education, whether themselves or their parents, will benefit as a result of this budget resolution, and you are diluting that if you adopt this amendment.

Mr. GREGG. Mr. President, will the Senator from Utah yield for a question?

Mr. BENNETT. I am happy to yield for a question.

Mr. GREGG. Does the Senator from Utah think there is a certain amount of irony in this? You have these Members from the other side of the aisle who I know come here in good faith, spending money which is basically the result of the efforts made by Members on our side of the aisle to get the budget balanced, which dollars are generated by a scoring of a balanced budget, as a result of which the CBO says they can score a 2-percent reduction in interest rates.

So the money which is being used in this amendment to fund this alleged expenditure, or this expenditure they are proposing, is generated by a 2-percent dividend which is the result of the drop in interest rates. Yet, they totally ignore at the same time that that 2-percent dividend in a drop in interest rates will run to the benefit of all the students who are borrowing money, all the homeowners who are borrowing money, all the people who have credit cards, all the folks in this country who are involved in the use of credit, whether it is for a home or for getting through the day with their Visa card or MasterCharge card, or whether it is their education.

So they are perfectly happy to spend the money that is generated by this 2 percent dividend, but they give us no credit for scoring the benefits to the students of this country as a result of getting that 2 percent dividend.

Is not that ironic?

Mr. BENNETT. I agree that it is ironic. But it goes beyond that, if I may respond.

The adoption of this amendment would imperil the creation of the so-called special fund or discretionary fund at the end of the process from which they intend to take the $40 billion. In other words, if in fact more money is spent on education than is called for in this resolution, the fund at the back end will not occur and, therefore, it will not be available to them to pay for the $40 billion that they are spending. The only way that can be there is if the budget amendment is held intact.

So it is not only ironic; it is fiscally impossible for you to do both things at the same time.

Mr. GREGG. If the Senator will yield for an additional question.

Mr. BENNETT. I will yield for an additional comment.

Mr. GREGG. I think this point is very important to emphasize because I asked my staff. If they are going to continue to spend this 2 percent that is generated as a result of interest rates coming down, should not we at least find out what that benefit is to the American people generally, not only in the area of deficit reduction but generally? So I asked my staff. They talked to the people at the Federal Reserve and found what the gross consumer debt is in this country and what the gross home ownership debt is in this country. One can make a simple calculation. What is 2 percent of that worth to the American people? They did that. I am not sure how good their math is, but their numbers say that the 2-percent savings on the gross consumer debt, which happens to be $928 trillion, 2 percent savings——

Mr. BENNETT. Was that $928 trillion?

Mr. GREGG. That is right.

Mr. BENNETT. I think the Senator missed a decimal point.

Mr. DOMENICI. That is the entire consumer debt.

Mr. GREGG. The entire consumer debt. The Senator is right, "billion dollars"; $928 billion.

Mr. BENNETT. The entire worth of the country is about $27 trillion.

Mr. GREGG. Just a second. I will get to the trillion dollars. The 2-percent savings on that is $18 billion annually. On home ownership mortgages, the entire debt is $4.3 trillion—$4.3 trillion—which means that the annual savings on that number is approximately $90 billion.

So you put those two together, and you are up to $100 billion of savings in interest costs that we are going to generate for the American consumer over the next year, every year that we have in place this balanced budget.

I did not happen to get the number for what the gross amount is of student loans, but I think that would be a very interesting number. The gross amount of student loans which we have in this country, take 2 percent off that, and I suspect you are going to see that the dividend to the students in this country far exceeds the number which is being considered here over a 5-year or 7-year plan.

I think this is critical to understand because there is nobody on that side, nobody, who is going to vote to institute the type of changes that are necessary in order to get to a balanced budget which generates this dividend, this reduction in interest rates.

I think it is critical. I appreciate the Senator from Utah correcting my math. That is deeply critical. But I think it is very important, as the Senator from Utah has pointed out; it is a very significant fact.

Mr. BENNETT. I thank the Senator.

I have two observations. One is a personal one. I remember when I went to the University of Southern California where my son decided he wanted to go. I went there with some fear and trembling because I did not think I could afford to have him do that, my two other children having gone to much cheaper institutions financially.

I said, "Can I get a loan?" They said, "Well, what is your income?" I told them my income. They said, "Well, we are not sure. Do you have any other children in college?" I said, "Oh. Sure." I have six children and not all of

them were in college at the same time but enough were. They said with other children in college I could get a loan. I said, "Good. At a lower interest rate?" "Oh, yes. Subsidized interest rate." Then they said, "By the way, what is your house worth?" I was living in southern California at the time, and real estate prices had gone sky high. And when I told them what my house was worth, they said, "There is no way in the world you can qualify for a loan with that much net worth." The only way I could get that son in school was to take out a second mortgage on my house. But I could not get it subsidized with a Government program because my house was worth too much.

So, on a personal basis, bringing down the interest rates 2 percent on my home loan would have been tremendously valuable to me in terms of what I could afford for that student. And that goes to the point I was making earlier, which is this budget resolution, if passed intact, will not only benefit those students that are getting student loans from the Government but the over 50 percent of students whose loans are not subsidized by the Government but whose parents are paying for it directly.

I refer you to the chart which the senior Senator from New Mexico has placed on the floor, and I ask the Senator if he would care to take us through that.

I yield such time as the senior Senator from New Mexico may require.

Mr. DOMENICI. I thank the Senator very much.

Mr. President, I am not sure that Senator HARKIN would be within earshot of these comments, but actually, from my standpoint, I would just suggest he very much wanted to speak and apparently did not get a chance. I would have no objection if he wanted to use 5 or 6 minutes of our time, if he appeared here shortly on the floor, I say to the Senator.

Mr. BENNETT. I would have no objection.

Mr. DOMENICI. If the Senator would like to come to the floor, I will yield him 6 or 7 minutes if he wants to speak. We will try to work it out where he does not get the last remarks, just as a matter of principle but, otherwise, I would not mind at all.

Mr. President, maybe what I will do for a few minutes is just go through about 5 charges, what we have been charged with doing in this budget, and respond to it in terms of what we think we are doing. So maybe I could just take a few minutes and do this.

Yesterday, I was on the floor and heard this. I would be very surprised if it was not said again today. Under the Senate resolution, thousands of students will not have access to Pell grants. Remember that statement?

Response: The budget resolution before us makes a number of assumptions and comes out with exactly the amount of money saved and spent in this resolution. The answer to that charge is: Absolutely false. The Senate resolution assumes no changes in the Pell grant program.

In fact, the report accompanying the resolution states clearly current law funding for Pell grants is assumed. The Pell grant program, while a discretionary program and thus up to the appropriators, is funded on the basis of eligible population. The resolution assumes that this will continue to be the case. The Pell grants will be $2,340 per student. The Senate resolution has no change in current law.

Next one. Charge: Under the Republican plan—and this is the most gross charge and grossly erroneous charge—it will cost graduate students $40,000 more to go to school.

Response: This argument is based upon the assumption that the student borrows the maximum amount for all 4 years of undergraduate education, for 2 years of graduate school, that interest accrues during that entire period while the student is in school, and they repay the loan over 20 years.

Now let me suggest, the Senate plan does this: For the above student that I just referred to, interest costs would accrue during school only for those loans taken out as a graduate student, not undergraduate. Under the Senate plan, under the most extreme case, for example, if a student borrowed the maximum amount, $65,000 over 6 years, and took 30 years to repay—not 20, but 30; so we even make it a longer period of time—their cost would rise by 10 percent over what they would pay under current law.

Under current law, this student would repay a total of $173,605. Under the Senate plan, in an extreme case, affecting less than 1 percent of all students—that is why I used it; it is an extreme case—we would add $17,000 over 30 years, not $40,000 over 20, and only 1 percent of the students borrowing money today would be affected by that most extreme scenario. And they are all graduate students. Now, that is the truth.

Charge: Under the Senate resolution, it will cost undergraduate students an additional $5,000 repayment of their loans.

Our response: That assumption is based upon the premise that an undergraduate student borrows the maximum amount allowable each year for 4 years, and that interest accrues during the in-school period.

Again, this is false. The assumption about the Senate resolution is false and is being done in a vacuum. The Senate resolution assumes current law with respect to undergraduate students while they are in school. Under current law, while they are in school, their interest will not accrue until graduation.

Under the Senate balanced budget resolution, a student who borrows $17,125 over 4 years will pay an additional $182 over the 10-year repayment, for approximately $1 per month.

Now, I could go on, but I will insert in the RECORD the charge about middle-class families not being allowed to send their children to college. That is an allegation, a charge.

Response: For all students, the plan provides a current growth in loan volume as projected by the Congressional Budget Office.

According to the Congressional Budget Office, the availability of loans for students at much lower cost than what they could receive in consumer markets will not be limited in any way under this budget plan.

Under this Senate plan, students will receive $26 billion in 1996. The level of available loans will continue to rise to $33 billion by the year 2000.

Over the next 5 years, $151.4 billion in student loans will be available.

Now, Mr. President, I am quite sure that for those who listened to the debate, they would never have assumed that that is the case, for they would have assumed the Republicans do not understand the value of education. They would have assumed that we just set out on a course to say even those programs that are successful, we are for cutting them, tightening them up, getting rid of them, none of which is true.

Mr. President, I would like very much to go through this chart for a minute and then tell the American people what we are trying to do.

Here is the way the undergraduate program looks.

Current law, original principal and amount borrowed, $10,000. Senate budget resolution, same, $10,000. Difference, zero.

Amount used to pay fees, $400; $500; $100 in additional fees.

In other words, we are having the student pay a little bit of the fees, $100.

Amount available to pay education costs over 10 years, $9,600; $9,500; minus $100.

Original principal amount of repayment, $10,000; $10,000. Difference, none.

This next one, the accrued interest during 6-month grace period. This is the change. Right now, you have 6 months after graduation and obtaining the degree before interest starts to accrue. So during that 6 months, there is zero. In the suggested program in that budget resolution, you do not get that 6-month grace. You start paying interest—$330 total amount at repayment. You would have thought these undergraduate students were going to end up paying three or four times what they are paying—$10,000; $10,330; plus $330.

Perhaps there are some who would like to say, "We can't afford that. We just cannot do that. Do it somewhere else." Or, "Do not get a balanced budget. Just charge the future generations. That is a little, tiny bit of money."

Repayment at a standard 10-year monthly payment, $123. Estimated after the balanced budget, $124. Why? Interest rates come down. The amount is $1.

Somebody might say, "But what if those interest rates do not come down?" Let me see if I can read what happens. This one is changed to $8, Mr. President. So instead of $1, which we assume will be the case, a $1 increase, it will be $8. This is the entire student loan program, $26.6 billion. Are we cutting the $26.6 billion? How much is it going up to? One hundred fifty-one billion dollars over 5 years, that is what we are recommending this loan portfolio be for undergraduates. Cumulative repayment.

College students of America, your contribution to helping us balance the budget of the United States under the student loan program is $1 a month increase, an astronomical amount over the 10-year repayment of $142. Frankly, I will take my chance on that on any campus in America. I will go tell the freshmen and the seniors: For your student loan program, do you want to share a little bit with us the sacrifice so we can get a balanced budget, or do you want to listen to people who say to do that is to destroy universities, is to eliminate opportunities for all our children, all those wanting to go to college?

I do not believe that is the case, and I do not believe the young people in college feel that. If we were not going to get a balanced budget, and we were just going to run around here like we have been doing for all these years and tinkering around the edges and say we will take care of that some day, some day some year—in the meantime, get your college degrees and go to work and then we will make you start paying off these bills. Not these bills, these other giant bills, these billions that we are going to charge to you, you college students, we are going to make you pay them off, I would think they would jump for this proposition. Frankly, that is not all.

We have been accused here of cutting title I for the poor children. Let me tell you, I do not know whether the appropriators will cut it or not, but we left it at current law. We did not even touch title I. It needs a lot of reform, everybody knows that. It has been reformed somewhat. We did not touch it. We said it is a good program.

You know, Mr. President, we do not have the time to go through every charge, but I thought it might just do a little bit of good to put in perspective one program that people are talking most about. That is the undergraduate student loan guarantee program. I think we have done that fairly well here, and I thank the Senator for yielding.

Mr. BENNETT. I thank the Senator. Mr. President, how much time remains?

The PRESIDING OFFICER. The Chair advises the Senator from Utah that there are 20 minutes remaining. I notice the Senator from Idaho on the floor. I yield 10 minutes to the senior Senator from Idaho.

The PRESIDING OFFICER. The Chair recognizes the Senator from Idaho.

Mr. CRAIG. Mr. President, let me thank the Senator from Utah for yielding in what is really one of the most important parts of the debate as we consider Senate Concurrent Resolution 13, and that is a portion of the debate that most of us would consider, and many would argue from the other side, is a portion of the Federal budget that is an investment in the future, an investment in the education of our young people.

While the amendment of the Senator from Iowa and South Carolina would argue all of these very worthy issues and attempt to put them in perspective, what they are really arguing is against a balanced budget. They are largely arguing that at least there should be somewhere near a $40 billion to $50 billion deficit built into the budget as we are now having it proposed to us, at least to the future, the next 5 to 6 years, and the dividend that the chairman of the Budget Committee and that Senate Concurrent Resolution 13 embodies that we believe would go into potential reductions in taxes that would stimulate the economy simply is not what ought to be done or how it ought to be spent.

So it really is important when you listen to the Senator from New Mexico argue about an investment in our young people's future. To begin to weigh just how important a balanced budget is, last year the Office of Management and Budget, I believe, proposed that young people in the very near future, at least in their earning lifetime if they were born last year, would have to start investing as much as 80 percent plus of their gross income into all forms of Government just to continue current services as they would be projected from last year into the future 30 to 40 years and into the peak of their earning capacity.

That is talking about the future. If I have to turn to the young people in my family and say you are going to have to pay 65 to 75 to 80 percent of your gross pay to afford all levels of Government, I am awfully afraid they are going to say: "Dad, I don't want to work that hard. What is the advantage in working hard to get ahead? I can't own a home or at least the kind of home that you and mom used to own. I am not sure I can afford to provide for my children the kind of education that you helped me get, because we cannot afford the Government that you left us."

So the reason I am on the floor tonight and the reason a lot of Senators have come to the floor the last few days and will through tomorrow and Wednesday is because for the first time in this Senator's legislative life in Congress, I have a chance to vote for a balanced budget amendment. No longer is it just the idea or the concept that since 1982 I have come to the floor to debate, and that is a constitutional amendment requiring a balanced budget, we are doing what the other side, the Democrats for over 5 weeks, challenged us to do: "Don't put forth an amendment, put forth a balanced budget. Don't talk just rhetoric, do it."

So the Budget Committee of the U.S. Senate and the Budget Committee in the House are doing it, and they are doing it in a way that absolutely begins to cause the American people to understand that this is not pie in the sky, this is reality. It can be done.

So, Mr. President, for the next few minutes, let me give you the top 10 list of why we ought to have a balanced budget amendment and why Senate Concurrent Resolution 13 is or should be rated as No. 1, if you are listing top 10 lists.

The first reason we ought to have it is the very reason I have been talking about, the very reason the Senator from Utah and New Mexico have talked about. It is our children, it is the future, it is providing them with an unburdened, debt-free opportunity to achieve. And when you strive to do that, you create an economic environment in which our colleges and universities can thrive in the very economy that supports them, and that is usually the State economy, and the local economies can also thrive.

What is the second reason in the top 10 list? It is jobs. It is the fact that DRI McGraw-Hill, one of the leading economic forecasting firms, has projected that a balanced budget will create 2.5 million new jobs by the year 2002. That is exciting to think that if we get our economic house in order that the economy of this country will begin to respond by the generation of an additional 2.5 million jobs. That makes a world of sense.

What is the third reason in the list of 10? It is the seniors, the seniors of our Nation, who I think really recognize what this debate is all about because they were born into a debt-free society. They were taught by their elders to live within their means, and it is awfully frustrating for them today to understand, or to try to understand, why we have a $4.8 trillion debt and why we are having to look at Government and attempt to downsize it and change it and shift the priorities today.

And when we debate Social Security on the floor, they understand better than anybody else that the debt is the threat to Social Security, not the U.S. Congress. The reason Medicare is in trouble is the spending rate and the fact that it will be bankrupt, and

President Clinton's own advisers said it. Yet, the other side ties their hands and walks away and uses the language of fear. The seniors understand that in this country. They know that the debt is the threat to Social Security, to the future of our young people, to the strength of our colleges and universities, and to Medicare.

What is the fourth good reason? Well, it is lower taxes. It is the stimulation of an economy. It is what makes sense in America, that we do not overburden our society beyond their ability, or their will, or their enthusiasm to produce.

The fifth reason is economic growth. It is not trickle down. It is called leaving money in society to generate an economic base that fuels an economy that creates jobs.

It really means if we do what we say we are trying to do, that we put $1,000 in every wage earner's pocket, that the Federal Government would have reached out and snatched away by 2002, if we pass this resolution and if this Congress becomes committed to a balanced budget amendment.

Reason 6 in that top 10 list is investment. Over $200 billion a year in annual deficits drag the economy down, and we know—and economists are telling us—that if we balance the budget, we are going to see an economy begin to pick up at another 2 or 3 percent annually. That is jobs. That is exciting.

Well, if you really look who is buying the debt, who is really taking advantage of a Government that is in perpetual debt and has to borrow a lot of money, it is an awful lot of overseas interest. We used to hear that argument from the other side. Somehow they are quiet today. They are not interested in the fact that we pay $75 billion or $80 billion interest that flows abroad when that money can stay here and be invested in our society and create jobs for our people.

Of course, what we are doing with this resolution also empowers the U.S. Congress to begin to look at the priorities of what Government really ought to be doing and, most importantly, what Government should not be doing; what State government ought to be doing that the Federal Government now may be doing but that it should not be doing. That is the kind of shifting in priorities that I think is fundamentally important. When we talk about the Domenici dividend and the $170 billion that will be saved and, therefore, create an opportunity through taxation to—reductions to stimulatc our economy, that is the kind of empowerment that our Congress is talking about.

The ninth reason is a reasonable and responsible glidepath. Anybody who has served in Congress any length of time who is committed to balancing a Federal budget knows, and knows very clearly, that it cannot be done overnight. It probably should not, under any circumstance, be done overnight. But this Budget Committee, with the direction of this side of the aisle, has built a glidepath to take us to the year 2002 that makes a heck of a lot of sense. And that builds the kind of economic resurgence we need and says to the average worker: You are going to have less Government to pay for. And, in simple terms, that means you are going to have more money to spend on yourself and your kids. That is what this budget really ought to be all about.

In the end, the 10th and most important reason is the people of our country. Seventy-five to 80 percent of the American people, year after year, for well over a decade, have said: Congress, wake up, balance the budget, get your fiscal house in order. The debt is really the threat to our future and the future of this country, and they, as the average citizens, know it. The common sense of balancing your own checkbook has already said it.

For years, we have labored under the burden that if we just spent a little more in every program, the world would be just a little better. We have put a lot of money into education, and our educational system today does not meet the test and standards that we want it to meet.

Mr. President, those are the top 10 reasons that the Harkin amendment ought to be voted down and that we ought to stay with Senate Concurrent Resolution 13, the reasonable approach toward balancing the Federal budget and forcing this Congress into the kind of spending priorities that it must make and it never before has caused itself to do.

I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BENNETT. How much time remains?

The PRESIDING OFFICER. Eight minutes three seconds.

Mr. BENNETT. As per the previous agreement, I yield 4 minutes to Senator HARKIN and reserve the remainder for myself.

Mr. HARKIN. Thank you. I appreciate the yielding of the time so that we can have a few more minutes to respond and make a couple of points on this side.

First of all, the Senator from Utah is a very thoughtful individual. I wanted to respond about some of the comments he made at the opening of the debate in regard to reviewing on a regular basis and changing education programs. I want to assure the Senator that on a regular basis, our committee, the Education Committee, reviews—as we do in the authorizing process every year—and has hearings, and we do change programs. We are doing that right now with IDEA, Individuals With Disabilities Education Act; we are changing it. Last year, we reauthorized the Elementary and Secondary Education Act, and we made several changes to the title I program. We rewrote the formula. It was quite a fight around here, as the Senator probably remembers. That went on for several months. In 1992, we reauthorized the Higher Education Act and again made changes, in responding to the concerns of our constituents. For example, one of the changes we made concerned a lot of farm kids with parents that were land rich but had no cash. They had a farm but did not have any money. We changed that so these kids could be eligible, also, for financial assistance.

Finally, every year the appropriations process also does its part. For the 6 years that I chaired the subcommittee, we eliminated programs every year. Last year, more than a dozen education programs were just eliminated. I wanted to respond to the Senator that we do take our responsibility seriously, and we do have the authorizing process here under which we do, in fact, review these programs and get rid of some in the appropriations process, change them as times and circumstances demand. I feel very strongly that trying to use the budget process to maintain certain changes without having gone through this authorizing process and without looking at the history, I think, is really the wrong approach on this.

Finally, I wanted to respond to the chairman of the Budget Committee, Senator DOMENICI, in talking about some of the figures and how they add up. When you look at the assignment from the new GOP budget, the numbers do not add up. They require a $13.7 billion cut. But when you look at what the Budget Committee proposed in privatizing Sallie Mae, we get no money. Maintaining long-term interest rates for student loans, we pick up about $229 billion. Extending the State default fee to direct loans, we get $702 billion. Eliminating in-school interest subsidy for graduate students, $3.3 billion. There is about $4.257 billion in the instructions of the Budget Committee. Yet we are supposed to cut $13.7 billion. Maybe this is why I am so interested in putting more in education. This math does not add up. I hope the chairman will look at his math. And $13.7 billion does not equal $4.257 billion. So there is a gap here of money that needs to be raised.

I submit, Mr. President, that really the only way we can possibly get it would be through the undergraduate student loan program, which is the only program large enough under which we can get the missing $9 billion.

Finally, the budget chairman claims to hold the Pell at the current level. But if we add inflation and the additional growth of students, that comes out to be a 40 percent reduction in value of the grant by the year 2002.

What is now about a $2,500 a year grant will now be down to about $1,600 by the year 2002.

The PRESIDING OFFICER. The time of the Senator from Iowa is expired.

UNANIMOUS-CONSENT AGREEMENT

Mr. BENNETT. Mr. President, I ask unanimous consent that when the Senate considers the conference report accompanying H.R. 1158, the supplemental rescissions bill, that it be considered under the following time agreement: 20 minutes under the control of the chairman and ranking minority member of the Appropriations Committee; 30 minutes under the control of Senator MCCAIN; 10 minutes under the control of Senator FEINGOLD; 15 minutes under the control of Senator WELLSTONE; and that following the conclusion of the debate, the Senate vote, without any intervening action or debate, on adoption of the conference report.

I understand this has been cleared with the minority side.

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

Mr. BENNETT. Mr. President, we have come to the end of this debate. We have heard a great deal about education, a great deal about numbers, whose numbers add and whose numbers do not.

Mr. President, I will not try to repeat or summarize all the rhetoric that has gone down. There is one point that perhaps has not been adequately made that needs to be understood by all Senators before we vote.

If we pass this amendment, the entire $170 billion reserve is lost. The $170 billion reserve exists only if the Senate budget resolution passes as structured. It comes from the scoring of the CBO that says if this amendment passes as structured, the lowering of interest rates and other economic activity that will occur as a beneficial result of this budget will produce an additional $170 billion.

If the budget does not pass and is not enforced as structured, the $170 billion will not be there. So the $40 billion that is taken in additional spending breaks through the one condition that the CBO laid out when they promised the $170 billion—I am informed by the chairman of the committee that if this amendment passes, the $170 billion that we thought would be available to the Finance Committee for consideration for other purposes will, in fact, not be there. And the whole $170 billion will disappear.

If for no other reason, Mr. President, that alone is reason enough to vote down the Harkin amendment.

We must recognize the work that the Budget Committee has done and how carefully they have structured all of their numbers, how carefully it has been examined by the CBO, and on what thin ground the $170 billion reserve fund rests. It is not thin ground in the analysis, but it is thin ground in terms of the ease with which the ground could be cut away by amendments that break through the overall limit.

If we, in our wisdom, decide we want to increase the budget by that $40 billion, meaning there will be no balanced budget by the year 2002 because there are no offsets in the Harkin amendment, meaning that we do not reach our target, then what the CBO says the cost will be, will be $170 billion gone in the form of lower interest rates and lower economic activity.

The Budget Committee, as I understand it, did not put that in. It came from the CBO after the analysis. Senators must keep that in mind as we cast this vote. I yield the floor.

VOTE ON AMENDMENT NO. 1116, AS FURTHER MODIFIED

The PRESIDING OFFICER. The question now occurs on amendment numbered 1116, offered by the Senator from Maine [Mr. COHEN].

Mr. DOMENICI. 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.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 174 Leg.]

YEAS—99

Abraham	Feingold	Lugar
Akaka	Feinstein	Mack
Ashcroft	Ford	McCain
Baucus	Frist	McConnell
Bennett	Glenn	Mikulski
Biden	Gorton	Moseley-Braun
Bingaman	Graham	Moynihan
Bond	Grams	Murkowski
Boxer	Grassley	Murray
Bradley	Gregg	Nickles
Breaux	Harkin	Nunn
Brown	Hatch	Packwood
Bryan	Hatfield	Pell
Bumpers	Heflin	Pressler
Burns	Helms	Pryor
Byrd	Hollings	Reid
Campbell	Hutchison	Robb
Chafee	Inhofe	Rockefeller
Coats	Inouye	Roth
Cochran	Jeffords	Santorum
Cohen	Johnston	Sarbanes
Conrad	Kassebaum	Shelby
Coverdell	Kempthorne	Simon
Craig	Kennedy	Simpson
D'Amato	Kerrey	Smith
Daschle	Kerry	Snowe
DeWine	Kohl	Specter
Dodd	Kyl	Stevens
Dole	Lautenberg	Thomas
Domenici	Leahy	Thompson
Dorgan	Levin	Thurmond
Exon	Lieberman	Warner
Faircloth	Lott	Wellstone

NOT VOTING—1

Gramm

So the amendment (No. 1116) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. President, may we have order, please?

Mr. President, the pending Harkin amendment is not germane to the provisions of the budget resolution. Pursuant to section 305(b)(2) of the Budget Act, I raise a point of order against the pending amendment.

MOTION TO WAIVE THE BUDGET ACT

Mr. EXON. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive section 305 of that act for the purposes of the Harkin amendment.

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.

The PRESIDING OFFICER. The question is on agreeing to the motion from the Senator from Nebraska to waive the Budget Act for the consideration of amendment No. 1117 offered by the Senator from Iowa. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Texas [Mr. GRAMM] is necessarily absent.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] is necessarily absent.

The yeas and nays resulted—yeas 47, nays 51, as follows:

[Rollcall Vote No. 175 Leg.]

YEAS—47

Akaka	Feinstein	Levin
Baucus	Ford	Lieberman
Biden	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Breaux	Heflin	Murray
Bryan	Hollings	Nunn
Bumpers	Inouye	Pell
Byrd	Jeffords	Pryor
Campbell	Johnston	Reid
Conrad	Kennedy	Robb
Daschle	Kerrey	Rockefeller
Dodd	Kerry	Sarbanes
Dorgan	Kohl	Simon
Exon	Lautenberg	Wellstone
Feingold	Leahy	

NAYS—51

Abraham	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Packwood
Brown	Gregg	Pressler
Burns	Hatch	Roth
Chafee	Hatfield	Santorum
Coats	Helms	Shelby
Cochran	Hutchison	Simpson
Cohen	Inhofe	Smith
Coverdell	Kassebaum	Snowe
Craig	Kempthorne	Specter
D'Amato	Kyl	Stevens
DeWine	Lott	Thomas
Dole	Lugar	Thompson
Domenici	Mack	Thurmond
Faircloth	McCain	Warner

NOT VOTING—2

Bradley Gramm

The PRESIDING OFFICER. On this vote the ayes are 47, the nays are 51.

Three-fifths of the Senators duly chosen and sworn, not having voted in the affirmative, the motion is rejected.

The amendment expands the subject matter contained in the underlying resolution in violation of section 305(B)(2) of the Congressional Budget Act. The point of order is sustained. The amendment falls.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, we have had a lot of inquiries as to what will happen the remainder of this evening. We are still discussing this with the Democratic leader, Senator DASCHLE. Let me indicate what I hope will happen for the remainder of the week.

As I understand, when we complete action today, if we stay 5 more hours, there will be about 15 hours left on the resolution. And then tomorrow, to accommodate the other side for their fundraiser, we can only go to about 6 o'clock, but we can still maybe get 8 hours in by working through the lunch hour—or 10 hours—and start at 8, 8:30. So then that would leave 5 hours remaining on Wednesday. If we start early on Wednesday, we hope to finish this bill by mid-afternoon on Wednesday and, I assume, as in many other cases, there will be a number of votes before final passage.

Amendments will be called up and voted upon. You could have 2 or 3 hours of votes because we want to move to the antiterrorism bill, hopefully, on Wednesday, try to complete action on that Thursday or, if not, on Friday. We indicated to the President we would do that.

It is my hope we can have a bipartisan effort so that we can pass that legislation before the Memorial Day recess, as we indicated to the President we would.

We are not in a position to indicate there will be no more votes, but there will be no more votes at least until 9:15, 9:30, if that is of any help to anyone. Otherwise, we will be here a number of hours and there will be votes. If we are here, we could have votes.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, we on our side are entitled to an amendment. Senator ROTH is going to offer an amendment. I designate him to be in control and manager of the time on our side.

The PRESIDING OFFICER. The Senator from Delaware.

AMENDMENT NO. 1121

(Purpose: To express the Sense-of-the-Senate that the number of Federal full-time equivalent positions should be further reduced, and for other purposes)

Mr. ROTH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 1121.

Mr. ROTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. THOMPSON). Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the resolution insert the following new section:

SEC. . SENSE OF THE SENATE REGARDING FURTHER FEDERAL WORKFORCE REDUCTIONS.

It is the sense of the Senate that the assumptions underlying the functional totals in this resolution include that the reductions in Federal full-time equivalent positions required under section 5(b) of the Federal Workforce Restructuring Act of 1994 (5 U.S.C. 3101 note) should be further reduced to provide that—

(1) the total number of full-time equivalent positions in all agencies shall not exceed 1,682,300 during fiscal year 2002; and

(2) of the additional reduction of 200,000 full-time equivalent positions provided for under paragraph (1), no more than 50,000 shall be within the Department of Defense.

Mr. ROTH. Mr. President, my amendment would express the sense of the Senate to reduce the number of Government-wide full-time equivalent [FTE] positions over the next 7 years. It is consistent with the Domenici budget to streamline and eliminate several Government functions and programs.

The amendment provides for a reduction of 200,000 positions by 2002 in addition to the already enacted reduction of 272,900 FTE's by 1999 in the Federal Workforce Restructuring Act of 1994. That legislation included government-wide annual FTE caps on civilian employment as well as provided buyout authority to help agencies downsize in a more humane fashion.

The Domenici budget calls for the elimination of the Department of Commerce, an idea that I have endorsed since the early 1980's. It also calls for the elimination or phase out of nearly 150 Federal programs and functions. My estimates show that with these programmatic changes, over 150,000 positions could be eliminated in non-Defense agencies by fiscal year 2020.

My amendment limits the overall reductions within the Department of Defense to 50,000. Current Clinton administration projections show that 208,000 of the mandated 272,900 FTE reductions will be within the Department of Defense. This amendment will help to achieve the originally intended balance to further downsize the non-Defense related agencies as well. My amendment is consistent with the Roth-Kasich Defense Department acquisition reform bill to reduce the number of acquisition personnel. According to the Congressional Budget Office, this reform bill would produce 42,500 in FTE savings with the Defense Department.

Current FTE reductions to comply with the 1994 Federal Workforce Restructing Act of 272,900 by 1999 are proceeding as planned. Further, OMB has estimated that the total civilian workforce will be approximately 25,000 below the existing FTE cap levels for 1995 and 1996.

Let me take just a few moments to explain the personnel savings that could be achieved within the acquisition workforce at the Defense Department. Despite recent efforts at improvement, DOD programs continue to experience significant cost, schedule and performance problems. A recent Defense Department study found that defense programs are over budget and behind schedule by one-third, on average. The Defense Science Board reported that "* * * without fundamental reform, DOD will be unable to afford the weapons, equipment and services it needs to provide for our national security." After spending billions of dollars this suggests our troops in the future could face an enemy who is better equipped, because of the failure of the current bureaucracy to efficiently procure weapons.

Last month, I introduced the Defense Acquisition Management Reform Act to address this situation. It contains two key elements. First, it busts the bureaucracy. It combines the three separate maintenance and procurement systems—the Army, Navy and Air Force—into one. This is a commonsense solution for incredible duplication and inefficient bureaucracy. In fact, this bill turns 20 levels of bureaucracy into 3, and eliminates hundreds of paperwork requirements.

We are proposing that the Pentagon use the lean, results-oriented approach employed by globally competitive high-technology firms. This will not only highlight results over process, but it will cut the timeline in half! As the result, the bill returns authority to program managers and those who actually use the weapons.

Second, it changes the incentives and rewards that drive the day-to-day actions of the individuals in the buying system. The Defense Acquisition Management Reform Act of 1995 gives managers and contractors the incentives they need to deliver their programs on time and on budget. If they deliver more than 10 percent ahead of time and under budget, they get bonuses. If they deliver more than 10 percent late or over budget, they are penalized. If they are more than 50 percent over budget, the program is cancelled. It is that simple.

These changes are only a few of the many features contained in this bill that will save the American taxpayers some $20 billion each and every year. As a part of these savings, we calculate that this bill will allow a reduction of the defense acquisition work force, currently estimated at 425,000, by at least

10 percent. This is a bill with teeth, different from past reform efforts because of the incentives and penalties that will affect the program managers. Pay for performance and busting the bureaucracy will make all the difference.

The act focuses on eight, key principles: First, expanding the 90 percent cost, schedule and performance goals established for defense acquisition by the Federal Acquisition Streamlining Act of 1994; second, creating a single, lean DOD acquisition command which is more responsive to the war fighters; third, more directly tying the pay of the work force to achievement of program goals; fourth, establishing an accelerated, results-oriented acquisition cycle which is more sensitive to user needs; fifth, speeding up the contracting process; sixth, instituting performance-based contract management which focuses on sharing with defense contractors the gain (or the pain) of meeting (or missing) program performance goals; seventh, requiring improvements in the financial management systems and procedures used to ensure the most effective stewardship of taxpayer dollars; and eighth, increasing the efficiency of acquisition operations through consolidation of military depots and elimination of duplicative defense industry capabilities.

Mr. President, as I said, the purpose of this amendment is to express the sense of the Senate that the number of Federal full-time equivalent positions should be further reduced.

It is a very simple amendment. It provides that it is the sense of the Senate that the assumptions underlying the fundamental totals in this resolution include that the reductions in Federal full-time equivalent positions required under section 5(b) of the Federal Work Force Restructuring Act of 1995 should be further reduced to provide that, first, the total number of full-time equivalent positions in all agencies shall not exceed 1,682,300 during fiscal year 2002; second, of the additional reductions of 200,000 full-time equivalent positions provided for under paragraph 1, no more than 50,000 shall be within the Department of Defense.

Mr. President, I urge the adoption of my amendment. I yield the floor.

Mr. GLENN. Mr. President, I rise to oppose the amendment by my colleague and committee chairman on Governmental Affairs. I do it, although this is a sense of the Senate and is not binding on the Senate. I am afraid that it sets out goals that are not achievable.

Let me go back. The new administration came in. One of the things that they set out to do was to downsize Government. They have been doing a pretty good job of it. They have been getting very little credit for it. They have been doing a pretty good job. First off, they do not go about their task of downsizing Government just by picking a number off the top of their head to set out as a goal for reducing the full-time employees of Government, the FTE's.

What they did was have the Office of Personnel Management actually make estimates, department by department, agency by agency, all over Government, and come up with a total of what they thought was really doable.

Mr. President, they set out to have the Office of Personnel Management do actual estimates, the numbers of full-time employees that the managers, doing the work of Government, thought they could do without. They came up with a total. It came out to 272,900, to be done over a 4-year period.

Now, Mr. President, that was doable. That had a basis in fact, a basis in the estimates that were made by the various departments and agencies.

Now, that was a very studied approach. As a result of that, we had fewer reductions in force where they are mandatory, where they call people in and fire them. That was not necessary.

What we did was we provided for buy-out legislation, put some money in the kitty so they could address this problem of getting people to leave Government, not just solely by attrition, because attrition, unfortunately, occurs in the lower GS ratings and fewer in the higher GS ratings. That is understandable, more turnover at the lower level.

What they did was they asked Members to go ahead and set up buy-out legislation. We did that. I proposed that in committee. We had it patterned after the civil service ratings, on the same basis we had provided for the Pentagon some time before on reduction in force over there, and doing it in a way where we did not have to really just call people in and fire them. We wanted to do as much as we could by attrition but have buy-out legislation to encourage people to get out if we needed to use it. That has worked very, very well. It was one of our better administered plans in Government.

Let me say that along the way we had an additional thing we were trying to achieve with this buy-out legislation. Through the years, great inefficiencies have developed in the Government in our hiring and staffing patterns in that we had about one boss, one supervisor, for every seven employees in the Federal Government, just on an average. Some areas that required higher level GS ratings, as NIH and places like that, would be different, but overall across Government, there was one supervisor for each seven employees.

Now, how does that compare to private industry? Private industry averages 1 to 15 on an average across the country for the average business. Some employee-intensive industries will vary from that ratio, obviously. However, there would be many on the other side that would balance it the other way. The overall ratio for the country is about 1 to 15.

With this buy-out legislation, we provided a way in which different departments and agencies could help correct that imbalance while we are getting people out. We wanted the buy-out legislation targeted at GS 13's, 14's and 15's so we could correct this imbalance. It has been working very, very well.

How far have we come with this goal of 272,900 people? Right now they estimate 108,000 people are actually out, and they are hoping by the end of the year to have the whole 272,900 reduced.

This was done on a very studied basis. It was not done just on picking a number off the top of our heads and saying, well, we will shoot for there and see how many more we can get out.

Nevertheless, whether this is a studied basis or not, it is set as a goal. How on earth would we meet it? We say that defense would be left out of this equation here except not completely left out. We say no more than 50,000 more shall come out of the Department of Defense. What is to protect NIH? What is to protect those areas—the Center for Disease Control in Atlanta? What is to protect the FDA? What is to protect areas of health and safety that we should be protecting, also?

My colleague on the other side of the aisle says, well, commerce is going to be put out of business, perhaps, if the plan goes through and some 150 Federal programs will be out. We do not know that yet for sure. We do not know what ones.

It seems to me that the approach we should be using is to set what we want to define as the functions of Government, not just swinging a machete wildly and say, pick a number, any number, off the top of our heads and say we will set that as a goal to meet as though we could do just as good a job in Government no matter how low we cut the FTE's down.

I think we should be defining the functions of Government first. I do not know that there was any real thought given on how we arrived at that 200,000. I would ask my colleague, Senator ROTH, the Senator from Delaware, how he arrived at that 200,000.

Where did he come up with that? Was it a studied approach such as OPM used on behalf of the administration to be used on behalf of the 272,900? That was not a figure just picked wildly at random, but arrived at by totaling the number of people that agencies and departments said they could probably do without. And we came up to 272,900 that could be cut. That was done on a very, very, studied basis.

I do not know how we arrived at this 200,000. I do not know, in addition, how much it will cost for a buy-out if we are not to just set out wholesale firing people. I know it was said we would try

to do this as much by attrition as possible.

Let me say this: Attrition does not work if we are going to correct the imbalance between the supervisors or the bosses in Government and the employees that are the workers across Government. If we were just to take attrition, attrition normally occurs in the lower civil service ranks. It does not occur in the higher ranks. We specifically, in the legislation that was passed before that helped them along to get the administration's reduction of 272,900, we provided money in there, buy-out money, to help attain that goal.

That approach was worked very, very well. If we are to do this further downsizing as my distinguished colleague from Delaware indicates, then it seems to me we would want to continue this correction of the imbalance in the GS ratings as much as we possibly could. We are not providing for that in this sense-of-the-Senate proposal.

My colleague also talks about the procurement legislation, putting defense procurement all into one section. We still have different functions of Government to be performed, whether they are left in the individual services or combined into one section. We will still have to have people that do the design work, the evaluation work on airplanes, ships, tanks, infantry and tactics, and all of the other things.

I do not know whether that will save money or not. I am certainly willing to look at the defense procurement bill in 1995 and see how that works out. What my distinguished colleague from Delaware said a little while ago as far as time limits on this, if it runs 10 percent over dollars or 10 percent over time, that the contract would be canceled, if I understood his proposal correctly, I would say would almost certainly have precluded some of the major advances we have had in military equipment in the past.

When we procure military equipment we are not just procuring Ford and Chevy trucks off the line in Detroit, where you can predict exactly, with great accuracy, when they come off the line, how much they will cost, and when they can be delivered.

We are talking about tanks that, as you go along, may need some change to the original design. We are talking about the development of lasers, where you do not really know the cost, exactly, nor the time, yet you know it is worthwhile to go ahead and develop that particular capability.

On guided missiles, we rarely know exactly when, what date they are going to come into active service on because, as you go along, you find problems. The same thing with aircraft. Yet we do not want to say that every aircraft that we design for the military would have to be such a simplistic design, not getting into state-of-the-art matters, that it could possibly adhere to an absolute 10-percent dollar or 10-percent time limit or have its contract canceled. You are not talking about things that are that neatly developed and that much here and now.

Many of these are programs that need to be developed and I do not know how you would take care of something like that.

I am happy to look at the defense procurement legislation but I think we have to be very, very careful when we set hard and strict rules that say things will be canceled if they are 10 percent over budget or 10 percent over time. Perhaps bonuses can be given for coming in on time or coming in ahead of time. Maybe that would be a different approach and I will be glad to discuss that and work with my colleague from Delaware in looking into that. But I think, to get back to the original proposal here on passing a sense-of-the-Senate resolution that just automatically says:

> The total number of full-time equivalent positions in all agencies shall not exceed 1,682,300 during fiscal year 2002; and, No. 2, of the additional reduction of 200,000 full-time equivalent positions provided for under paragraph (1), no more than 50,000 shall be within the Department of Defense.

That leaves 150,000 other cuts in Government.

I just cannot in good conscience vote for something that maybe some people would interpret to mean cuts in FDA, cuts in NIH, cuts in the Centers for Disease Control; cuts in safety for our people, for health and safety matters for our people. We can say, "I know it is not likely that would occur." But do we have any guarantee it will not occur? And with other things being proposed, the big cuts being proposed in other areas within this budget resolution, I do not have much faith we would not have to take cuts in NIH and CDC and everywhere else. And I do not want to see that happen. I think that would be a major, major mistake.

So I rise in opposition to this legislation even though it is only a sense of the Senate. I know it is easy, sometimes, to say it is sense of the Senate so it is not really binding so let us not worry about it, let us pass it and we will work it out later on. But I do not look at this as being quite so innocuous, because what we are doing is we are going on record saying the best judgment of the Senate of the United States is that we can, without defining where they would come from, cut another 200,000 people beyond the 272,900 that will already have been cut by this administration by the end of this year.

If we wanted to charge the Office of Personnel Management with going through once again at the end of this 272,900 cut and say OK, let us look at this now, see what the job is of Government, see how many people we need to do it, and can we really safely cut some additional people in Government without hurting the function of Government, whatever it is—NIH or FDA or whatever—then that would make some sense. But to just pick an arbitrary figure and say we will cut 200,000—we could just as well have said cut the work force in half. Cut the work force by 800,000. Cut the work force by half a million. It would have made just as much sense. But the 200,000 to me is a figure I would not want the Senate to go on record as saying that would be the objective, even in a sense-of-the-Senate resolution.

So, Mr. President, for all those reasons I oppose the amendment by my distinguished colleague from Delaware. I will be glad to work with him on some of the defense procurement legislation he is proposing, but just to go out and say we will automatically whack another 200,000 people out without knowing exactly where they are coming from or defining this, agency by agency, or department by department, would be a big mistake.

I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, has enough not happened over the last few weeks that this abysmal practice of beating up on Federal employees ought to come to an end? "Oh, it is just a sense-of-the-Senate resolution," the sponsor says. Nevertheless, it would represent a judgment of the Senate that we are going to cut the Federal work force another 11 percent over and above, I repeat, over and above the 272,000 reduction in force that has already been programmed; over and above that reduction in force.

At some point I hope people will reach the conclusion that Federal employees have a reasonable role and place in the workings of our system and they ought to be treated with a measure of dignity. Why, once again, are we landing with both feet on the men and women who render dedicated service to the country? They are already taking a very heavy hit in this budget resolution.

In fact, over the period of this budget resolution Federal employees will, in effect, give up $85 billion of pay adjustments that are provided for by law in terms of assuring them comparability with the private sector. Yet here some come, late at night, with this amendment. There is no study that backs these figures. They say, "We assume the Department of Commerce is going to be done away with." Even the people advocating the elimination of the Department of Commerce are not advocating the elimination of all of the programs carried out by the Department of Commerce. When questioned, they in effect say, "This program is going to go here, this program is going to go

there. Yes, this activity should continue." So most of those activities have to go on. They are important to the economy of our country.

Now we are going to say to the Federal employees: Over 11 percent of you are going to go by the board, over and above the reduction of 272,000 which has already been programmed and which is well underway. In fact, now well over 100,000 of those positions have been phased out in the course of the reduction that is taking place, and the rest are projected to accrue by the end of the century.

This amendment says to people who have already been through turmoil, who have already had all of the worry and the anxiety connected with these reductions, "Well, now there are an additional 200,000—well over 10 percent of those of you that are left—who are on your way out."

What do you think that does for the morale of the work force? What do you think that does for the health of their families? What do you think that does to having a first-rate Federal service? We have a national interest in having a first-rate Federal service. You do not want a second-rate Federal service. But, if you continue in effect to assault people, keep them in this state of agitation and anxiety and fear and apprehension, you are well on your way to bringing about a second-rate service. People have other opportunities. Good people have other opportunities and will leave to take them. Good people will not come in because they do not want to live in this environment. This is not a rational, sensible proposal. It is not a proposal that is grounded on some thorough analysis working up from a real examination of activities. It arbitrarily imposes this upon the work force." We have had far too much of that.

For years the Federal employees have been a favorite target. Take it out on the Federal employees. Call them "bureaucrats" with a sneer. Deprecate the work that they do. How long is this going to go on?

Are my colleagues finally going to begin to say these are dedicated people, the vast number of them. They render important service. Many are highly trained and highly skilled. They are proud of the work they do. They give a good performance. They carry out very important and essential functions. Yet, many constantly berate them, denigrate their work, treat them not even as second-class but third-class citizens. Now they come along and make these proposals. Proposals that have not been worked out carefully. They propose to go ahead and slap the Federal employees once again, or twice again. After all, they are a favorite target, even though they are making, and have made, extraordinary sacrifices throughout this deficit reduction process.

Literally tens and tens of billions of dollars for the deficit reduction process have come out of the Federal employees. Now the offeror of this amendment comes along and says, despite the downsizing of 272,000 which is now on track to be carried through by the end of the century, let us add another 200,000 to it; over an additional 10 percent of the work force.

At some point enough is enough, and this ought to be the point. We ought to stop this practice of berating the Federal employees and stop now.

Some say, "Well, it is only a sense-of-the-Senate resolution." I simply say to them, that the message that is sent to the Federal employees, and the message sent to the public at large about the Federal employees, is every bit as strong in this sense-of-the-Senate resolution which the Senator from Delaware has introduced as it would be in a piece of binding legislation.

Mr. President, I say to my colleagues, it is time to stop this abysmal practice. These employees have sacrificed a lot. They ought not to be held under this sword of Damocles hanging over them, and be kept in this state of turmoil and apprehension. We ought to have some sensitivity for the situation in which they find themselves, and reject the constant assault that is made upon hard working, dedicated men and women in the Federal service. They deserve to be treated with some measure of dignity. This resolution does not do that. I hope it will be defeated.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I ask if the Senator from Delaware will yield time on the amendment.

Mr. ROTH. I will be happy to yield as much time as the distinguished Senator from Pennsylvania may desire.

Mr. SANTORUM. I thank the Senator from Delaware for the time yielded.

I would like to first just respond to the comments made by the Senator from Maryland. I am the son of two Federal employees. My parents worked for the Federal Government for their entire careers.

I think the Senator is right. I think Federal employees do get beat up on a lot. A lot of them are doing the best they can in a system that is not working particularly well for them, a Government which was designed under the theory of bureaucracy, a theory created prior to the invention of the typewriter. That is how we wrote our Federal Government.

So to saddle them with a bureaucratic organizational structure in an era where we are debating a telecommunications bill that is going to move us into the next millennium, which was unthinkable as much as 10 years ago, to saddle them with that and to suggest that they can perform their functions is almost asking too much of them.

In addition, to suggest that the number of Federal employees in this information age cannot and should not be reduced, as it is in every private sector employment of any major corporation, is again not to face reality, that in fact structures must change, delivery systems must change, theories that ran our Government from the time of the revolution to now must change, and as a result the Federal complement of employees must change, as it is in every major corporation in the country of any size.

I would daresay that if the Senator from Maryland suggested we had a 10-percent cut in employment, we cannot afford another 10 percent, I would look to any major company in the country that has not cut their work force by 5, 10, or 20 percent or more. We have to do the same thing here. We have to understand that we have to deliver services more efficiently using technology that is available for us to do it better, cheaper, more efficiently and with less people in many cases.

So I do not think the argument—at least my argument is not to look at these Federal workers as terrible, these do not do a good job. I disagree with that. I think the Federal workers that I know—and I know lots of them—work very hard, are very concerned about their job and want to do the best they can, and in the most of the cases are hamstrung by their own internal operations from doing the job that they wanted to do. But to suggest that now as we move into this information age that we cannot modernize like everybody else and as a result of that modernization be able to downsize the work force I think just flies in the face of what is going on in the entire world around us.

Government should reflect what the country is doing, and what the private sector is doing to be able to streamline and make more efficient.

I would suggest that there is one Federal employee who is not doing a very good job, who does need to be scrutinized more in this debate in particular; that is, the President of the United States.

If there is a Federal employee who is not facing up to the demands of his job and coming forward with solutions to solve problems that face this country, it is, in fact, the President.

We have the President now standing tall and firm against deficit reduction by saying he is going to veto the rescissions bill which is trumpeted to be $16 billion but, as most of us in this Chamber know, as the Federal Government continues to spend money day after day after day, that rescission bill is not worth $16 billion any more. We might be able to get $9 billion in savings. But the President says, "No, you have got a couple of million dollars or so that I

don't like and so we are going to throw the whole thing out." Leadership. Leadership.

In trying to solve the problem that is most pressing on the American public's mind and one that is front and center to this U.S. Senate these last 2 weeks when we are debating the budget resolution, where has the President been on the budget resolution? Well, he did present his budget earlier this year that called for $200 billion and $300 billion deficits for as far as the eye can see, which last week was voted down 99 to nothing, 99 to nothing. Hardly leadership, hardly visionary on the part of the President to put forward a budget that simply was a nonstarter on both sides of the aisle unanimously.

So where has he been? Where has the leadership been from the one Federal employee that we demand the most from? Nowhere.

And so I came to the floor last week and I said that I would be here every day between now and the 1st of October when the new fiscal year starts and remind Members of the Senate of the kind of leader we have in the White House when it comes to balancing our budget.

On Saturday, the President did not present a budget that brought this country into balance over the next 7 years. That was the third day that before the Senate was the balanced budget resolution. On Sunday, day four, the President did not present a balanced budget resolution. And today, day five, the President did not present a balanced budget resolution.

It is incredulous to me that the President of the United States, who said during the balanced budget amendment debate, the amendment to the Constitution, that we did not need a balanced budget amendment to move forward and solve the deficit crisis that faces us; that all we needed was our own resolve, our own resolve. This same President 2 years ago during his budget debate, his first one, in 1993, when he passed a large tax increase and a few spending cuts along the way challenged Republicans and said, "Where is your plan? Where is your plan? Why don't you come up with something? Show us your specifics?" He said "No hot air, show me where." Show me where.

The minority leader, Senator DASCHLE, on March 3, 1995, during the balanced budget debate said, "And for those who say we do not need a constitutional amendment to do the job"—that job being balancing the budget—"I think it is all the more important that we demonstrate that we can, that we are up to the task, that we can meet our responsibilities to make it happen correctly, to make it happen in a way that was foreseen when we passed the law setting up the budget process."

And what amendments have we seen? Are they amendments that have been brought to the floor by the other side of the aisle the substitutes to show us what their plan is to get to a balanced budget? No. Are they rearranging spending priorities to say we should cut from this area of Government and add to another area of Government in setting priorities? No.

What are they? They are amendments to spend more money, to take the reserve account, which is theoretical on the part of the Congressional Budget Office, that only occurs if we, in fact, have a budget that brings us to balance in 7 years. Then they give us a bonus of $170 billion because they figure lower interest rates, more economic growth, and lower inflation.

So this bonus now, what do they want to do? Do they want to put it toward the deficit? Do they want to give it back to you, the taxpayers, who paid it in the first place? No. We want to spend it right away. We do not want to wait until it accrues in the future. We want to spend it now.

This is responsibility? This is demonstrating that we can, that we have the resolve?

I suspect the American public has a hard time buying all of this—certainly, I have a hard time buying all of this—that the President and his party are serious about making tough decisions; about having ideas and vision as to where to take this country into a future that is a fiscally sound future; about having innovative approaches like the Senator from Delaware, who does not just and has not, as chairman of this committee, just proposed cuts in Federal employment. He proposes a performance-based budget which puts managerial goals for Federal employees to achieve, to give flexibility to managers, to make it more like a private sector employment place, to give the kind of flexibility that many Federal employees ask me, plead for me, to give.

So the Senator from Delaware is not just out here willy-nilly throwing numbers around. He is putting forward responsible proposals that have a vision as to where to take this country in the future. And you will see, and have seen from this side of the aisle, such proposals, and you will see more.

So I commend the Senator from Delaware for his amendment. I wish him success in that amendment.

I hope that I do not have to be here tomorrow. I hope that I do not have to be here with this chart. I hope the President has read the polls, seen the position he has taken is not one that is particularly popular with the American public and, more importantly, is not what is right for this country.

For this system to work, we need a healthy dialog and we need leadership from both sides for us to come up with this compromise and the strategy to move us forward

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President I would like to respond to my colleague from Pennsylvania briefly.

Mr. SARBANES. Would the Senator yield to me for a question?

Mr. GLENN. Yes.

Mr. SARBANES. I wanted to ask the Senator from Pennsylvania, if he is here tomorrow with his chart, will that fellow who puts the numbers up be here with him in order to make this demonstration work? I am just curious. Unfortunately, he left the floor once he got the number up. And I just wanted to know, if you are here tomorrow and you have to put a number up, will that fellow come back so we can catch another glimpse of him, the one who puts the next number up.

Mr. SANTORUM. His wife and kids like to see him, too.

Mr. SARBANES. I am glad to hear there is concern about his wife and kids, because I listened to this diatribe about the President, when we needed to talk about a very serious matter affecting the rank and file of the Federal employees. So I am glad to see there is some sensitivity.

Mr. GLENN. I yield 15 minutes to the Senator from Maryland.

Ms. MIKULSKI. I thank the ranking member for yielding such time.

Mr. President, I rise to oppose the Roth amendment to further reduce the Federal work force beyond the quarter of a million that we have already done under the Clinton reinventing Government framework.

I am concerned that we are engaging in a mass mania of who can rack up the biggest number. Every day there seems to be a bidding war on who can escalate the numbers of Federal employees that need to be laid off in this so-called downsizing of Government.

But make no mistake, every time we raise the number beyond a reasonable and rational level that we can achieve through technological innovation, we are not accomplishing downsizing; we are accomplishing downgrading.

The sense-of-the-Senate resolution essentially says what it is that the Senate wants to do. Well, I believe that we have already been on record to support reinventing Government as laid out by President Bill Clinton and Vice President AL GORE, looking at the best available management practices and technological innovation to reduce, in a rational way, the Federal work force.

What this says to 200,000 more Federal employees is we do not want you to show up; we do not value you; we do not think you are needed; we think your time is up and it is time for you to go.

Well, Mr. President, who is it that we do not want to show up? I want to talk

about my own State of Maryland. I have the honor of representing the National Institutes of Health, which are located in the State of Maryland, and there are thousands of Federal employees working there from research scientists to lab technicians to back-up support services to security personnel.

Now who are we saying not to show up at the National Institutes of Health? Are we saying to that Nobel Prize candidate who could have a breakthrough in AIDS research, Don't bother to show up, we're downsizing, we're going to technological innovation, we don't need your intellectual competency, we'll do a computer simulation?

What will we say in this Decade of the Brain research to those scientists working on Alzheimer's research which killed my father—Alzheimer's killed my father—and if we can find a cure for it it would significantly reduce the health care debt in this country. Are we saying to NIH, Don't show up?

But let us not just stay around the State of Maryland. Let us go to the Centers for Disease Control. We now know Ebola virus threatens Zaire and could even possibly threaten the world.

We had a near outbreak in something called The Hot Zone in northern Virginia. If you read the book, you know what the story was. It was Federal employees at Fort Dietrick who were willing to risk their lives—willing to risk their lives—who were willing to go into the hot zone to kill the monkeys that carried this disease.

When you read the newspaper accounts—this is not MIKULSKI memos, this is newspaper accounts—that talk about how skimpy the resources are at CDC and in infectious diseases, they are stretched so thin that they are now afraid an accident could happen at the CDC exactly at the same time when we are asking for their help. The world is asking for their help to come and take care of the Ebola virus.

Let us talk about other threats to the safety and security of the United States. Let us talk about our law enforcement. Who else are we telling not to show up? Shall we say no more FBI agents, do not show up? Are we saying to the Secret Service, Well, you might be in the line of fire in one way, but we're going to put you in the line of fire in another way. We are going to tell them not to show up?

We in Maryland were willing to take a Federal prison. There is a medium-security prison right now in the Allegheny Mountains in the community of Cumberland. We have a Federal prison for medium-security prisoners. Are we telling the prison guards that they are superfluous, we are going to have better locks, better keys, maybe have chain gangs; we do not need you?

Well, I want those prison workers there. I want the bums and thugs off the street. I supported life without parole legislation. I have supported not only prevention programs but tough prison sentences. So are we going to tell the prison workers we do not want you; do not show up?

And then here we are now on the eve of celebrating victory in Europe, the end of World War II, and what do we say to the GI Joe generation? Oh, aren't taking your health care, but we are going to say no to the doctors at VA; we are going to say we are going to shrink the nurses; we are going to say we are going to shrink the lab technicians; we are going to say we do not need them. We are going to replace them with something called technological innovation.

We know we are going to downsize. We have already begun to do it. The President of the United States has not been AWOL on this issue. He has been in the forefront. He has charged the Vice President to do it, and we have absolutely done it.

In Maryland, this downsizing will have devastating impacts on the economy of Maryland but also on the morale of Maryland. Right now, there is a morale crisis among Federal employees. They have essentially been told they are not needed, they are not valued, and now the bums and thugs in the world are even targeting them for violent attacks.

I do not think this is the United States of America. We are from the generation that when Jack Kennedy said "Ask not what your country can do for you, but what you can do for your country," we answered that call. Many of the people in my generation saw public service as a noble calling, a way to serve the United States of America to do good and earn a decent living. Now they feel that they are absolutely under attack.

I can tell you what is going to happen. You will not only downsize Federal employees, but, no smart, self-respecting person will want to come to work for the Federal Government.

And who do you think is going to be in these Federal agencies? Do we not want a Government at all? If we want to do that, well then let us do that. Let us not go through this charade of downsizing, if you are going to have a Government and you believe that there are core functions that Government must perform, not only in national defense, but on domestic security issues and the risks that the United States of America faces—crime on the streets, drug dealing, punks that want to sabotage the United States of America, and we need law enforcement.

We are also plagued by another horseman of the apocalypse called plague and pestilence, and we want to make sure that we have the medical research and the staff at FDA and the Centers for Disease Control that are going to find the cures for disease and be able to work to contain pestilence around the world. We think that is important.

What are the other threats to the security of the United States of America? It is a crisis of confidence. We should make sure that we have a core set of values that encourage people, along with the values of duty, obligation, loyalty, patriotism.

If we treat our Federal employees this way, how are we going to call it forth? We are going to ask them to be loyal to us when we are not loyal to them, to have a sense of duty about the job they do when we do not have a sense of obligation to them? I think this is a terrible course of action.

There is a logical, rational way to downsizing. I oversee as an appropriator 25 different agencies. We are already taking concrete steps to be able to do it. I was the one that commissioned the study on the National Association of Public Administrators, which is now being used as the framework to downsize HUD. I am not opposed to shrinking the work force, but I am opposed to shirking our duties to our Federal employees.

Mr. President, our Federal employees have served their country, they have devoted themselves to public service, they deserve our gratitude and our support. We are already reducing by 272,000 positions. The Roth amendment is not only going to result in downsizing but, as I said, in downgrading. So I stand here to support those Federal employees and to defend them who defend my health, my safety and my national security.

Mr. President, I hope we defeat the Roth amendment and, most of all, I hope we defeat the attitude that underlies the Roth amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield the distinguished Senator 10 minutes.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I have, of course, been watching the debate for the last few days and there is no question, this is a tough debate. We are getting down to the decisions that are very difficult to make. But I have been watching my colleagues with charts really since this debate started last week. You see everybody's chart, and there are the budget lines that go up and budget lines that go down. But now we are into making those tough decisions and saying, You know, everybody in America is going to disagree with something that we do. In fact, probably every Member of the Senate is going to disagree with something we do in this budget resolution. But, in fact, we have to make the priority

choices. We have to go back to the basics and talk about what is the role of Federal Government. what must we do to set those priorities and then with the money that we have left, we have to determine where we have to cut and where we need to spend.

I think that Senator ROTH has done a very responsible thing. He has proposed a sense of the Senate about what we would look for in ways to meet these budget targets that we are going to be voting on for the next few days—200,000 positions by 2002. That is over a 7-year period and is about 11 percent of the work force. Now, if we make the budget cuts that we are talking about making over the next 7 years to get to that magic number in the year 2002, we are going to have to cut. We are going to have to cut the size of Government, and that means that we will have to downsize departments.

I remember when I first got here about 2 years ago, I introduced an amendment to cut the legislative branch budget by 7 percent. Mr. President, you should have heard the debate. People came running on the floor and they said we might have to shut the Library of Congress. We might have to shut the Washington Monument. You know, we always have our priorities and we decide what is important in those priorities. Of course, shutting the Library of Congress would not have been an option. But we heard the sky-is-falling-theories all over the place. I lost on that amendment by about two votes. Do you know what happened? After all the sky is falling and after losing that amendment 2 years ago, guess what? This year, we come in and we have cut our legislative branch budget about 15 percent. Is the sky falling? I do not think so. Are we making do with less? Yes. Are we doing the responsible business of our Government? Yes. And I do not think one person in America has written me a letter saying you cut your legislative branch budget 15 percent and I miss that money. Not one person.

So I think that Senator ROTH is trying to do the responsible thing. He has come in and he has said we are going to have to have an 11 percent cut. Well, if we are going to cut the budget for the next 7 years in the places where we can, if we are going to stop the growth in increases in our budget, of course, we are going to have fewer employees. And I think it is very important that we establish a sense-of-the-Senate resolution so that we can have the parameters we need when we start making these tough decisions.

You know, the people of America have been looking at the debate for the last few weeks in the House, and the last few days on the Senate side, and I think the people of America are really beginning to see the differences between the two parties and the way we come at the problems of Government. And I think the people of America are going to be able to make a decision about what is right. And I think they are seeing all the smoke and that there is a group of Senators that really wants to do what we said we were going to do. I was elected in 1994 and I did promise that I would do everything in my power to have a balanced budget for the future of our country. I am going to do everything in my power to keep that promise. That is something the American people have not had for so long—politicians who make a promise and lo and behold, keep it. They are going to keep their promises this time, and that is new. We have seen politicians from both parties—this is not in any way partisan —come in and they make promises and then the election is held and they go about the business of Government, business as usual, just like it has always been. Not this year. This year is going to be different. We are going to pass a balanced budget resolution. We are going to take the tough steps. And even if we disagree on this part of it or that part of it, I think enough Senators are going to take the responsible step and say my part may not be so important that I would hold up the progress of this Senate for the future of America. That is the parameter we are going to have to put around that final vote.

Is it more important that we get every single thing we want, just the way we want it, or is it more important for us to say in the long-term, the most important vote we will ever take is to start that long march toward a balanced budget for the future of this country.

This is a historic moment; it is a historic debate and we do have the opportunity to do what is right for America.

So I appreciate my colleague, Senator ROTH, and my colleague Senator DOMENICI for working so hard, for so many years to try to make this happen. I appreciate the input that we are having on this floor. But I hope that in the end, when all of us, Democrats and Republicans, have had our say, maybe we have won a few, maybe we are going to lose a few; but when it all comes down to that last vote, the people of America are going to have the ability to judge which politicians are keeping their word and which of us are ready to take that historic step, change the way Washington does business and start balancing that budget.

Mr. President, this resolution is going to be one of those first steps. We will see a lot more over the next few days. But on Wednesday, I hope we will be ready to do the right thing for America.

Thank you. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. How much time remains on this side?

The PRESIDING OFFICER. The Senator has 23 minutes. Senator ROTH has 29 minutes.

Mr. GLENN. Mr. President, I would like to respond very briefly to some of the remarks made by the Senator from Pennsylvania that did not address directly the proposal of this sense of the Senate resolution by my distinguished colleague from Delaware. He talked about the President of the United States and what he has done. I would like to go back a little and take a few minutes to describe what actually has happened over the past 15 years or so. We came out of the Carter years, and President Carter, during his time in office, I think, did a lot of fine things, foreign policy and so on. One thing that did not occur is a real close control of the economy. We hit a time period where there was 21 percent interest rates and 17 percent inflation rates. I think that contributed a lot to President Reagan being elected when he was. What happened? A lot of people were scared and President Reagan proposed the supply side economics and the budget cuts, and we reduced taxes here by 25 percent over a 3-year period—over a 3-year period, 5 percent the first year, 10 percent each of the next 2 years. This was supposed to stimulate the economy so much that it was going to result in such a new level of business activity and consumer confidence that we were going to see the new business level raised to such a point that there was going to be more than enough revenue to make up what had been left and we were going to move on to a new higher level.

Now, what happened? That did not occur. Most voted for that, but some with the idea after trying to get it down to 15 percent reduction and trying to make several changes, finally voted for it because we had been scared, too, about what had happened before. We voted for it with the idea that we would try to come back and change it if it did not work.

Now, what happened? Over the next 12 years, we saw an additional $3.6 trillion in debt pile up as supply-side economics did not work. Then we came into the time period where Gramm-Rudman-Hollings was placed out here. That did not do the job. Then we came to the election of President Clinton. President Clinton said privately as well as publicly that the first thing we had to do was get control of the economy.

What did he do? He proposed a way of getting control of the economy that he sent the Congress and we farmed it out here on the Democratic side, farmed it out to the committees, with targets to hit, targets to try to meet the efforts to balance the budget that President Clinton proposed.

Now, we passed that reconciliation bill in the summer of 1993. I think we need to look at what happened on that. Now, President Clinton was honest

enough that he said I will not promise people a lot of tax cuts back then. No. What he said was we will cut as many programs as we can and we will increase taxes. Much has been made of that since then. We will increase taxes—what, on the top 1.2 percent income people of the country, not the middle-income people, not the poor folks of the country. He is going to increase taxes on the top income people of the country, the top 1.2 percent. That is where half of that budget balancing effort came from.

Now, what happened? After all the dire predictions here on the Senate floor about all the unemployment this would cause if we passed that President Clinton proposal—there would be millions unemployed was one of the statements here on the floor.

What happened? Well, I can say at that time when we passed that budget reconciliation bill, we passed it without one single Republican vote in either the House or the Senate. Not one single vote. Not a one. And it was a moment of high drama here in the Senate when the vote was tied 50–50, and the Vice President broke the tie and cast a winning vote.

What happened? At that time the budget deficit was running right at $300 billion a year. As a result of that reconciliation effort in the summer of 1993, last year the budget deficit was down do $246 billion. This year, it is $192 billion. It is the first time since Harry Truman that the budget deficit has gone down 3 years in a row—the first time since Harry Truman.

I say one-half of it was reduction in programs and one-half was the tax on the top 1.2 percent income people of the country.

Now, that is real leadership. We can have all the derogatory signs put up on the Senate floor that deride the President and make light of the President if we want to. That is what actually occurred for the first time since Harry Truman. Three years in a row, the budget deficit has gone down as a result of President Clinton's policies.

What we should be debating is how we keep that going, how we keep it going down incrementally, rather than some of the schemes that are being proposed. Some of the proposals out of the House here make assumptions on how we can balance the budget now, make assumptions that I cannot go along with.

Medicare. We say we will take $87 million out of Medicare over the next 7 years, meaning we assume that it will not grow at the 9 percent it is growing now, that it goes down to 3 percent to 4 percent in growth.

We are saying that we will assume that doctors and hospitals will not be allowed to make as much as they can. They will be kept below inflation rate, as a matter of fact, and we will limit the fees for doctors and hospitals.

Those assumptions are made. We make assumptions for HMO savings. That is how we get $87 billion proposed. Some of the assumptions, I think, are false. We have to depend on a CPI adjustment downward from where it is now. We have to assume that the average inflation will not go above 2.5 percent. We have to say there will be no inflation increase in administrative costs, and that will save 22 percent in that area. These are assumptions that really are not very realistic when we get into it.

Back to the President's proposal. Now, what happened out of that reconciliation bill we passed in the summer of 1993? Since then, we have had the lowest unemployment in 4 years. In cutting back on the size of the Government, the administration has cut over 300 programs out of Government.

They set a goal of cutting 272,900 people out of civil service by the end of the administration's term. They are well ahead of schedule. They have 108,000 actually cut up to now and think they will be able to meet the whole 272,900 target by the end of this year. When that occurs, there will be the lowest Federal employment overall since John F. Kennedy was President, the lowest Government employment since John F. Kennedy was the President.

Now, along with that, last year we passed a crime bill, a very major bill. I know there will be efforts to override some of it this year. That was a major effort. We passed the GATT legislation, General Agreement on Tariff and Trade. That is a mighty big step forward in recognizing we no longer could be an isolationist nation if we wanted to be in this country, because most of our trade, in fact, about one out of every eight manufacturing jobs in the whole country, and it is certainly true in my State of Ohio, works to make a product that gets exported.

We can no longer be an isolationist America. We have moved into the world. And the GATT agreement, with its readjustments being required, indicate our willingness to move into that international world.

We passed a family leave bill. We passed a Head Start bill in the first 2 years of this administration that helps over 200,000 kids get a fair start in school. We passed the national service bill. We passed a college loan bill that over the period of 5 years will let an additional 20 million young people go to school.

Now, all of these are things that were passed in the first 2 years of this administration in spite of all of the things that are said about this administration on the other side of the aisle.

Do Members know what Time magazine said last October? They printed a chart showing what agenda—announced agenda—had been passed by each of our past Presidents. They pointed out that President Bill Clinton had the best record of getting his agenda through in the first 2 years of Congress of any President since Lyndon Baines Johnson, and before that going clear back to Eisenhower.

Now, I think that is a remarkable record. It is one I am proud to support the President on. When I hear all these derogatory remarks about the President and what is going on and signs up here on the Senate floor that are meant to be derogatory, then I just have to take exception to that.

Now, back to our current sense-of-the-Senate resolution that is up now. This administration has already cut 108,000 jobs out of the Federal work force, and done it in a responsible manner, done it in a way that helps correct the imbalance between the higher GS ratings and the lower GS ratings, through the buyout legislation that we passed out of the Governmental Affairs Committee.

I know that a sense of the Senate that would just arbitrarily add another 200,000 to it is not binding, but it certainly sets the course. I do not know how we would meet that. I would rather ask OPM do another study, a follow on and see where we can do this, and do it responsibly rather than just setting what I view as a goal that might result in some real harm being done to our Government.

If we want to do the thing that we should do, what we do is define the role we want Government to have in all these different areas or different departments or agencies. If we are eliminating the agency, fine, eliminate it. But rather than just pick an arbitrary figure, we will have OPM study the Government again, each agency, department by department, agency by agency, and decide how many they think can be cut, and do this responsibly and target those departments where we have too big an imbalance yet. That is the way the figure of 272,900 was arrived at. It was not a figure off the top of somebody's head. It was a figure arrived at by study, by canvassing the agencies, by holding their feet to the fire on what they could do or not do. I think that is what we should be doing for the future.

I hate to have to oppose my colleague from Delaware but I do. I think to pass this Sense-of-the-Senate would indicate a wrong direction for us to be taking.

Mr. President, how much time do I have remaining on this side?

The PRESIDING OFFICER (Mr. DEWINE). The Senator has 10 minutes and 50 seconds.

Mr. GLENN. I thank the Chair. I reserve the remainder of my time and yield the floor.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I just want to talk about some of the things that were just said by my distinguished colleague from Ohio. I would like to talk about the tax increase that he mentioned that was passed without one Republican vote in 1993, because I do think there was a difference of opinion that became very clear when the Democrats passed the largest tax increase in the history of America without one Republican vote. It was described as a tax on the rich, but I do not think Social Security recipients making $34,000 a year or couples making $44,000 a year are rich people. That is middle income. And the taxes were raised on those people.

I do not think that was the way to start the process of getting to a balanced budget. In fact, the President's budget that has been sent to us does not balance the budget. The President gave up on balancing the budget. He left it to us to do it. He left us the responsibility.

In fact the deficits are lower in the last 2 years but the reason the deficits are lower is because we have financed our debt with short-term borrowings. We are in fact in one of the weakest recoveries from a recession that we have ever had. We should be in a booming economy and we are not in a booming economy. We are in a relatively flat economy. It is going up a little. The deficit is coming down a little. But we are going to have to pay the price. We are going to have to pay the price for short-term borrowing to finance that debt. That was a bad decision and we will have to pay for that later. If interest rates go up there is no question that the deficit is going to rise when we have to refinance that debt.

This is all going to become very clear when we have to raise the debt ceiling toward the end of the summer, this year. That is going to be the scary thing. We have $5 trillion in debt in this country. That is not a small amount.

The debate we are having today is for the future of our country. We cannot continue to raise that debt ceiling without taking care of that long-term debt situation. So I think it is very important that we keep our eye on the ball here. We cannot continue to raise taxes to try to bring the deficit down. We cannot do short-term financing on that long-term debt, because the price will go up.

Alan Greenspan, the Chairman of the Federal Reserve Board, told us what would happen if we balanced the budget and if Congress shows it has the will to balance the budget. That is when we will see our economy take off. That is when the investors in our country will know that they are making a good and wise investment for the long term.

We will be able to see our economy take off. We will be able to see the deficit come down, if we take the steps to balance the budget. I just hope my colleagues, like the Senator from Ohio and the Senator from Minnesota, will help us when that final vote is taken. It is going to be tough. Senator ROTH is giving us a tough choice. But we are going to stand up and we are going to do it and I hope it will be a bipartisan effort in the end, because we are going to do it without increasing taxes and that is the distinction between the philosophy of the President, who gave us a budget that is not balanced, and the Republican majority in Congress that is going to give a balanced budget to the people of this country.

Mr. President, I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. Mr. President, I yield the Senator 4 minutes.

The PRESIDING OFFICER. The Senator is yielded 4 minutes.

Mr. WELLSTONE. Mr. President, I do not come on the floor with any well-rehearsed speech. But it does seem to me that, once again, we are not actually debating whether or not there ought to be deficit reduction. We are also not debating whether or not anybody is in favor of the debt that we built up in this country.

As a matter of fact, I could make my own analysis about what happened starting with what was euphemistically called the Economic Recovery Act, passed in 1981, pushed by President Reagan, which eroded the revenue base of this country about $700 billion over 5, 6, 7 years; plus an unprecedented buildup in the Pentagon budget.

I find it interesting that by and large we still have not heard very much discussion about all the subsidies that go for oil companies; all the subsidies that go for tobacco companies; all the subsidies that go for pharmaceutical companies; all the subsidies that go to some of the largest corporations and financial institutions in America. But we have been talking about cuts in nutrition programs and financial aid for higher education. We did not have much time to debate that on the floor this afternoon. And, I think, draconian cuts—draconian cuts in Medicare and Medicaid. I do not have the time and I do not have the data right now to go into those arguments in great detail.

But I will say to my colleagues that when I presented this this morning on policy grounds, I did not hear any rebuttal. So in terms of "we have to do all of this," let us not be so generous with other people's suffering. Let us make sure we do it in a responsible way.

The reason I support my colleague from Ohio is that I consider this to be bashing. I mean, 200,000 additional positions eliminated—by what agency? What job? What position? A description of those positions? Who are we going to do it to? What positions are we eliminating?

It is very easy to just say eliminate 200,000 positions. I would like to know: Where? Where do these men and women work? For what agencies? Is it the National Institutes of Health? Or is it going to be some of the other Federal agencies?

Where are you eliminating these positions?

It seems to me it is not responsible unless the Congress approves in advance exactly what agency, what positions, what descriptions, what men and women, whose positions are you eliminating?

Colleagues stand up on the floor and they say "Oh, these decisions are so difficult. We have to make difficult decisions." Easy if it is not our job. Very easy. We have to make these difficult decisions.

Sometimes I think we get a little bit too generous with the suffering of other people. Before I would vote for such an amendment I would want to know exactly which people we are talking about. Let us just get concrete. What agency? What descriptions? Which Federal employees? Providing what kind of work in this country? For whom? Let us have a discussion of that. I think in the absence of that kind of specificity this is a profoundly mistaken amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator from Ohio has 67 minutes and 32 seconds remaining, and the Senator from Delaware has 24 minutes and 7 seconds.

Mr. GLENN. I thank the Chair.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield such time as I may take.

Mr. President, I was surprised to once again hear the attack on the Reagan years. I recall during the Carter administration when we had double-digit unemployment, double-digit inflation, the misery index, which was based upon unemployment and inflation, was never higher, and unemployment was as high as it has been in recent years. But after the tax cut in the Reagan administration, we enjoyed the longest peacetime growth period in the history of this country.

Mr. FORD. And the largest debt.

Mr. ROTH. I hear someone talk about the largest debt.

But let me point out that Congress, part of Congress, was Democratic, the House of Representatives. And I would say that the problem there was that, yes, the President was trying to build up defense but the other party was trying to build up social spending. Unfortunately, the compromise was by increasing spending everywhere. So both

Democrats and Republicans can take a partial credit for the increase in the debt. That was not just the act of the administration.

But what we are talking about today is trying to make Government smaller, Government less obtrusive, and Government more efficient.

There is no question that but what modern technology has made it possible for Government, as well as the private sector, to do more with less.

What we are proposing today in the way of reductions in personnel are not just figures drawn out of the air, but based primarily on the proposals in the Domenici budget. What we are proposing in the way of reduction in employment, first of all, is a 50,000 reduction in FTE savings below the current FTE caps. And the GAO figures show that is a reality.

With the elimination of the Department of Commerce we expect a reduction of 30,000 in FTE, HUD, 20,000, and the Department of Defense, 50,000.

Let me point out that the administration has made significant reductions in the DOD. But basically most of the reductions are in the Defense Department, and not in the other civilian agencies. As a matter of fact, defense military functions will be reduced something like 208,000 under 272,000.

What we are proposing in our reduction of 200,000 is that most of these reductions will come from the civilian agencies, limiting the reduction in the Department of Defense to 50,000. Currently, in the acquisition of military systems there is something like 17 to 20 levels of bureaucracy. This bureaucracy does not add value or expedite the acquisition of new weapons. Instead, it takes about twice as long in the military area to go from an idea to fielding a weapon as it does in the private sector to go from an idea to selling a product in the market.

What we are seeking here is a reduction of personnel that is based on those programs and departments that would be reduced or eliminated under the Domenici budget.

Just let me point out that for the fiscal year 1996 the chairman's mark lists something like 150 different programs that are going to be eliminated. And obviously, when you eliminate programs, you do not need the personnel that you otherwise have. So that is where we are proposing these reductions. By doing this, we expect better service to be given the American people.

Let me point out that one of our concerns is that we want to make the Federal Government a desirable place in which to work. And, unfortunately, anyone who has discussed the matter with people in the executive branch will tell you the frustration, the inability to move forward because of the process that has been built up over recent years. And that is what we are trying to eliminate today. Hopefully, by reducing the size of Government, and by changing the personnel policies, the Federal work force will find this a better place in which to work because what we are proposing as changes is that individuals who perform in the executive branch will be rewarded for their accomplishments. They will also be penalized if they do not perform.

My distinguished colleague and friend from Ohio said that we proposed to do away with a military system, if it were 10 percent off the proposed goal. In other words, if the cost of the system was 10 percent higher than scheduled, or if the time was 10 percent longer, the system would be canceled. That is not what I have proposed.

To the contrary, what we are proposing is that, in order to get a bonus, an employee would have to perform 10 percent better than the goal set as the acquisition of the weapons system, or, on the other hand, if it is 10 percent more expensive, the schedule is 10 percent behind, then the employee can be penalized. But we would only revoke the system if it were 50 percent off course, and hopefully those opportunities would not present themselves too often.

But again, let me spell out what we are proposing in this amendment. Our amendment expresses the sense of the Senate to reduce the number of Governmentwide, full-time equivalent positions over the next 7 years. And it provides for a reduction of 200,000 positions by 2002 in addition to the already enacted reduction of 272,900 FTE's by 1999 in the 1994 Federal Work Force Restructuring Act.

Not more than 50,000 of the reductions may be within the Department of Defense. As I have already indicated, of the reductions that have already been made by this administration, the vast majority have already been in the Defense Department. And our program is consistent with the Domenici budget to streamline and eliminate several Government functions and programs.

It is also consistent with the Roth-Kasich Defense Department acquisition reform bill to reduce the number of acquisition personnel. This reform bill would produce savings of 42,000 in FTE's with the Department of Defense. Current FTE reductions to comply with the 1994 Federal Work Force Reduction Act of 272,900 are proceeding as planned.

And it has been further estimated by OMB that the total civilian work force will be approximately 25,000 below the existing FTE cap for 1995 and 1996. Current projections show that 208,000 of the mandated 272,000 FTE reductions will be within the Department of Defense, and this amendment will help to achieve the originally intended balance to further downsize the non-defense-related agencies as well.

So in conclusion, just let me point out, Mr. President, that what we are proposing is based upon the DOMENICI budget. We are eliminating 150 different programs and activities. We are going to be reducing the size of departments, if not the department itself, and the number of positions that we are eliminating reflect those changes.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. How much time is remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Ohio has 6 minutes 27 seconds, the Senator from Delaware has 12 minutes 7 seconds.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from South Dakota.

Mr. PRESSLER. Mr. President, I rise in support of the Domenici budget. As I have said on the Senate floor before, I strongly believe that this represents a solid blueprint that finally will lead this Government to a balanced budget.

It has been a very strange sequence of events here in the Senate when we saw the entire Senate reject the President's budget. I would certainly welcome a debate on the President's budget, but the members of his own party voted his budget down. Thus, the only budget that is before us is the DOMENICI budget.

Overall, this budget is a solid, responsible plan, and takes an across-the-board approach to achieve balance. Without this kind of bold plan, we will be facing bankruptcy, both in terms of the Federal deficit and in terms of Medicare. The liberals may be criticizing this budget, but where is their budget?

Insofar as agriculture is concerned, I think many of us have said that we will take an across-the-board approach, and I think this budget does that. There will be efforts, and perhaps I will join them, to make some minor changes in the Domenici budget, but overall it represents a path or a guidepost to a balanced budget.

Mr. President, recently our dollar has been doing very poorly. We have an unstable dollar. It is because of our huge Federal deficit. We have reports that Medicare will go bankrupt by the year 2002. I would rather give senior citizens a stable, sound dollar and a secure Medicare than to continue going on year after year without taking some action. It is time that we take sound action in this Chamber, and this represents that opportunity.

So, Mr. President, I commend Senator DOMENICI and the Budget Committee for their leadership and its hard work. I know there may be some changes in that document this week. But I would say to the liberals who are criticizing it to bring forward a complete budget of their own. Indeed, the Democrats on the other side of the aisle voted down the President's budget entirely. Where is their plan?

The Senate Republicans have a plan. It is a solid plan for the American people. I believe that we are on the right path.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. Who yields time? If no one yields time, it will be deducted equally from each side.

Mr. ROTH. Mr. President, I yield such time as I have remaining to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, it has been an interesting experience today to listen to the debate about balancing the budget. It is a little bit surprising, as a matter of fact, I suppose, that there is a great deal of debate about balancing the budget. It is legitimate to have differences of view as to exactly how that is done, but the fact is that we have to do something to be fiscally and financially responsible.

I am encouraged, frankly, by the chance to do something. For the first time in three decades we have a chance to balance the budget. And I suppose, when we think about that, my goodness, that is irresponsible. How can that be? But it is a fact. We have gone all this time with no balanced budget.

So I am encouraged by the opportunity. I am encouraged by the fact that voters said to us clearly a few months ago that Government is too big and it costs too much and it is time you do something about that. And I think a measure of good Government is the responsiveness we have to doing something about it.

So I am encouraged by the fact that we have this opportunity. I know there are differences. There are some here who really believe that balancing the budget is not important, that it is just a matter of dollars, it does not really matter.

Let me suggest to you that I think it is terribly important for some very concrete reasons, such as the fact that it takes money out of the economy to finance this deficit, maybe more to the point that the interest on the debt will soon be the largest single line item in the budget, larger than the total budget was just a couple of decades ago. It is important.

There are those that believe that more spending through the Government is a better way to do it; that, in fact, Government spends money better than you and I do in our families. That is a legitimate view, I suppose.

There are those who think we are better off with more Government and more spending. I do not happen to agree with that, nor do most of us on this side agree with that. We believe that we have to balance the budget, that it is the responsible thing to do, and we have an opportunity to do it.

I hear everybody who stands up starts out by saying, "We have to balance the budget. I know we are going to balance the budget, I want to balance the budget," and then goes on to point out the reasons why it cannot be done.

We heard the same thing about the balanced budget amendment. "Well, I wanted to balance the budget but we do not need to do this, we can do it by just making the hard decisions." Well, now is the time to make some hard decisions. What we have is each time we come up with another amendment, we hear arguments that you cannot do it. It is time to make the tough decisions.

I suspect this is the kind of conversation that has gone on for decades here, and that is why we have not done it, and that has been the history of what we have to do. We clearly have to do something about Medicare. It is not an option unless you simply do not want to have a program to provide health care for the elderly. Do nothing, as is the proposal from that side, and the program goes into reserves in 2 years, goes broke in 7 years, no question about that.

Or, in fact, we can take the approach that has been taken and say, "Let's raise taxes." In order to balance the budget without doing something about spending, we would have to raise taxes by $950 billion in 7 years. How is that as an option? I do not think many people would choose it. And yet we cannot seem to say, "Yes, we can make cuts, not draconian cuts but to reduce the spending from 5 percent a year to 3." That is hardly asking too much, and voters are asking that of us.

So, Mr. President, it is interesting as we go forward that we always hear, "Well, we have to balance the budget, I want to balance the budget, but we cannot do that to balance the budget, we can't do this to balance the budget." What can we do to balance the budget? There is no plan on that side. The President has no plan.

So despite that, Mr. President, I am very optimistic that we will for the first time in my legislative experience, for the first time I guess in my political experience, have a genuine, legitimate, bona fide effort to balance the budget to cause the Government to be a little smaller, a little less expensive.

Give us the opportunity to choose some options, to look at programs and make sure that they are efficient and effective and, in fact, that they are legitimate, that they need to be done, and we can do that. We can do that. No one argues with that concept. Unfortunately, it does not happen. We find a million excuses why we cannot do that, why we cannot cut it here, why we cannot slow growth. Why we really should not take a look at why the program cannot be changed, to be more efficient, the delivery of programs cannot be done more efficiently.

I do go away from the last 3 or 4 days of this debate, again optimistic that we will do something that has not been done for a very long time, and that is lay before the American people a plan to balance the budget in 7 years, and we can do it.

The committee has laid out a plan. Of course, it is not perfect. Does it take some pain? Of course it takes some pain. It always takes some pain to recoup when you find yourself in this kind of a financial problem—$5 trillion in debt, taxes at the rate of about $21,000 per household, to pay the interest on the debt costs $5,000 for each household each year.

That is where we are, Mr. President. So we do not really have a choice as to whether we do something. The fact is we need to do it. We have to do it. We can have legitimate debate about options but not a legitimate debate about just saying, "No, no, can't do it," and that is what we hear.

Mr. President, I thank you for the time. I yield the floor.

Mr. SARBANES. Will the Senator yield me 2 minutes?

Mr. GLENN. I yield 2 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, because there have been general statements about the budget tonight in addition to the statement about the amendment that is pending before us, I just want to underscore this point. The budget resolution that is before us takes $175 billion, which the CBO has put out there as a pot to be available at the end, and commits it for tax cuts.

Now the amendments that have been offered today on Medicare and on education have said rather than committing that money to tax cuts, you should make a less draconian cut in Medicare and education. You should not come down with such heavy force on our senior citizens or on our young people seeking an education, and that, as a matter of national priorities, we should place ahead of a tax cut, which in the House-passed legislation is overwhelmingly committed to the very wealthy, the people at the very top of the income scale, overwhelmingly so committed.

These amendments, in effect, are saying that instead of a tax cut that has that impact, we should make less draconian cuts in Medicare and in education. As a matter of national priorities, educating the next generation and preparing them for the 21st century and assuring that our young people's capacities are developed to the fullest extent possible should put that ahead of taking this pot of money and committing it to tax cuts.

The PRESIDING OFFICER. The Senator's 2 minutes has expired.

Mr. GLENN. I yield him another 2 minutes.

Mr. SARBANES. So there is a very important question of priorities that is

at issue here, and the same is true with respect to each of the measures being taken in order to bring about this drastic reduction.

It is one thing to deal with a matter in a reasonable way, it is another thing to deal with it in an extreme way. I submit that much of what is in the budget resolution is extreme, and it is particularly extreme when it is seen that the purpose of it is to create this pot of money to be committed to tax cuts which, as I said, in the House-passed bill overwhelmingly committed to the people at the upper end of the income scale. In order to achieve this, our senior citizens receiving Medicare are being subjected to incredible cuts, and our young people seeking an education are going to find that their opportunities are being frustrated and may be perhaps even denied to them.

So that is an issue that is put and it is put very clearly by the resolution that is before us and by the amendments which have been proposed to the resolution. I have supported those amendments because I think they represent a better balance in terms of what our national priorities are.

The PRESIDING OFFICER. The time yielded to the Senator has now expired.

Mr. SARBANES. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio has 51 seconds and the Senator from Delaware 43 seconds.

Mr. GLENN. I reserve the remainder of my time.

Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Delaware has 33 seconds. The Senator from Ohio has 41 seconds.

Mr. GLENN. I yield the remainder of my time.

Mr. DOLE. I yield back the remainder of our time.

Mr. GLENN. 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. DOLE. Mr. President, I am waiting for the distinguished Democratic leader. Let me indicate while he is on his way to the floor that I want very much to accommodate the Democrats tomorrow evening. But we will complete at least 10 hours on the resolution tomorrow. We are going to have two or three votes. We tried to get credit for that. We cannot get that. So I just suggest that we will have to stay here beyond 6:30, probably, to get the 10 hours—maybe 7 o'clock. We will try to accommodate our colleagues in every way possible.

As I understand, we will be working through the policy lunch period tomorrow, and so if there are no amendments, I assume there will be a quorum call so the clock will run against the resolution.

Mr. President, in an effort to complete action on this resolution by early Wednesday afternoon, I yield back 3 hours and 51 minutes of the majority side time for debate.

The PRESIDING OFFICER. The majority leader has that right.

Mr. DOLE. Mr. President, as I understand it, if I can inquire of the chair, does this not mean there are 14 hours for total debate remaining?

The PRESIDING OFFICER. The Senator is correct.

Mr. LAUTENBERG. Mr. President, I rise in strong support of the pending amendment.

This amendment again poses the central question in this budget debate: Whose side are you on?

In this case, the issue is whether the Senate will side with ordinary, middle-class families who are trying to ensure a decent education for their kids. Or whether we will again side with the wealthy, by preserving the slush fund that will be used to provide them with lavish tax breaks.

I have heard Senators from the other side of the aisle say that this budget is for our children and grandchildren. They say it is for their future.

Yet if Republicans really are concerned about our children, why are they proposing the biggest cut in education in the history of the United States? Let me repeat: This budget contains the largest cut in education in the history of this country.

Is that their idea of helping our children?

This budget resolution cuts education for young people from preschool to graduate school. These cuts will affect all students. From 3 year olds who are learning fingerpainting, to graduate students studying business administration. No young person will be spared.

The Republican budget cuts the Federal investment in education by 33 percent by the year 2002. This figure comes from CBO, not from the Democrats on the Budget Committee.

Mr. President, let me tell you the impact that this will have on our young people. Let us go chronologically.

First, let us start with the preschoolers. The discretionary cuts in this budget mean that 350,000 to 550,000 preschoolers will not be able to get into a Head Start Program.

Second, let us take a look at what will happen to those children from kindergarten through 12th grade. The Republican budget will: Cut funds for math and reading for 2 million children. It will cut $1 billion for the Safe and Drug Free Schools Programs. It will cut $5 billion for special education for almost 6 million children with disabilities. It will cut assistance for school to work programs that help students who don't go to college to acquire skills and obtain meaningful employment.

Regrettably, the education cuts do not end at the 12th grade. These cuts will also hurt those young people who want to get a college education.

The Republican budget also makes deep cuts in the student loan programs and Pell grants. These programs help young people attend the college of their choice. They help them obtain skills to get a foothold in our economy. They help them live out the American dream, just like the GI bill did for me and other Members of this body.

The student loan program is not a welfare program for poor children. It is for all low and middle income Americans. In fact, 50 percent of all college students receive Federal financial assistance.

Middle class families need this assistance because college tuition has gone through the roof. Tuition, room and board at a private college now costs approximately $25,000 per year. If you think I am kidding, let me give you some examples of these costs. These include tuition, room and board: Brown University—$26,000; Dartmouth College—$24,000; Georgetown—$24,500; Harvard—$25,000; Yale—$25,000.

Mr. President, if you think you can avoid paying such costs by sending your child to a quality State university—think again. Tuition, room and board for non-residents at many State schools also are staggering. Consider two examples: University of Michigan—$16,000; University of California Berkeley—$20,000.

It is very difficult for American families to afford this type of tuition without borrowing money. The proposed Republican deferral of interest will cost these students and their families another $3,000 to $5,000 on top of the thousands of dollars they now spend.

Members of the other side of the aisle have talked a lot about balancing the budget so that the young people of this country will not be burdened by the national debt. Well, if we pass this Republican budget they will be saddled with more debt. They will be punished for trying to get ahead. Punished for getting a college education. This is simply wrong.

I urge the Senate to adopt this amendment. Stop the tax cuts for the rich and restore these harmful cuts in education.

OPPOSING EDUCATION CUTS

Mr. AKAKA. Mr. President, I rise today to support the Democratic response for funding education and to speak in opposition to the education cuts that are assumed in the Republican budget plan. The resolution reported by the Budget Committee calls for $97 billion in education cutbacks over 7 years, a 33-percent reduction from current service levels.

This adverse disregard for our most important long-term asset—the knowledge and skills of our emerging and future workforce—illustrates the failure of the Republican agenda.

It reveals that Republicans are willing to destroy the single most important factor that will determine the success of our Nation's future economic viability—educational opportunity.

My colleagues on the other side of the aisle claim that their package of spending cuts and tax changes is proof that they are serious about eliminating the deficit. I welcome this expression of fiscal responsibility, if it is genuine; I only wish we heard such oratory in the Reagan-Bush years, when supplyside, trickle-down policies created the fiscal debt we find ourselves in today.

But the fact that my colleagues are pondering a massive tax cut for the wealthy at the same time they are proposing massive reductions in social expenditures reveals more about the majority's priorities than their newfound demands for fiscal responsibility.

Even if we accept the claim that their priority is not to benefit the rich but to eliminate the deficit, it is obvious that their strategy is fatally flawed. For the proposed education cuts will profoundly affect our future economic viability and our ability to compete internationally. Reducing investment in education, which is already low, will inevitably limit economic growth and undermine the standard of living of middle-class Americans in the twenty-first century. And it will close the window of opportunity for the economically disadvantaged among us who are pursuing the American dream.

Mr. President, reducing our commitment to an educated, skilled workforce in the name of deficit reduction is short-sighted and terribly misguided. As this country struggles to find its way in a global marketplace dominated by cheap foreign labor and high technology, withdrawing our investment in education is economic suicide.

This budget proves that Republicans are more committed to protecting the interests of the haves than in accommodating the aspirations of the vast majority of Americans who want only to improve the quality of their lives through education.

Mr. President, nowhere does the impact of the proposed cuts in education fall more heavily than on two areas, Head Start and Student Loans.

IMPACT ON HEAD START

The resolution reported by the Budget Committee proposes cutting Head Start by $600 million in 1996 and $3 billion over the next 7 years. This means that as many as 100,000 children would be denied the opportunity to utilize the program and to be appropriately prepared for school.

Mr. President, it has been fashionable of late to criticize many of the Great Society Programs that were established in the 1960's; some of this criticism is justified. But at least one program, Project Head Start, has consistently received praise for its work. Since its inception in 1965, the program has helped 14 million underprivileged children prepare for school. And this year, Head Start will serve approximately 740,000 kids, roughly a third of all poor children aged 3 to 4.

Why is this program so important? Well, statistics demonstrate that children who enter the program score higher than comparable non-Head Start kids in pre-school achievement tests for cognitive abilities; they perform equal to or better than their peers when they enter regular school, and, they experience fewer grade retention and special class placements.

Reports also indicate that Head Start has had a positive impact on children's motivation, self-esteem, socialization, and social maturity. In addition, the studies show that participation in the program resulted in lower absenteeism and better health. Head Start has even had a positive impact on the attitudes of parents toward their children and an improvement in their employment and education status.

But statistics and reports aside, I think that all of us who are parents understand from personal experience why the Head Start concept works. It is simply this: During the preschool years, children undergo an accelerated phase of learning which is never again duplicated.

The rapidity of a child's development is truly amazing. Seemingly, in the blink of an eye, kids are running when they were once crawling, feeding themselves when they were once fed, arguing when they were once crying. They learn to drink milk from a glass rather than a bottle; they begin to use spoons and forks instead of their hands to eat. They learn the alphabet and how to brush their teeth. They learn what a joke is and how to turn on the TV. If they live in a multilingual household, they become fluent in several different languages. They acquire the rudiments of moral and social behavior. In short, well before they enter school, children have acquired the basic motor skills as well as the mental, social, and emotional attributes that they will build on in later years.

However, it is clear that the economic and social circumstances of a child's family have an impact on this crucial, peak learning period. If a child is undernourished, if he does not receive proper health care such as immunization from childhood diseases or treatment for a disability, if he is not exposed to books or proper educational materials, if he lacks parental attention or his mother or father are abusive or otherwise lack parenting skills—all of these factors will probably have an adverse effect on his ability to socialize and acquire appropriate knowledge and skills. And once a child has been handicapped in this way, it will be difficult if not impossible for him to catch up with his peers.

Head Start's comprehensive approach to child development, which involves education, physical and mental healthcare, nutrition, parental involvement, and social services, has proven to be an effective method of breaking the cycle of poverty that has helped millions of disadvantaged children and has given them the opportunity to achieve their full potential, which in turn has had a salutary effect on our economic well-being.

Until this year, Republicans appeared to embrace the goals and philosophy of Head Start, working side by side with Democrats to support the program. Indeed, under President Bush, the program received its single largest funding increase. And only last year, Head Start was reauthorized on a broad bipartisan basis. Yet we are now considering a budget plan that proposes to undermine much of the work of the last 30 years, a plan that balances tax cuts for the wealthy against the future of disadvantaged children, and finds the children wanting.

How is it, Mr. President, that our colleagues on the other side of the aisle can tell us with straight faces that this budget plan is good for the country? How can it be good for America to take away a resource that has the potential to help a hundred thousand poor children grow up to be productive, educated citizens? This is a question that Republicans have yet to answer.

REDUCTIONS IN STUDENT AID

Mr. President, on the other end of the educational spectrum, the budget measure calls for reductions of as much as $20 billion in higher education aid over the next 7 years. Of this amount, $14.5 billion in cuts would be in Student Loan Program cutbacks alone, mostly in the form of eliminating the in-school interest exemption for 4.5 million student who receive Stafford loans. I have been told that this represents the single largest reduction in student financial aid in history.

Again, I believe this is a penny-wise, pound-foolish approach that will save us money in the short term but will cause us grief in the long run. Unlike other education programs which are largely financed by the States, post-secondary student aid programs account for 75 percent of all available student aid, $31.4 billion of a total of $42 billion during fiscal year 1994. Thus, education cuts of the magnitude contemplated by the pending measure would have a disproportionate impact on these programs.

Mr. President, if the in-school interest exemption is eliminated, the individual indebtedness of Stafford loan recipients could rise to more than $3,000 for undergraduates and thousands of

dollars more for those who pursue advanced degrees. In fact, it could increase the total cost of college for students and their families by 20 to 50 percent, depending on the amount borrowed and the length of time a student is in school.

According to the National Association of Independent Colleges and Universities, this would mean an additional debt burden of $12 million over 5 years for the 4,900 Stafford loan borrowers in my own State of Hawaii. Here, in the District of Columbia, the debt would increase by $186 million. And, in California, the total 5-year debt incurred by students would rise by more than a billion dollars.

Mr. President, this is an outrage. Student aid now will be less affordable to lower- or middle-income students, especially when one considers the proposed reductions in the constellation of other student aid programs, including campus-based aid and Pell grants.

If this budget is implemented, students of modest means may have to forgo a college education; others who are fortunate enough to achieve their baccalaureates may have to forgo their dreams of pursuing graduate study. And those students who exit college in the future will be saddled with huge debt burdens at the time when they are least likely to be able to afford payments.

All of this means that our future workforce is likely to be less educated, less productive, and less well off. This in turn will reduce the Nation's taxbase, placing further upward pressure on the deficit, exactly the opposite effect from the stated purpose of this budget plan.

CONCLUSION

Mr. President, I have touched on only two areas—Head Start and student loans—that will be impacted by the proposed budget plan. But, as I have indicated, the GOP budget calls for nearly $100 million in total education cuts by the year 2002. This includes cuts in many other important programs, such as GOALS 2000, Title I, Safe and Drug-Free Schools, Special Education, and School-to-Work initiatives.

This wholesale disinvestment in our most important resource, our young people, is not merely shortsighted, it is blind. Blind to the imperatives of the new global marketplace, blind to the effect that cuts in education will have on our ability to prosper in an increasingly complex world, and blind to the effect it will have on our deficit.

But competitiveness, economic viability, and individual opportunity will not be the only victims of the proposed cutbacks in education. Our sense of civil community, of history, of tolerance, the ability to conduct informed, rational discourse—these are also the potential victims of this harsh and ill-conceived budget plan. For education is not just about making enough to feed the kids or to buy a new car or to own a home—it is also about preparing ourselves to carry out the multiple responsibilities of citizenship in the world's oldest and greatest republic.

Mr. President, no sane nation embraces ignorance. Yet, this is what the proposed resolution would have us do. I urge my colleagues to reject this war on knowledge by opposing the cuts in education contained in this measure that threaten our future.

Mr. DODD. Mr. President, I rise in strong support of this amendment by my colleagues, Senators HARKIN and HOLLINGS, to restore funding for education in this budget. This amendment would restore $40 billion to our most critical national investment.

As a percentage of overall spending, our Federal commitment to education programs has fallen significantly over the last two decades. Although recently these numbers have climbed thanks to the leadership of the Clinton administration, this budget resolution would scale back those modest improvements and put overall spending in this vital sector into a tail spin.

GROWING CHALLENGES IN OUR SCHOOLS

Even as our Federal commitment declines, the challenges to our schools have grown. Children walking through our school doors today are quite different from those of two decades ago—fewer and fewer come from two-parent homes, a growing number are poor and many come from communities plagued with violence and crime. Our classrooms are also seeing the first generation of crack babies, and far too many of our children continue to enter school unprepared to learn.

These social changes come on top of wrenching economic transformations. There was a time when blue-collar workers formed the bedrock of the middle class. High-wage jobs for people without years of advanced education were plentiful, and a high school education was a passport to a healthy future. That time is gone.

In less than one generation, the payoff for those with education and skills has risen substantially, and the penalty for those lacking a high school or college education has become more severe. These trends show no sign of abating. The wage gap between college graduates and high school graduates doubled during the 1980's. College graduates used to earn about 30 percent more than high school graduates—they now earn more than 60 percent more. Every year of postsecondary education or training boosts earning power by 6 to 12 percent.

But education does much more for our economy than increase individual earnings. It is also the fuel that drives the engine of productivity. A recent study by the Census Bureau and the University of Pennsylvania commissioned by the Bush administration demonstrated that education demonstrably increases productivity in the workplace. In fact, increases in educational attainment produce twice the gain in workplace efficiency as similar increases in plant and equipment.

Education is clearly the best investment we can make in our economy. Our future strength will be derived from education for all, not tax cuts to the most affluent. That is the alternative we offer in this amendment.

THE BUDGET RESOLUTION

This budget resolution takes a different course: It would abandon our schools and our children. In the name of eliminating the deficit, this budget proposal would create an education deficit far more costly in the long run.

In real terms, the resolution cuts education by an average of 25 percent over 7 years. Because the cuts gets progressively larger in the out years, in 2002, we will have fully a third less money to spend on education than we will spend this year.

HIGHER EDUCATION

For millions of families, higher education has been the road to a better future for their children. Federal aid has been the bridge that extended this road across the high-priced gulf between families and college. This budget resolution would wash out this bridge for millions of American families. It would cut college loans, freeze Pell grants, cut college work study, eliminate other campus-based aid, and broadly increase student debt.

This budget resolution would increase student loan costs by $14 billion over 7 years. Four million needy students a year could lost this in-school interest assistance they currently receive on their student loans, raising their personal debt from 20 to 50 percent. This would mean that a student who completes a master's degree and borrows the maximum of $34,125—not uncommon with annual college costs rising above $25,000 at many schools—would end up paying an extra $13,320 over the life of his or her loan. This is not debt reduction. It is debt shifting.

The budget resolution promises to freeze Pell spending—as if that is protection. Because of the annual increase in eligible programs and losses to inflation, however, even at a freeze Pell grants would lose 40 percent of their purchasing power by 2002. And there are no guarantees that Pell would not be cut further—as we know, appropriators are in no way bound by the Budget Committee chairman's promises.

ELEMENTARY AND SECONDARY EDUCATION

The front lines of our educational system—our public schools—are also under attack. The severe reductions proposed in this budget would have a real impact on whether or not students have such basic educational supports as smaller class sizes, safe and drug-free schools, more teachers for reading and math, access to computers, and

other services that make the difference for millions of young students.

The cuts may seem abstract, but the impact will be real—94 percent of school districts in America would lose over $1 billion that they use to keep students safe and drug-free. With the elimination of the school-to-work program and vocational education, 12 million students would see their opportunities to learn job skills curtailed. States and localities could see losses of $5 billion in Federal assistance for the 5.5 million special education students if the chairman's promised freeze does not hold in the Appropriations Committee. Title I for disadvantaged students also is at risk of cuts that would leave 2 million needy children without these services.

HEAD START

Head Start is on the line as well. It too is promised a freeze—although just last year, 98 colleagues joined me in passing legislation that promised full-funding for this model Federal program. Does that promise mean anything now? Let's assume that this year's promise of a freeze in Head Start will hold—even though it isn't binding on appropriators. Even at a freeze, 350,000 fewer children would receive Head Start by the year 2002. And if the promised freeze doesn't hold, over half a million children would be out of this program.

Our amendment today offers us the chance to make a different choice in addressing the education deficit as well as our Federal deficit. Our amendment does not increase the fiscal deficit; it does not challenge the goal of a balanced budget by 2002. It simply puts our investment in education before tax cuts for the well off.

It ensures that our children enjoy the benefit of a balanced budget without diminishing their educational opportunities for diminishing the very foundation of our economy—education itself.

THE ANXIOUS MIDDLE CLASS

This is not an academic debate: It is central to the future of this country. In the past two decades, our economy and our work force have experienced tremendous economic and structural changes. Growing international economic competition and rapid advances in technology have created a widening gulf between those at each end of the income scale. Income inequality is accelerating, and it is doing so faster in the United States than anywhere else in the world.

In 1976, 1 percent of the population owned 19 percent of America's wealth. Today, 1 percent of the population owns 40 percent of our Nation's wealth. In Britain, in contrast, the wealthiest 1 percent owns 18 percent of its country's wealth. Between 1979 and 1993, incomes of the least affluent three-fifths of the Nation's families dropped by 3 to 17 percent.

There are no easy answers to these problems, but I know that slashing funding for education is not one of them. We must come together as a nation to invest in our children, not turn our backs on them. I urge my colleagues to support the Harkin-Hollings amendment.

There are no easy answers to these problems, but I know that slashing funding for education is not one of them. We must come together as a nation to invest in our children, not turn our backs on them. I urge my colleagues to support the Harkin-Hollings amendment.

Mr. BRYAN. Mr. President, I rise today in support of the Harkin-Hollings Democratic Leadership's amendment to restore $40 billion in funding to the Federal student financial assistance program, and education programs, such as Head Start, to be paid for out of proposed tax cuts for the wealthy.

Cutting the student financial assistance program by $14 billion over the next 7 years, and eliminating the in-school interest subsidy for graduate and professional students is truly beyond my understanding.

Over and over again Senators come to this floor and talk about how the most important resource we have in our country is our children. Over and over again Senators lament that our country's children are behind the rest of the industrial world in educational achievement, and that we must focus on educational opportunities to keep this country competitive.

And yet, we are offered a budget resolution that would cut back substantially on student financial assistance. I do not understand.

This Budget proposal would freeze funding of Pell Grants. These are needs-based financial assistance grants. These are the grants that help ensure approximately 4 million low and middle income students have the opportunity to go to college or receive vocational training. We have not yet been able to provide funds for all of the students who qualify for these grants. Still this budget proposal would freeze such grant funding.

What should I say to the low or middle income mother and father with a child who wants to go to college? No Pell Grant for your child. We had to freeze those funds to pay for a tax cut to benefit some of the most affluent in our country—those making up to $200,000. Do we really want to say the need for the affluent to get a tax cut is greater than a low or middle income child's need to go to college? I can hardly believe such a message.

I know firsthand how important educational opportunity is for helping assure employment achievement. I have three grown children, all of whom received bachelor degrees. I am particularly proud each has also gone on to earn graduate degrees in medicine, law and education. Thankfully all three of my children have also been able to find work in their chosen fields.

But not all children qualified to further their education get to do so, simply due to the lack of money. And yet this budget proposal would end the AmeriCorp program. The President's program allows people the option of working in their communities to earn financial credits to go to college or to pay off school loans already incurred. And why would we want to eliminate that option for hardworking and dedicated students to earn their way into college or out of their school debts, so those making $200,000 can receive a tax cut?

And not only does the budget proposal cut and freeze student financial assistance, it would force graduate and professional students to pay interest that accrues on their student loans while they are still in school. Under current law, the Federal Government pays the interest on student loans while the students are in college. During a recent conversation, a Nevada lawyer told me the recent law school graduates he has hired quite commonly carry a law school loan debt of $1,000 per month. This frequently is being paid over a 10-year period. And yet this Budget would require interest accrual while the student is still in school. Students could face increases in their loan debt of 20 percent to 50 percent, depending on how much was borrowed. Why would anyone want to pay for a tax cut for the affluent by requiring young people to go further into debt—while they are still in school—by paying interest on their school loans?

Additionally, this budget proposal would freeze funding for Head Start and special education programs. Like Pell Grants, we have not yet been able to provide funds to cover all of the children eligible for Head Start—those low income children most at educational risk. And once children start school, this budget would freeze the funding for their special education needs. Again—why would we want to pay for a tax cut for the affluent by cutting off funds to the most vulnerable young children in our country who are just starting to begin their education? Who needs the leg up here—the person making $200,000 or the low-income child needing a lunch and a chance to learn their colors and numbers before starting first grade?

I have a long record reaching back to the beginning of my political career in the 1960s of supporting balancing the Federal budget. As a U.S. Senator, I have voted twice for such legislation. There are many cuts I will support, some will be unpopular, some will take a hit on Nevada. But I also have a long record of supporting investing in our children and their education as a top priority for whatever funds we have. We cannot maintain a viable economy at home, nor be a viable competitor abroad if our children are not educated.

I have, and will continue to support efforts to try to balance the Federal

budget by 2002—but through a fair budget proposal. When efforts to balance the budget rely on eliminating educational opportunities for our children, it is a most foolhardy way to accomplish.

I urge my colleagues support the Harkin-Hollings amendment. We must continue to invest in our children to ensure they do not have the door to educational opportunity slammed in their faces.

Mr. ROCKEFELLER. Mr. President, education is fundamental to our country's future. If we are serious about strengthening our country and staying competitive in a fierce global marketplace, America must educate its children and offer continuous education to working adults.

Previously, we might have differed on some details and policies, but a tradition of bipartisanship support for basic education programs was something Americans could count on—from Head Start to Chapter 1 help for elementary schools to student loans for college. Fairly recently, under the leadership of President Bush, along with the National Governors Association that included Arkansas Governor Bill Clinton, that bipartisan commitment to basic education goals was visible and real.

I support those goals and am horrified to see a budget resolution before the Senate that makes basic education programs the victim of major cuts.

For example, how can we meet our goal of having every child enter school ready to learn if Head Start is cut by $3 billion?

How can we ensure that our schools are safe and students steer clear of drugs, if the Safe and Drug-Free Schools program is virtually eliminated by a $1 billion budget cut? I worked hard to establish this program in 1986 with Republicans. Since then, I have visited numerous West Virginia classrooms and watched police officers in the DARE Program, to cite one example, make a real difference with students.

How can we expect students to enter the modern workplace with the skills they need if we cut Federal funding for educational technology? In today's Washington Post, there is an excellent story about children signing up for time to work on computers at the local public library. What will happen if we pave a new information superhighway, but we don't provide an on ramp or instructions for our schools and libraries?

Again, I have visited West Virginia classrooms, libraries and community centers and sat with children as they show me what they can learn on the Internet. Connecting students to technology is vital.

This resolution undercuts our national commitment to lifelong learning by cutting college assistance and increasing student loan interest.

It undercuts the School-to-Work programs, just passed last year with bipartisan support. The School-to-Work initiative was endorsed by both business and labor unions. It is a partnership between the Departments of Education and Labor. It is where we should be investing our energy and efforts. With Secretary Bob Reich, I visited a West Virginia program and watched students get hand-on experience to prepare them for the challenges of work in today's world. But this budget resolution, instead, proposes a cut of $5.3 billion from this relevant, needed program.

I am personally disappointed by the suggestion of eliminating the AmeriCorps program. National service is something that works, and has won the hearts, the minds, the support of Americans everywhere. It is today's symbol and substance that stand for responsibility and values like community. Just this past weekend in West Virginia, I was with AmeriCorps and VISTA workers and former VISTA volunteers at a special 30th reunion event. The people in that room are committed to making a real difference for West Virginia, working in domestic violence shelters and providing primary health care through the Children's Health Van. This is important, meaningful work that kindles the kind of community spirit we need. I know, because it was VISTA that brought me to Emmons, West Virginia years ago. AmeriCorps has that same spirit, and deserves the same support.

Mr. BIDEN. Mr. President, there are many things I do not like about this Republican budget. But, one of the most outrageous parts of this proposal is the increased burden it would put on college students.

Currently, students who take out loans to go to college do not have to pay interest on those loans while they are in school. The Federal Government pays it for them. This is known as the in-school interest subsidy. And, it has been a fundamental part of the student loan program since its inception 30 years ago. Without this protection—if the interest were to accumulate while an individual is in school—the cost would simply be prohibitive for many families.

But, that is just what is about to happen. The Republican budget in the Senate would end the interest subsidy for graduate and professional students. That is bad enough. But the House-passed budget is even worse. it would end the interest subsidy for all students.

This comes at a time when a higher education is increasingly important and at a time when the cost of that education is increasingly expensive. Studies show that a person with a college degree earns about $12,000 more each year than a person with only a high school degree. The unemployment rate for college graduates is 3 percent; for those with a high school diploma, it is 6 percent; and for those who are high school dropouts, the unemployment rate is 12 percent. And, yet, getting to college—opening up that door to economic opportunity—has become harder. During the 1980's, the cost of attending college rose 45 percent, while disposable income rose only 15 percent.

Mr. President, we are not talking about deadbeats. We are not talking about those who default on their loans. We are talking about middle class students from hard-working middle class families. The average annual family income for those students who borrow money to go to college is $35,000. These are middle class students who have to borrow money to get to college, who work hard to get ahead, who are playing by the rules and just want a fair shot. The Republicans are turning their backs on these young people by raising the costs of college loans.

The fact of the matter is this is a tax increase on college students. Already, for too many college students, when they graduate, they are handed not only a diploma but also a big IOU. This Republican budget makes the IOU even bigger. For example, a medical student could see his monthly loan repayment increase by more than $200 per month. A typical graduate student could easily see his or her loan increase by $5000.

Already, few young doctors who have to borrow money to attend medical school can afford to be primary care doctors in underserved rural and urban areas. Already, few young lawyers who have to borrow money to attend law school can afford to be public defenders. Already, it is hard for graduate students to pursue degrees in math and science—something we need desperately in this country for the Twenty-First Century—because, unlike doctors and lawyers, they do not have very many high-paying job alternatives. And, already, there are thousands upon thousands of undergraduate students who want to be policemen and teachers—but cannot because their loan repayment is too high. By removing the in-school interest subsidy, the Republican budget would only make it worse.

Frankly, we should be moving in the opposite direction—making college more affordable. Higher education is clearly an investment in our country's future, and it is without a doubt in the national interest. We should encourage parents to provide a college education to their children by changing the tax laws to make it easier for them. I am cosponsor of a bill to allow Americans who send their kids to college to deduct up to $10,000 of the cost of that education from their taxes. That is a real investment. That is a real tax cut. That is a real benefit to the Nation and to middle class families.

I disagree with some of my Democratic colleagues who argue that we should not cut taxes. We should. But,

we should not cut taxes as proposed by the House Republicans—where the cuts overwhelmingly benefit the wealthy. We need and we can afford—in fact, I would argue that we cannot afford not to provide—a tax cut targeted to middle-class families for the cost of an education.

This budget does not do that. It fails to provide relief for families who pay for their kids to go to college, and it punishes those who must borrow to go to college. The Republican budget, instead of making a college education more affordable, makes a college education less affordable.

Mr. President, from the establishment of the land-grant university system in the late 1800's to the GI bill at the end of World War II to the creation of the Pell Grant and Guaranteed Student Loan programs in the 1960's, the Federal Government has been committed to seeing that young people desiring to go to college would not be turned away because of the cost. It was a national goal to see a college education within reach of every American.

And, no matter who you talk to—black or white, rich or poor—every American family has the same goal: that their children will go to college. It was my dad's dream for his children, and it was my dream for my children. It is the dream of the richest businessperson and the poorest welfare mother. It is the dream of every American parent. We have not always reached the dream. But, we have always tried, and we have never turned our backs. We should not now. But, I am afraid that the Republicans are about to.

Balancing the budget is important, and it is important for our children. But, balancing the budget for future generations will be counterproductive if in the process we slash the programs like education that are an investment in our future.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOLE. Mr. President, I ask unanimous consent that the vote occur on or in relation to the Roth amendment immediately following the first rollcall vote occurring during Tuesday's session.

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

MORNING BUSINESS

(During today's session of the Senate, the following morning business was transacted.)

TRIBUTE TO COACH HOWARD CHAPPELL

Mr. HEFLIN. Mr. President, this year, one of Alabama's most outstanding high school football coaches was inducted into the Alabama High School Sports Hall of Fame. From 1934 until 1942 and again from 1951 to 1960, Howard "Chap" Chappell served as the coach of the Deshler High School Tigers, of Tuscumbia, AL, compiling an overall record of 110–52–2. But, Chap did more than just coach. As State Representative Marcel Black once said, "My favorite stories of Coach Chap are the ones involving his guidance and support to his former players after their careers as high school football players had ended." Chap was inducted into the Hall of Fame on March 20, 1995.

After graduating from Sylacauga High School in 1930, Chap accepted a scholarship to the University of Alabama. He was a 3-year letterman on football teams that went 24–4–1 and won the first Southeastern Conference Championship in 1933. He was also a star player on the track team, lettering for 3 years.

Coach Chappell's first tenure as coach began in 1934. As a senior, he made recruiting trips for the coach, encouraging outstanding high school students to go to the University of Alabama. "Coach Hank Crisp sent me to Sheffield to see about a boy named Jack Machtoff," Chap recalled in an interview. "I found out about a job opening in Tuscumbia. I went to see superintendent R.E. Thompson. He didn't give me the job then * * * but he called later and said I could have the job if I wanted it." So, Jack went to play at Alabama and Chap became coach of Deshler High School.

During his career as a coach, he managed to lead 3 undefeated teams. The Tigers were the dominant team in the Tennessee Valley. In 1938, they were described as "striking with the swiftness of a marauding band of Vikings." He left coaching in 1960 to become principal of R.E. Thompson School, a position which he retained until he retired in 1975.

Howard Chappell's many contributions have extended beyond his outstanding coaching. As Dr. James Maples wrote: "I was never fortunate enough to have played for Coach Chap * * * but his spirit, his tradition, his style and his attitude still to this day blanket the stadium that bears his name * * * What makes Chap great, however, what lifts him to heroic status in the minds of his friends and neighbors, is his presence in our everyday lives. That presence goes well beyond the confines of sports. There are young people who think Howard Chappell absolutely hung the moon, who have no idea he ever coached football at Deshler."

During the war, Chap oversaw the building of the stadium that was later named after him. In 1975, the city of Tuscumbia honored him with a 2-day celebration of his career and contributions to the community. He has served as president of the Alabama High School Coaches Association and the Tennessee Valley Conference. He is active in the First Methodist Church of Tuscumbia and has been president of the Kiwanis Club and member of the Tuscumbia City Commission.

During his 84 years, Howard Chappell has been one of the few who can rightly be called pillars of the community. I congratulate him on all of his achievements, and I wish him luck in continuing to shoot his age on the golf course.

THE PISCATAWAY CASE

Mr. DOLE. Mr. President, as President Clinton continues his review of Federal affirmative action policies, one of his top priorities should be to take a very close look at the Justice Department's brief in the Piscataway Board of Education case. This case is now pending before the third circuit court of appeals.

In Piscataway, the Justice Department has taken the position that, when an employer is laying off employees, a worker can be fired from her job because of her race. That's right: Our Nation's top law enforcement agency says that it is perfectly legal, as a way to preserve workforce diversity, to tell a person that she can no longer keep her job because she happens to have the wrong skin color.

This position is even too much for the editorial writers at USA Today, normally staunch defenders of affirmative action, who argue in a powerful editorial that the Justice Department's actions in Piscataway are "a tale of values misplaced."

Unfortunately, President Clinton has publicly embraced the Justice Department's misguided position. Hopefully, the President will rethink this position before he completes his affirmative action review.

Mr. President, I ask unanimous consent that the USA Today editorial be reprinted in the RECORD.

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

[From USA Today]

FIRING BASED ON RACE NOT REAL AFFIRMATIVE ACTION

Can you legally lose your job because of your race?

The answer seems obvious: No. That's why we have civil rights laws. But for high school teacher Sharon Taxman, the answer was a cavalier yes. And therein lies a tale of values misplaced.

Six years ago, a financially squeezed school board in Piscataway, N.J., laid Taxman off, citing her race, white, as the sole reason. She sued, and the case has been marching toward the Supreme Court ever since. A ruling by the U.S. Court of Appeals, the last interim step, is due any day.

By next year, the case could affect affirmative action policies nationwide and even influence the presidential election.

Taxman's story offers a clear-cut lesson in the rights and wrongs of affirmative action—

a story of two teachers linked by fate and separated by race.

It began on the first day of school in 1980 when Taxman and Debra Williams, who is black, went to work as business teachers in Piscataway. Both worked hard and earned high marks for performance. They even won tenure the same day.

Then came 1989. The school board, under financial pressure, needed to downsize, as so many governments and businesses across the nation have in recent years. The business education department was required to cut one teacher, and the choice came down to Taxman or Williams, whose qualifications amounted to a flat-footed tie.

What to do? By the board's own rules and past practice, ties were to be broken by a coin flip. But the board wanted to preserve racial diversity, and Williams was the department's first and only black teacher. So Taxman got the pink slip. And she sued.

Her case was seen as so important by the U.S. Justice Department that it jumped in to help, suing the school board for violating the 1964 Civil Rights Act, which prohibits racial and other discrimination.

The courts agreed. But last year the Clinton Justice Department did something extraordinary. It switched sides, defending the school board's choice of Williams as a legitimate affirmative action.

As the controversy over affirmative action has grown, the administration has scrambled to downplay its role, fearing reprisal at the polls. And well it should.

Far from helping affirmative action, approaches like Piscataway's put sensible affirmative action at risk.

Unlike affirmative action complaints about hiring and promotion—inevitably complex and arbitrary decisions—this one has a clear, identifiable victim.

Furthermore, all sides agree the school board was under no pressure to remedy any previous discrimination or to correct any imbalance in minority employment—the starting point for affirmative action. In fact, the school exceeded state goals for minority representation on its teaching staff.

Most importantly, the board could have achieved its goal without violating anyone's rights. It could have come up with a more creative redeployment of teachers to achieve the same results. Or it simply could have offered a financial inducement to Taxman. That's a common practice, and she was willing to accept.

Instead, as its first resort, it chose to lay Taxman off solely because of her race. And that is wrong, no matter what race it is.

Polls show almost no public support for such action. And the courts have upheld the rights of employers to make choices based on race alone only to remedy previous inequities.

Taxman, who spurns interviews, never intended to become a landmark test of firing as an affirmative action tool. She just wanted to teach. When Piscataway offered to reinstate her in the business education department in 1993, she gladly returned.

But the ruckus didn't need to happen. The school board's well-intentioned ends didn't justify its means.

For too many years, millions of women and minorities were denied equal opportunity and pay because of discrimination in education and in the workplace. Affirmative action has done much to remedy that.

Firing Sharon Taxman righted no wrong. It created one. That is not justice by any reasonable definition.

AN INSPIRING STORY: A GLORIOUS FAILURE

Mr. PELL. Mr. President, we often celebrate success on the floor of the Senate: the passage of a particularly difficult bill, the ratification of a difficult international agreement, or even the retirement of a public figure who has built a record of achievements.

This time, however, I would like to share with my colleagues the inspiring story of a glorious failure. It truly is an inspiring story for several reasons: the age of the individual involved, the wisdom of his perspective, and the strength of his spirit.

I do not know Mark Pfetzer but, as a Rhode Islander, I have been following the news accounts of this 15-year-old high school freshman's attempt to become the youngest person to climb Mount Everest.

Mark has climbed at least 26,000 feet up the 29,028-foot Himalayan mountain, perhaps even higher, when he reportedly was forced to turn back because of rib injuries.

According to his mother, he was injured during a coughing fit brought on by the extremely dry and thin air near the summit. Those injuries reportedly led a doctor to rule Mark out of the final assent to the summit.

I found one quote from Mark's mother, Christine Pfetzer, to be particularly telling. She said that during his preparations for the expedition he was fond of a quote by the Roman general Cassius: "In great attempts it is glorious to fail."

Mr. President, I congratulate Mark on his effort, his wisdom, and his spirit. I am confident that his glorious failure will lead him to a life of continued success.

I trust that, with his attitude, he eventually will climb the highest mountain—all the way to the top. I am sure he will go on to new conquests, if he remains willing to take the chance of failure.

We wish him well and, when he returns to Rhode Island in June, I hope his homecoming is only the beginning of a life with great promise.

I ask unanimous consent that a May 18 wire story by the Associated Press, titled "15-Year-Old Fails in Everest Summit Attempt," be printed in the CONGRESSIONAL RECORD.

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

MIDDLETOWN, R.I. (AP).—A 15-year-old high school freshman's attempt to become the youngest person to climb Mount Everest has been halted by rib injuries.

Mark Pfetzer spoke to his mother, Christine Pfetzer, by phone this morning from an Everest base camp. She said Mark was forced to give up a summit attempt because of bruised and sprained rib muscles and at least one cracked rib.

Mark was injured during a coughing fit brought on by the extremely dry air on the 29,028-foot Himalayan mountain, she said, adding that the doctor who examined her son had seen at least five similar injuries on Everest this year.

Christine Pfetzer said she did not know how high her son climbed before he turned back. He had reached 26,000 feet earlier in the expedition.

Pfetzer said recent severe weather on the mountain has cleared and at least two other climbers from Mark's expedition will attempt the summit climb. Her son, however, will not be among them.

"With the ribs, the doctor said no," Christine Pfetzer said.

"(Mark) did work really hard," she said. "I think he should have all the commendations he can get for what he accomplished at his age."

Pfetzer added that during her son's preparations for his Everest expedition he was particularly fond of a quote by the Roman general Cassius: "In great attempts it is glorious to fail."

She said her son's rib injuries would take about a month to heal, but that he already is looking ahead.

He said, "There's next time," she said.

Since taking up climbing three years ago at a summer camp, Pfetzer has climbed once in the Himalayas, scaled Argentina's 22,834-foot Mount Aconcagua, 19,347-foot Mount Cotopaxi in Ecuador and two Peruvian peaks, 18,870-foot Mount Pisco and 22,200-foot Mount Huascaran.

Only about 400 people have reached Everest's peak since Sir Edmund Hillary of New Zealand and Tensing Norkay of Nepal first scaled it in 1953. Another 109 have died in the attempt.

A 17-year-old French boy was the youngest person ever to climb Everest, reaching the summit in 1990.

Christine Pfetzer said she expects Mark back in Rhode Island in the first week of June.

WAS CONGRESS IRRESPONSIBLE? THE VOTERS HAVE SAID YES

Mr. HELMS. Mr. President, more than 3 years ago I began making daily reports to the Senate making a matter of record the exact Federal debt as of close of business the previous day.

As of the close of business Friday, May 19, the exact Federal debt stood at $4,883,151,973,639.38, meaning that on a per capita basis, every man, woman, and child in America owes $18,536.53 as his or her share of the Federal debt.

It is important to note, Mr. President, that the Senate had an opportunity to implement a balanced budget amendment to the Constitution. The Senate lost its first opportunity to control this debt by one vote. There will be another opportunity in the months ahead.

TRIBUTE TO COACH HAYDEN RILEY

Mr. HEFLIN. Mr. President, many in the athletic circles of Alabama were saddened last month by the death of Hayden Riley, former University of Alabama basketball and baseball coach. In 1964, 1965, and 1967, his basketball teams achieved upset victories over the University of Kentucky, truly

remarkable feats. From 1971 to 1979, he served as the school's head baseball coach, winning two SEC championships.

Originally from Guin, AL, Hayden Riley attended Marion County High School, playing four sports while a student there. In 1942, he was called to active duty in the Navy. While stationed at Pensacola Naval Air Station, he played football, basketball, and baseball.

After being discharged, he attended the University of Alabama, where he lettered in basketball and baseball from 1947 to 1949. In 1948, he graduated with a degree in physical education and went on to receive his masters in 1953 in physical education and school administration.

In 1951, Hayden joined the University of Alabama staff as assistant basketball coach. He became head coach in 1961, staying for 9 years. Legendary coach Paul "Bear" Bryant made him assistant athletic director in 1968, and he worked as one of Bear's top football recruiters until he became head baseball coach in 1971.

Hayden Riley made many outstanding contributions to the University of Alabama as both a player and a coach. I extend my sincerest condolences to his family and friends, and ask unanimous consent that a news column on his career be printed in the RECORD following my remarks.

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

(By John Cameron, Assistant Managing Editor/Sports)

BEAR SAID, JUST COACH, AND HE DID

Hayden Riley and Paul "Bear" Bryant came to Alabama to coach just about the same time.

Riley left Coffee High School in Florence and joined Dr. Eugene Lambert's basketball staff as an assistant coach in 1957. Bear came home in 1958 to take over as football coach and athletic director.

Today's generations know about the legend of the Bear. Very few of the younger Alabama supporters know about coach Hayden Riley. Some have never head of him.

Yet, Riley, who died Monday following a lengthy illness, was one of the most loyal and dedicated people to ever coach in the Crimson Tide athletic program.

In a sense, he "was Alabama." He lettered in basketball and baseball as a post-World War II student and, as a coach, he contributed greatly to Bama's rich sports history.

Somehow, Coach Riley has been overlooked. His contributions are seldom recognized and he is not in the Alabama Sports Hall of Fame. However, he is not without fame. Many former Alabama athletes and coaches have fond memories of the Bama mentor. They know what he did for them.

Coach Riley became Alabama's basketball coach in 1961, the same year that Bryant won his first national championship.

In those days, coaching basketball was a struggle. It was still all-white and all the headlines, money and fans went to football. Only a few leftovers went to basketball.

These were the days when Tide basketball was played in cramped Foster Auditorium and games provided students with something to do after football season. Still, he was happy just to have the chance to do the job.

He wound up with a losing record in basketball by only two games (102–104) but he had some big years. Most of his losses came in his early years.

In the SEC during the 1960s, you measured success by the number of times you defeated powerhouse Kentucky. Riley upset the Wildcats in 1964, 1965 and 1967. His 1967 team went 17–9.

In 1968, Bear made him assistant athletic director and put him on the road recruiting. He became one of Bama's top recruiters during the early 1970s, a period that produced some of the Tide's greatest teams. He spent quite a bit of time in Mobile and southwest Alabama.

Bear then asked him to coach the baseball team. From 1971–79, he compiled a 224–163–1 mark and won two Western Division titles. Diabetes forced him to retire from coaching in the spring of 1979, although he remained with the university in an administrative capacity until 1982.

No, history does not record Riley as a great coach in basketball or baseball at Alabama. However, it does reflect his strength as a loyal member of the staff and a man willing to give his time to help young people. He seemed comfortable remaining somewhat in the background.

PRESIDENT LEE TENG-HUI TO VISIT ALMA MATER

Mr. THOMAS. Mr. President, I rise today as the chairman of the Senate Subcommittee on East Asian and Pacific Affairs to inform my colleagues that, as predicted in the press over the weekend, the administration will announce this afternoon that it has agreed to issue a visa to President Lee Teng-hui of the Republic of China on Taiwan for a private visit to his alma mater.

I am very pleased that the administration has finally decided to take this step. The feeling in Congress on this issue has been very strong, as evidenced by the near unanimous votes in the last 2 weeks on the resolution calling on the State Department to allow the visit. I'm equally pleased that we have avoided an escalating squabble with the State Department over the visit. If this action had been taken earlier, when it should have been, we could have avoided a great deal of acrimony and conflicting signals. I believe that the decision to admit President Lee brings our policies on admission of, let us say, controversial public figures more into uniformity, and it removes a gross and unnecessary slight to one of our close friends in Asia.

Mr. President, in closing I would like to make something clear to our friends in the People's Republic of China. Although I understand the depth of their feelings on this issue, I do not believe that this simple move has to adversely affect our important relationship. Admitting President Lee Teng-hui for a private, I repeat, private visit should not be seen for more than it is—an internal decision to admit a private citizen for a limited private purpose—and I am sure that President Lee will closely adhere to the parameters of the visit in order to avoid any unnecessary complications. There are no hidden signals here, no nebulous meanings, no new policy currents. This is not, nor should the People's Republic of China interpret it to be, our repudiation of their one-China policy.

SECOND ANNIVERSARY OF THE SIGNING OF MOTOR-VOTER

Mr. FORD. Mr. President, last month, one of my State papers, the Lexington Herald-Leader, ran a story about why people don't vote. One of the top reasons people cited for not voting, was because they always forget to register.

Thirty-one-year-old Tracey Adkins told the paper that "My husband's a preacher, and we move a lot from town to town. It's hard when you move a lot. It's inconvenient." She couldn't remember the last time she was registered, but said she would "definitely register the next time she renewed her driver's license through the motor-voter law."

Tomorrow marks the second anniversary of the President signing this bill into law, and the culmination of years of work. But more importantly, it's another milestone in this country's long history of working to assure all American citizens have the ability to exercise their right to vote.

From women's suffrage in 1920 to the Voting Rights Act of 1965 to extending the right to vote to 18 year-olds in 1971 to removing physical barriers for the elderly and disabled in 1984, Congress recognized that the right to vote is perhaps the clearest expression of democracy at work.

When Tracey Adkins goes to renew her driver's license she'll join tens of thousands of other Kentuckians who took advantage of the new system—tens of thousands of other Kentuckians who now have no obstacles between their opinion and their Government.

In Kentucky, voter registration has skyrocketed to record levels, gaining 76,550 new voters since January 1. And it's estimated that motor-voter is responsible for two-thirds of those new potential voters. In the first quarter of this year, over 2 million Americans nationwide registered to vote under the new law. At this rate 20 million will be registered by the next Presidential election.

Not only are we experiencing the largest voter registration increase in our country's history, but as Becky Cain, president of the League of Women Voters said, "The 1996 electorate will be larger, more diverse and more reflective of the American people."

And, nearly 10 years of opposition to this legislation has proven to be completely unfounded, from arguments

about the high cost of implementation to the fear that somehow Democrats would benefit more than Republicans. Statistics show that new registrations in Kentucky are almost evenly divided between Republicans, Democrats, and Independents.

Barbara Jorden once said that the "stakes are too high for Government to be a spectator sport." As more and more Americans found themselves in the bleachers simply watching the political game, they were encountering a Government that knew little about their problems, and even less about the way the average citizen might want to see those problems solved.

But motor-voter sent a clear message to these disenchanted Americans that Government belongs to them, its future guided by their individual vote. Because, it is only through their participation that the democratic process can work effectively, efficiently, and equitably.

So, as we celebrate this second anniversary, we do so knowing that with each new registered voter, this Nation becomes a little stronger, our course a little steadier, our future a little brighter.

MESSAGES FROM THE HOUSE

At 4:19 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has agreed to the following concurrent resolution; in which it requests the concurrence of the Senate:

H. Con. Res. 67. Concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

MEASURES PLACED ON THE CALENDAR

The following concurrent resolution was read and placed on the calendar:

H. Con. Res. 67. Concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

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-927. A communication from the Secretary of Education, transmitting, a draft of proposed legislation to provide for the termination of the status of the College Construction Loan Insurance Association ("the Corporation") as a Government Sponsored Enterprise, to require the Secretary of Education to divest himself of the Corporation's stock, and for other purposes; to the Committee on Labor and Human Resources.

EC-928. A communication from the Secretary of Education, transmitting, a draft of proposed legislation to provide assistance to States and local communities to improve adult education and family literacy, to help achieve the National Educational Goals for all citizens, and for other purposes; to the Committee on Labor and Human Resources.

EC-929. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the fiscal years 1991 and 1992 report relative to the effectiveness of programs under the Lead Contamination Control Act; to the Committee on Labor and Human Resources.

EC-930. A communication from the Secretary of Labor, transmitting, pursuant to law, a fiscal year 1992 report relative to employment and training programs; to the Committee on Labor and Human Resources.

EC-931. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the annual report of the Administration on Aging for fiscal year 1994; to the Committee on Labor and Human Resources.

EC-932. A communication from the Admninistrator of the Small Business Administration, transmitting, pursuant to law, the 1994 report relative to minority small business and capital ownership development; to the Committee on Small Business.

EC-933. A communication from the Secretary of Veterans' Affairs, transmitting, a draft of proposed legislation 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.

EC-934. A communication from the Secretary of Veterans' Affairs, transmitting, a draft of proposed legislation 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.

EC-935. A communication from the Secretary of Veterans' Affairs, transmitting, a draft of proposed legislation entitled the "Veterans' Insurance Reform Act of 1995"; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 440. A bill to amend title 23, United States Code, to provide for the designation of the National Highway System, and for other purposes (Rept. No. 104-86).

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. D'AMATO:

S. 838. A bill to provide for additional radio broadcasting to Iran by the United States; to the Committee on Foreign Relations.

By Mr. CHAFEE (for himself, Mr. GRAHAM, and Mr. CONRAD):

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; to the Committee on Finance.

By Mr. CONRAD:

S. 840. A bill to provide the States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself and Mr. DASCHLE):

S. Res. 122. A resolution designating James R. Ketchum as Curator Emeritus of the United States Senate; considered and agreed to.

S. Res. 123. A resolution relating to the retirement of Gerald A. Hackett; considered and agreed to.

S. Res. 124. A resolution relating to the retirement of Frederick R. Broomfield, Sr.; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO:

S. 838. A bill to provide for additional radio broadcasting to Iran by the United States; to the Committee on Foreign Relations.

RADIO FREE IRAN ACT

Mr. D'AMATO. Mr. President, I rise today to introduce the Radio Free Iran Act.

This legislation is intended to create a Farsi-language service to be broadcast to Iran that will supplement, not supplant the current programming already beamed to Iran by the Voice of America. This service is intended to be made political in nature and as such, will bring to the Iranian people the real news that they are denied access to be the dictatorial regime in Tehran.

It is vital to the people of Iran that they be exposed to the truth of what is happening inside Iran. More must be done to detail what the regime is doing to this proud people. The Iranian people must understand how the regime has created impossible living conditions through massive inflation and shortages, persecuted minorities, denied human rights, and forced international isolation upon this proud nation because of its abhorrent practices.

The regime has robbed the Iranian people of its glorious history, replacing it with the status of a pariah state. The regime in Tehran is known as the chief sponsor of international terrorism, it is known as one of the worst abusers of human rights, and it is known for its unceasing determination to obtain weapons of mass destruction. This in itself is lowering the Iranian people's living standards with each passing day.

This legislation is intended to expose the people of Iran to a more balanced

approach to the conditions in Iran so that they can hopefully have a greater impact on their own future.

If anything is clear it is that the Iranian people deserve better. They deserve a chance to live free of the abusive and dictatorial nature of their corrupt government. They deserve to shed the status that this regime has cast upon them, and they deserve the chance to regain their proper role in the world.

Radio Free Iran will not be the panacea, but it will be the beginning. I want Radio Free Iran to be for the Iranian people what Radio Free Europe did for the people of Eastern Europe. The only goal for the Iranian people is freedom from oppression.

I urge my colleagues to support this worthwhile project.

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. 838

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 "Radio Free Iran Act".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) It is the policy of the United States to support the right of the People of Iran to seek, receive, and impart information and ideas through any media, regardless of frontiers, in accordance with article 19 of the Universal Declaration of Human Rights.

(2) Consonant with this policy, radio broadcasting to Iran may be effective in furthering the open communication of accurate information and ideas about Iran to the people of Iran.

(3) Such broadcasting to Iran, operated in a manner not inconsistent with the broad foreign policy of the United States and in accordance with high professional standards, would be in the national interest.

SEC. 3. RADIO BROADCASTING TO IRAN.

(a) IN GENERAL.—In order to carry out the objectives set forth in section 2, the United States Information Agency shall provide for the open communication of information and ideas on Iran through the use of radio broadcasting to Iran. Radio broadcasting to Iran under this section shall serve as a consistently reliable and authoritative source of accurate, objective, and comprehensive news on Iran.

(b) REQUIREMENTS RELATING TO BROADCASTING.—(1) Radio broadcasting under subsection (a) shall be provided in accordance with standards that ensure the broadcast of programs which are objective, accurate, and balanced, and which present a variety of views. Such standards shall be established by the board established under section 4.

(2) Radio broadcasting under subsection (a) shall be provided in the Farsi language.

(c) DESIGNATION OF BROADCASTS.—Any program of United States Government radio broadcasts in the Farsi language under this section shall be designated "Radio Free Iran".

(d) RELATIONSHIP WITH OTHER RADIO SERVICE TO IRAN.—It is the sense of Congress that radio broadcasting under this section supplement and not supplant other radio broadcasting and radio broadcasting services to Iran in the Farsi language that are provided by the United States Government.

(e) AUTHORITY TO CONTRACT.—The Director of the United States Information Agency may carry out this section by means of grants, contracts, and leases and by such other means as the Director determines appropriate. Any grant, contract, or lease under this subsection shall specify that payment thereunder by the Director is subject to the availability of appropriations thereof.

(f) ASSISTANCE FROM OTHER GOVERNMENT AGENCIES.—The Director may secure on a reimbursable basis from any department or agency of the Federal Government, with the concurrence of the head of the department or agency, any technical or administrative support or services (including personnel and property) that the Director may require in order to provide radio broadcasting to Iran under this section. Any reimbursement under this subsection shall be credited to the appropriation from which the support or services was derived.

SEC. 4. ADVISORY BOARD.

(a) IN GENERAL.—There is hereby established an advisory board to be known as the Advisory Board for Radio Free Iran (in this section referred to as the "Board").

(b) MEMBERSHIP MATTERS.—(1) The Board shall be composed of eight members of whom—

(A) four shall be appointed by the President;

(B) two shall be appointed by the President pro tempore of the Senate, upon the recommendation of the majority and minority leaders of the Senate; and

(C) two shall be appointed by the Speaker of the House of Representatives, in consultation with the minority leader of the House of Representatives.

(2) Members shall be appointed for terms of 4 years. Any vacancy in the Board shall not affect its powers but shall be filled in the same manner as the original appointment.

(3) The President shall designate one member of the Board to be the Chairman.

(c) DUTIES.—The Board shall have the following duties:

(1) To establish standards for the broadcast of programs under section 3, which standards shall ensure that such programs are objective, accurate, and balanced, and present a variety of views.

(2) To monitor the broadcast of programs under that section in order to ensure that the programs meet the standards so established.

(d) COMPENSATION.—(1) Each member of the Board who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Board. All members of the Board who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(2) The members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Board.

(e) PROCUREMENT OF SUPPLIES AND SERVICES.—The Board may, to the extent it considers necessary to carry out its duties under this section, procure supplies, services, and other personal property, including specialized electronic equipment.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the United States Information Agency for fiscal year 1996 such sums as may be necessary for purposes of carrying out this Act, including the activities of the board established under section 4.

(b) AVAILABILITY OF FUNDS.—Amounts appropriated under this section shall remain available until expended.

By Mr. CHAFEE (for himself, Mr. GRAHAM, and Mr. CONRAD):

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; to the Committee on Finance.

MEDICAID MANAGED CARE ACT

Mr. CHAFEE. Mr. President, we face many difficult decisions in the next few months. Due to the increasing national deficit and our efforts to control it, we must carefully review all Federal programs. Of particular concern are Federal entitlement programs such as Medicare and Medicaid. Today we are debating a budget resolution that will reduce the growth rate in Medicaid spending by $175 billion over the next 7 years. I am supportive of efforts to bring Federal spending under control, including Federal spending on the Medicaid Program. However, I am deeply concerned about the future of this program which provides critical health care services to low-income children, pregnant women, persons with disabilities and the elderly.

Clearly, as we move forward we can expect to see some dramatic changes in the Medicaid Program. And as a former Governor, I understand the need to provide States with additional flexibility to administer the program, and to control costs. Many may question whether it is possible to meet these objectives without jeopardizing health care services to millions of low-income Americans. Some have suggested converting the Medicaid Program into a block grant and capping the general rate of growth in Federal expenditures. While I agree that we should give States more flexibility, I do not believe that it is reasonable to expect the Federal Government to hand over more than $100 billion per year without expecting accountability. Thus, earlier this year I began to look for alternatives to this approach.

Mr. President, today I am joining with my colleagues Senators BOB GRAHAM and KENT CONRAD in introducing legislation that we believe will serve

two very important objectives in the Medicaid Program. First, this legislation will give States the additional flexibility that they need to administer the Medicaid Program by allowing them to enroll Medicaid patients in managed care. Second, this bill will set Federal standards for managed care to ensure that Medicaid patients receive the same quality of care afforded private managed care patients.

Specifically, this legislation would allow States to require Medicaid patients to enroll in managed care plans. States would be required to offer patients a choice of a least two plans. States would no longer have to go through the lengthy and cumbersome process of applying to the Secretary of Health and Human Services for a waiver of Medicaid regulations.

This legislation sets Federal standards for managed care plans that wish to enroll Medicaid patients. Plans would be required to meet certain standards for quality, access to care, and solvency. These standards are especially important given recent problems in States that have set up Medicaid managed care programs under the waiver process. Plans have failed to contract with enough providers to serve the Medicaid population; plans have been permitted to operate under standards that are lower than commercial insurers are required to meet; and plans have used fraudulent marketing practices to entice Medicaid patients to sign up with their plans. These actions have resulted in patients being denied medically necessary services, and have resulted in States and the Federal Government paying for care that was never given.

Considering these abuses, why should we allow Medicaid managed care at all? Because managed care, if done correctly, can vastly improve the quality of health care provided to low-income families. In today's fee-for-service program, patients face myriad problems. Some are forced to get care in hospital emergency rooms because they cannot find a private physician willing or able to accept Medicaid's low payment rates. Those who do have access to providers often face waiting for hours in clinics which are overcrowded and understaffed. And, sadly, they often do not have access to primary and preventive care services which would have prevented them from becoming ill to begin with.

Medicaid managed care, if done well, provides regular prenatal care to assure that children are born healthy. These plans provide coverage for check-ups and immunizations to prevent serious illnesses. And they give patients a medical home—a provider they know can go to if they are sick, or a number to call if they have questions.

Medicaid managed care also has the potential of benefiting our overall health care system by providing access to primary care providers rather than forcing patients to make costly and unnecessary visits to hospital emergency rooms. It gives providers the opportunity to catch and treat, or prevent, costly health problems.

Mr. President, I hope as we move forward in this budget debate that we will be successful in funding a means of giving Governors the additional flexibility they need to administer their Medicaid programs. I am also hopeful that we will be successful in dramatically decreasing the rate of growth in this program. The legislation that I introduce today will give States the flexibility they have sought without going through the costly and complicated waiver process, and I look forward to working with the Governors to identify additional areas of flexibility in the Medicaid Program.

We must bear in mind, however, that the Medicaid Program is the sole source of health insurance for millions of low-income Americans. I believe that it would be a mistake for Congress, in its efforts to control Federal spending, to take any action that would result in a dramatic increase in our Nation's uninsured population. I hope my colleagues will join with me in cosponsoring this legislation.

Mr. President, I ask unanimous consent that the text of the bill be included in the RECORD.

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

S. 839

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 "Medicaid Managed Care Act of 1995".

SEC. 2. PERMITTING GREATER FLEXIBILITY FOR STATES TO ENROLL BENEFICIARIES IN MANAGED CARE ARRANGEMENTS.

(a) IN GENERAL.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930 the following new section:

"STATE OPTIONS FOR ENROLLMENT OF BENEFICIARIES IN MANAGED CARE ARRANGEMENTS

"SEC. 1931. (a) MANDATORY ENROLLMENT.—

"(1) IN GENERAL.—Subject to the succeeding provisions of this section, a State may require an individual eligible for medical assistance under the State plan under this title to enroll with an eligible managed care provider as a condition of receiving such assistance and, with respect to assistance furnished by or under arrangements with such provider, to receive such assistance through the provider, if the following provisions are met:

"(A) The provider meets the requirements of section 1932.

"(B) The provider enters into a contract with the State to provide services for the benefit of individuals eligible for benefits under this title under which prepaid payments to such provider are made on an actuarially sound basis.

"(C) There is sufficient capacity among all providers meeting such requirements to enroll and serve the individuals required to enroll with such providers.

"(D) The individual is not a special needs individual (as defined in subsection (c)).

"(E) The State—

"(i) permits an individual to choose an eligible managed care provider—

"(I) from among not less than 2 medicaid managed care plans; or

"(II) between a medicaid managed care plan and a primary care case management provider;

"(ii) provides the individual with the opportunity to change enrollment among eligible managed care providers not less than once annually and notifies the individual of such opportunity not later than 60 days prior to the first date on which the individual may change enrollment;

"(iii) establishes a method for establishing enrollment priorities in the case of an eligible managed care provider that does not have sufficient capacity to enroll all such individuals seeking enrollment under which individuals already enrolled with the provider are given priority in continuing enrollment with the provider;

"(iv) establishes a default enrollment process which meets the requirements described in paragraph (2) and under which any such individual who does not enroll with an eligible managed care provider during the enrollment period specified by the State shall be enrolled by the State with such a provider in accordance with such process; and

"(v) establishes the sanctions provided for in section 1933.

"(2) DEFAULT ENROLLMENT PROCESS REQUIREMENTS.—The default enrollment process established by a State under paragraph (1)(E)(iv) shall—

"(A) provide that the State may not enroll individuals with an eligible managed care provider which is not in compliance with the requirements of section 1932; and

"(B) provide for an equitable distribution of individuals among all eligible managed care providers available to enroll individuals through such default enrollment process, consistent with the enrollment capacities of such providers.

"(3) EXCEPTION FOR CERTAIN SERVICES.—A State may not require an individual eligible for medical assistance under the State plan under this title to enroll with an eligible managed care provider as a condition of receiving medical assistance consisting of payment for medicare cost-sharing under section 1905(p)(3).

"(b) REENROLLMENT OF INDIVIDUALS WHO REGAIN ELIGIBILITY.—

"(1) IN GENERAL.—If an individual eligible for medical assistance under a State plan under this title and enrolled with an eligible managed care provider with a contract under subsection (a)(1)(B) ceases to be eligible for such assistance for a period of not greater than 2 months, the State may provide for the automatic reenrollment of the individual with the provider as of the first day of the month in which the individual is again eligible for such assistance.

"(2) CONDITIONS.—Paragraph (1) shall only apply if—

"(A) the month for which the individual is to be reenrolled occurs during the enrollment period covered by the individual's original enrollment with the eligible managed care provider;

"(B) the eligible managed care provider continues to have a contract with the State agency under subsection (a)(1)(B) as of the first day of such month; and

"(C) the eligible managed care provider complies with the requirements of section 1932.

"(3) NOTICE OF REENROLLMENT.—The State shall provide timely notice to an eligible managed care provider of any reenrollment of an individual under this subsection.

"(c) SPECIAL NEEDS INDIVIDUALS DESCRIBED.—In this section, a 'special needs individual' means any of the following:

"(1) SPECIAL NEEDS CHILD.—An individual who is under 19 years of age who—

"(A) is eligible for supplemental security income under title XVI;

"(B) is described under section 501(a)(1)(D);

"(C) is a child described in section 1902(e)(3); or

"(D) is in foster care or is otherwise in an out-of-home placement.

"(2) HOMELESS INDIVIDUALS.—An individual who is homeless (without regard to whether the individual is a member of a family), including—

"(A) an individual whose primary residence during the night is a supervised public or private facility that provides temporary living accommodations; or

"(B) an individual who is a resident in transitional housing.

"(3) MIGRANT AGRICULTURAL WORKERS.—A migratory agricultural worker or a seasonal agricultural worker (as such terms are defined in section 329 of the Public Health Service Act), or the spouse or dependent of such a worker.".

(b) CONFORMING AMENDMENT.—Section 1902(a)(23) of such Act (42 U.S.C. 1396a(a)(23)) is amended—

(1) in the matter preceding subparagraph (A), by striking "subsection (g) and in section 1915" and inserting "subsection (g), section 1915, and section 1931,"; and

(2) in subparagraph (B)—

(A) by striking "a health maintenance organization, or a" and inserting "or with an eligible managed care provider, as defined in section 1932(g)(1), or".

SEC. 3. REMOVAL OF BARRIERS TO PROVISION OF MEDICAID SERVICES THROUGH MANAGED CARE.

(a) REPEAL OF CURRENT BARRIERS.—Except as provided in subsection (b), section 1903(m) of the Social Security Act (42 U.S.C. 1396b(m)) is repealed on the date of the enactment of this Act.

(b) EXISTING CONTRACTS.—In the case of any contract under section 1903(m) of such Act which is in effect on the day before the date of the enactment of this Act, the provisions of such section shall apply to such contract until the earlier of—

(1) the day after the date of the expiration of the contract; or

(2) the date which is 1 year after the date of the enactment of this Act.

(c) ELIGIBLE MANAGED CARE PROVIDERS DESCRIBED.—Title XIX of such Act (42 U.S.C. 1396 et seq.), as amended by section 2(a), is amended—

(1) by redesignating section 1932 as section 1933; and

(2) by inserting after section 1931 the following new section:

"ELIGIBLE MANAGED CARE PROVIDERS

"SEC. 1932. (a) DEFINITIONS.—In this section, the following definitions shall apply:

"(1) ELIGIBLE MANAGED CARE PROVIDER.—The term 'eligible managed care provider' means—

"(A) a medicaid managed care plan; or

"(B) a primary care case management provider.

"(2) MEDICAID MANAGED CARE PLAN.—The term 'medicaid managed care plan' means a health maintenance organization or any other plan which provides or arranges for the provision of one or more items and services to individuals eligible for medical assistance under the State plan under this title in accordance with a contract with the State under section 1931(a)(1)(B).

"(3) PRIMARY CARE CASE MANAGEMENT PROVIDER.—

"(A) IN GENERAL.—The term 'primary care case management provider' means a health care provider that—

"(i) is a physician, group of physicians, a Federally-qualified health center, a rural health clinic, or an entity employing or having other arrangements with physicians that provides or arranges for the provision of one or more items and services to individuals eligible for medical assistance under the State plan under this title in accordance with a contract with the State under section 1931(a)(1)(B);

"(ii) receives payment on a fee-for-service basis (or, in the case of a Federally-qualified health center or a rural health clinic, on a reasonable cost per encounter basis) for the provision of health care items and services specified in such contract to enrolled individuals;

"(iii) receives an additional fixed fee per enrollee for a period specified in such contract for providing case management services (including approving and arranging for the provision of health care items and services specified in such contract on a referral basis) to enrolled individuals; and

"(iv) is not an entity that is at risk.

"(B) AT RISK.—In subparagraph (A)(iv), the term 'at risk' means an entity that—

"(i) has a contract with the State under which such entity is paid a fixed amount for providing or arranging for the provision of health care items or services specified in such contract to an individual eligible for medical assistance under the State plan and enrolled with such entity, regardless of whether such items or services are furnished to such individual; and

"(ii) is liable for all or part of the cost of furnishing such items or services, regardless of whether such cost exceeds such fixed payment.

"(b) ENROLLMENT.—

"(1) NONDISCRIMINATION.—An eligible managed care provider may not discriminate on the basis of health status or anticipated need for services in the enrollment, reenrollment, or disenrollment of individuals eligible to receive medical assistance under a State plan under this title.

"(2) TERMINATION OF ENROLLMENT.—

"(A) IN GENERAL.—An eligible managed care provider shall permit an individual eligible for medical assistance under the State plan under this title who is enrolled with the provider to terminate such enrollment for cause at any time, and without cause during the 60-day period beginning on the date the individual receives notice of enrollment, and shall notify each such individual of the opportunity to terminate enrollment under these conditions.

"(B) FRAUDULENT INDUCEMENT OR COERCION AS GROUNDS FOR CAUSE.—For purposes of subparagraph (A), an individual terminating enrollment with an eligible managed care provider on the grounds that the enrollment was based on fraudulent inducement or was obtained through coercion shall be considered to terminate such enrollment for cause.

"(C) NOTICE OF TERMINATION.—

"(i) NOTICE TO STATE.—

"(I) BY INDIVIDUALS.—Each individual terminating enrollment with an eligible managed care provider under subparagraph (A) shall do so by providing notice of the termination to an office of the State agency administering the State plan under this title, the State or local welfare agency, or an office of an eligible managed care provider.

"(II) BY PLANS.—Any eligible managed care provider which receives notice of an individual's termination of enrollment with such provider through receipt of such notice at an office of an eligible managed care provider shall provide timely notice of the termination to the State agency administering the State plan under this title.

"(ii) NOTICE TO PLAN.—The State agency administering the State plan under this title or the State or local welfare agency which receives notice of an individual's termination of enrollment with an eligible managed care provider under clause (i) shall provide timely notice of the termination to such provider.

"(D) REENROLLMENT.—Each State shall establish a process under which an individual terminating enrollment under this paragraph shall be promptly enrolled with another eligible managed care provider and notified of such enrollment.

"(3) PROVISION OF ENROLLMENT MATERIALS IN UNDERSTANDABLE FORM.—Each eligible managed care provider shall provide all enrollment materials in a manner and form which may be easily understood by a typical adult enrollee of the provider who is eligible for medical assistance under the State plan under this title.

"(c) QUALITY ASSURANCE.—

"(1) ACCESS TO SERVICES.—Each eligible managed care provider shall provide or arrange for the provision of all medically necessary medical assistance under this title which is specified in the contract entered into between such provider and the State under section 1931(a)(1)(B) for enrollees who are eligible for medical assistance under the State plan under this title.

"(2) TIMELY DELIVERY OF SERVICES.—Each eligible managed care provider shall respond to requests from enrollees for the delivery of medical assistance in a manner which—

"(A) makes such assistance—

"(i) available and accessible to each such individual, within the area served by the provider, with reasonable promptness and in a manner which assures continuity; and

"(ii) when medically necessary, available and accessible 24 hours a day and 7 days a week; and

"(B) with respect to assistance provided to such an individual other than through the provider, or without prior authorization, in the case of a primary care case management provider, provides for reimbursement to the individual (if applicable under the contract between the State and the provider) if—

"(i) the services were medically necessary and immediately required because of an unforeseen illness, injury, or condition; and

"(ii) it was not reasonable given the circumstances to obtain the services through the provider, or, in the case of a primary care case management provider, with prior authorization.

"(3) EXTERNAL INDEPENDENT REVIEW OF ELIGIBLE MANAGED CARE PROVIDER ACTIVITIES.—

"(A) REVIEW OF MEDICAID MANAGED CARE PLAN CONTRACT.—

"(i) IN GENERAL.—Except as provided in subparagraph (B), each medicaid managed care plan shall be subject to an annual external independent review of the quality and timeliness of, and access to, the items and services specified in such plan's contract with the State under section 1931(a)(1)(B).

Such review shall specifically evaluate the extent to which the medicaid managed care plan provides such services in a timely manner.

"(ii) AVAILABILITY OF RESULTS.—The results of each external independent review conducted under this subparagraph shall be available to participating health care providers, enrollees, and potential enrollees of the medicaid managed care plan, except that the results may not be made available in a manner that discloses the identity of any individual patient.

"(B) DEEMED COMPLIANCE.—

"(i) MEDICARE PLANS.—The requirements of subparagraph (A) shall not apply with respect to a medicaid managed care plan if the plan is an eligible organization with a contract in effect under section 1876.

"(ii) PRIVATE ACCREDITATION.—

"(I) IN GENERAL.—The requirements of subparagraph (A) shall not apply with respect to a medicaid managed care plan if—

"(aa) the plan is accredited by an organization meeting the requirements described in clause (iii); and

"(bb) the standards and process under which the plan is accredited meet such requirements as are established under subclause (II), without regard to whether or not the time requirement of such subclause is satisfied.

"(II) STANDARDS AND PROCESS.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall specify requirements for the standards and process under which a medicaid managed care plan is accredited by an organization meeting the requirements of clause (iii).

"(iii) ACCREDITING ORGANIZATION.—An accrediting organization meets the requirements of this clause if the organization—

"(I) is a private, nonprofit organization;

"(II) exists for the primary purpose of accrediting managed care plans or health care providers; and

"(III) is independent of health care providers or associations of health care providers.

"(C) REVIEW OF PRIMARY CARE CASE MANAGEMENT PROVIDER CONTRACT.—Each primary care case management provider shall be subject to an annual external independent review of the quality and timeliness of, and access to, the items and services specified in the contract entered into between the State and the primary care case management provider under section 1931(a)(1)(B).

"(4) PROVIDING INFORMATION ON SERVICES.—

"(A) REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

"(i) INFORMATION TO THE STATE.—Each medicaid managed care plan shall provide to the State (at such frequency as the Secretary may require), complete and timely information concerning the following:

"(I) The services that the plan provides to (or arranges to be provided to) individuals eligible for medical assistance under the State plan under this title.

"(II) The identity, locations, qualifications, and availability of participating health care providers.

"(III) The rights and responsibilities of enrollees.

"(IV) The services provided by the plan which are subject to prior authorization by the plan as a condition of coverage (in accordance with paragraph (6)(A)).

"(V) The procedures available to an enrollee and a health care provider to appeal the failure of the plan to cover a service.

"(VI) The performance of the plan in serving individuals eligible for medical assistance under the State plan under this title.

"(ii) INFORMATION TO HEALTH CARE PROVIDERS, ENROLLEES, AND POTENTIAL ENROLLEES.—Each medicaid managed care plan shall—

"(I) upon request, make the information described in clause (i) available to participating health care providers, enrollees, and potential enrollees in the plan's service area; and

"(II) provide to enrollees and potential enrollees information regarding all items and services that are available to enrollees under the contract between the State and the plan that are covered either directly or through a method of referral and prior authorization.

"(B) REQUIREMENTS FOR PRIMARY CARE CASE MANAGEMENT PROVIDERS.—Each primary care case management provider shall—

"(i) provide to the State (at such frequency as the Secretary may require), complete and timely information concerning the services that the primary care case management provider provides to (or arranges to be provided to) individuals eligible for medical assistance under the State plan under this title;

"(ii) make available to enrollees and potential enrollees information concerning services available to the enrollee for which prior authorization by the primary care case management provider is required; and

"(iii) provide enrollees and potential enrollees information regarding all items and services that are available to enrollees under the contract between the State and the primary care case management provider that are covered either directly or through a method of referral and prior authorization.

"(C) REQUIREMENTS FOR BOTH MEDICAID MANAGED CARE PLANS AND PRIMARY CARE CASE MANAGEMENT PROVIDERS.—Each eligible managed care provider shall provide the State with aggregate encounter data for early and periodic screening, diagnostic, and treatment services under section 1905(r) furnished to individuals under 21 years of age. Any such data provided may be audited by the State and the Secretary.

"(5) TIMELINESS OF PAYMENT.—An eligible managed care provider shall make payment to health care providers for items and services which are subject to the contract under section 1931(a)(1)(B) and which are furnished to individuals eligible for medical assistance under the State plan under this title who are enrolled with the provider on a timely basis and under the claims payment procedures described in section 1902(a)(37)(A), unless the health care provider and the eligible managed care provider agree to an alternate payment schedule.

"(6) ADDITIONAL QUALITY ASSURANCE REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

"(A) CONDITIONS FOR PRIOR AUTHORIZATION.—A medicaid managed care plan may require the approval of medical assistance for nonemergency services before the assistance is furnished to an enrollee only if the system providing for such approval—

"(i) provides that such decisions are made in a timely manner, depending upon the urgency of the situation; and

"(ii) permits coverage of medically necessary medical assistance provided to an enrollee without prior authorization in the event of an emergency.

"(B) INTERNAL GRIEVANCE PROCEDURE.—Each medicaid managed care plan shall establish an internal grievance procedure under which a plan enrollee or a provider on behalf of such an enrollee who is eligible for medical assistance under the State plan under this title may challenge the denial of coverage of or payment for such assistance.

"(C) USE OF UNIQUE PHYSICIAN IDENTIFIER FOR PARTICIPATING PHYSICIANS.—Each medicaid managed care plan shall require each physician providing services to enrollees eligible for medical assistance under the State plan under this title to have a unique identifier in accordance with the system established under section 1902(x).

"(D) PATIENT ENCOUNTER DATA.—

"(i) IN GENERAL.—Each medicaid managed care plan shall maintain sufficient patient encounter data to identify the health care provider who delivers services to patients and to otherwise enable the State plan to meet the requirements of section 1902(a)(27). The plan shall incorporate such information in the maintenance of patient encounter data with respect to such health care provider.

"(ii) COMPLIANCE.—A medicaid managed care plan shall—

"(I) submit the data maintained under clause (i) to the State; or

"(II) demonstrate to the State that the data complies with managed care quality assurance guidelines established by the Secretary in accordance with clause (iii).

"(iii) STANDARDS.—In establishing managed care quality assurance guidelines under clause (ii)(II), the Secretary shall consider—

"(I) managed care industry standards for—

"(aa) internal quality assurance; and

"(bb) performance measures; and

"(II) any managed care quality standards established by the National Association of Insurance Commissioners.

"(d) DUE PROCESS REQUIREMENTS FOR ELIGIBLE MANAGED CARE PROVIDERS.—

"(1) DENIAL OF OR UNREASONABLE DELAY IN DETERMINING COVERAGE AS GROUNDS FOR HEARING.—If an eligible managed care provider—

"(A) denies coverage of or payment for medical assistance with respect to an enrollee who is eligible for such assistance under the State plan under this title; or

"(B) fails to make any eligibility or coverage determination sought by an enrollee or, in the case of a medicaid managed care plan, by a participating health care provider or enrollee, in a timely manner, depending upon the urgency of the situation,

the enrollee or the health care provider furnishing such assistance to the enrollee (as applicable) may obtain a hearing before the State agency administering the State plan under this title in accordance with section 1902(a)(3), but only, with respect to a medicaid managed care plan, after completion of the internal grievance procedure established by the plan under subsection (c)(6)(B).

"(2) COMPLETION OF INTERNAL GRIEVANCE PROCEDURE.—Nothing in this subsection shall require completion of an internal grievance procedure if such procedure does not exist or if the procedure does not provide for timely review of health needs considered by the enrollee's health care provider to be of an urgent nature.

"(e) MISCELLANEOUS.—

"(1) PROTECTING ENROLLEES AGAINST THE INSOLVENCY OF ELIGIBLE MANAGED CARE PROVIDERS AND AGAINST THE FAILURE OF THE STATE TO PAY SUCH PROVIDERS.—Each eligible managed care provider shall provide that an individual eligible for medical assistance under the State plan under this title who is enrolled with the provider may not be held liable—

"(A) for the debts of the eligible managed care provider, in the event of the provider's insolvency;

"(B) for services provided to the individual—

"(i) in the event of the provider failing to receive payment from the State for such services; or

"(ii) in the event of a health care provider with a contractual or other arrangement with the eligible managed care provider failing to receive payment from the State or the eligible managed care provider for such services; or

"(C) for the debts of any health care provider with a contractual or other arrangement with the provider to provide services to the individual, in the event of the insolvency of the health care provider.

"(2) TREATMENT OF CHILDREN WITH SPECIAL HEALTH CARE NEEDS.—

"(A) IN GENERAL.—In the case of an enrollee of an eligible managed care provider who is a child with special health care needs—

"(i) if any medical assistance specified in the contract with the State is identified in a treatment plan prepared for the enrollee by a program described in subparagraph (C), the eligible managed care provider shall provide (or arrange to be provided) such assistance in accordance with the treatment plan either—

"(I) by referring the enrollee to a pediatric health care provider who is trained and experienced in the provision of such assistance and who has a contract with the eligible managed care provider to provide such assistance; or

"(II) if appropriate services are not available through the eligible managed care provider, permitting such enrollee to seek appropriate specialty services from pediatric health care providers outside of or apart from the eligible managed care provider; and

"(ii) the eligible managed care provider shall require each health care provider with whom the eligible managed care provider has entered into an agreement to provide medical assistance to enrollees to furnish the medical assistance specified in such enrollee's treatment plan to the extent the health care provider is able to carry out such treatment plan.

"(B) PRIOR AUTHORIZATION.—An enrollee referred for treatment under subparagraph (A)(i)(I), or permitted to seek treatment outside of or apart from the eligible managed care provider under subparagraph (A)(i)(II) shall be deemed to have obtained any prior authorization required by the provider.

"(C) CHILD WITH SPECIAL HEALTH CARE NEEDS.—For purposes of subparagraph (A), a child with special health care needs is a child who is receiving services under—

"(i) a program administered under part B or part H of the Individuals with Disabilities Education Act;

"(ii) a program for children with special health care needs under title V;

"(iii) a program under part B or part D of title IV; or

"(iv) any other program for children with special health care needs identified by the Secretary.

"(3) PHYSICIAN INCENTIVE PLANS.—Each medicaid managed care plan shall require that any physician incentive plan covering physicians who are participating in the medicaid managed care plan shall meet the requirements of section 1876(i)(8).

"(4) INCENTIVES FOR HIGH QUALITY ELIGIBLE MANAGED CARE PROVIDERS.—The Secretary and the State may establish a program to reward, through public recognition, incentive payments, or enrollment of additional individuals (or combinations of such rewards), eligible managed care providers that provide the highest quality care to individuals eligible for medical assistance under the State plan under this title who are enrolled with such providers. For purposes of section 1903(a)(7), proper expenses incurred by a State in carrying out such a program shall be considered to be expenses necessary for the proper and efficient administration of the State plan under this title.".

(d) CLARIFICATION OF APPLICATION OF FFP DENIAL RULES TO PAYMENTS MADE PURSUANT TO MEDICAID MANAGED CARE PLANS.—Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended by adding at the end the following sentence: "Paragraphs (1)(A), (1)(B), (2), (5), and (12) shall apply with respect to items or services furnished and amounts expended by or through an eligible managed care provider (as defined in section 1932(a)(1)) in the same manner as such paragraphs apply to items or services furnished and amounts expended directly by the State.".

(e) CLARIFICATION OF CERTIFICATION REQUIREMENTS FOR PHYSICIANS PROVIDING SERVICES TO CHILDREN AND PREGNANT WOMEN.—Section 1903(i)(12) of such Act (42 U.S.C. 1396b(i)(12)) is amended—

(1) in subparagraph (A)(i), to read as follows:

"(i) is certified in family practice or pediatrics by the medical specialty board recognized by the American Board of Medical Specialties for family practice or pediatrics or is certified in general practice or pediatrics by the medical specialty board recognized by the American Osteopathic Association,";

(2) in subparagraph (B)(i), to read as follows:

"(i) is certified in family practice or obstetrics by the medical specialty board recognized by the American Board of Medical Specialties for family practice or obstetrics or is certified in family practice or obstetrics by the medical specialty board recognized by the American Osteopathic Association,"; and

(3) in both subparagraphs (A) and (B)—

(A) by striking "or" at the end of clause (v);

(B) by redesignating clause (vi) as clause (vii); and

(C) by inserting after clause (v) the following new clause:

"(vi) delivers such services in the emergency department of a hospital participating in the State plan approved under this title, or".

SEC. 4. ADDITIONAL REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.

Section 1932 of the Social Security Act, as added by section 3(c)(2), is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d) ADDITIONAL REQUIREMENTS FOR MEDICAID MANAGED CARE PLANS.—

"(1) DEMONSTRATION OF ADEQUATE CAPACITY AND SERVICES.—

"(A) IN GENERAL.—Subject to subparagraph (C), each medicaid managed care plan shall provide the State and the Secretary with adequate assurances (as determined by the Secretary) that the plan, with respect to a service area—

"(i) has the capacity to serve the expected enrollment in such service area;

"(ii) offers an appropriate range of services for the population expected to be enrolled in such service area, including transportation services and translation services consisting of the principal languages spoken in the service area;

"(iii) maintains sufficient numbers of providers of services included in the contract with the State to ensure that services are available to individuals receiving medical assistance and enrolled in the plan to the same extent that such services are available to individuals enrolled in the plan who are not recipients of medical assistance under the State plan under this title;

"(iv) maintains extended hours of operation with respect to primary care services that are beyond those maintained during a normal business day;

"(v) provides preventive and primary care services in locations that are readily accessible to members of the community; and

"(vi) provides information concerning educational, social, health, and nutritional services offered by other programs for which enrollees may be eligible.

"(B) PROOF OF ADEQUATE PRIMARY CARE CAPACITY AND SERVICES.—Subject to subparagraph (C), a medicaid managed care plan that contracts with a reasonable number of primary care providers (as determined by the Secretary) and whose primary care membership includes a reasonable number (as so determined) of the following providers will be deemed to have satisfied the requirements of subparagraph (A):

"(i) Rural health clinics, as defined in section 1905(l)(1).

"(ii) Federally-qualified health centers, as defined in section 1905(l)(2)(B).

"(iii) Clinics which are eligible to receive payment for services provided under title X of the Public Health Service Act.

"(C) SUFFICIENT PROVIDERS OF SPECIALIZED SERVICES.—Notwithstanding subparagraphs (A) and (B), a medicaid managed care plan may not be considered to have satisfied the requirements of subparagraph (A) if the plan does not have a sufficient number (as determined by the Secretary) of providers of specialized services, including perinatal and pediatric specialty care, to ensure that such services are available and accessible.

"(2) WRITTEN PROVIDER PARTICIPATION AGREEMENTS FOR CERTAIN PROVIDERS.—Each medicaid managed care plan that enters into a written provider participation agreement with a provider described in paragraph (1)(B) shall—

"(A) include terms and conditions that are no more restrictive than the terms and conditions that the medicaid managed care plan includes in its agreements with other participating providers with respect to—

"(i) the scope of covered services for which payment is made to the provider;

"(ii) the assignment of enrollees by the plan to the provider;

"(iii) the limitation on financial risk or availability of financial incentives to the provider;

"(iv) accessibility of care;

"(v) professional credentialing and recredentialing;

"(vi) licensure;

"(vii) quality and utilization management;

"(viii) confidentiality of patient records;

"(ix) grievance procedures; and

"(x) indemnification arrangements between the plans and providers; and

"(B) provide for payment to the provider on a basis that is comparable to the basis on which other providers are paid.".

SEC. 5. PREVENTING FRAUD IN MEDICAID MANAGED CARE.

(a) IN GENERAL.—Section 1932 of the Social Security Act, as added by section 3(c)(2) and amended by section 4, is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) ANTI-FRAUD PROVISIONS.—

"(1) PROVISIONS APPLICABLE TO ELIGIBLE MANAGED CARE PROVIDERS.—

"(A) PROHIBITING AFFILIATIONS WITH INDIVIDUALS DEBARRED BY FEDERAL AGENCIES.—

"(i) IN GENERAL.—An eligible managed care provider may not knowingly—

"(I) have a person described in clause (iii) as a director, officer, partner, or person with beneficial ownership of more than 5 percent of the plan's equity; or

"(II) have an employment, consulting, or other agreement with a person described in clause (iii) for the provision of items and services that are significant and material to the organization's obligations under its contract with the State.

"(ii) EFFECT OF NONCOMPLIANCE.—If a State finds that an eligible managed care provider is not in compliance with subclause (I) or (II) of clause (i), the State—

"(I) shall notify the Secretary of such noncompliance;

"(II) may continue an existing agreement with the provider unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) directs otherwise; and

"(III) may not renew or otherwise extend the duration of an existing agreement with the provider unless the Secretary (in consultation with the Inspector General of the Department of Health and Human Services) provides to the State and to the Congress a written statement describing compelling reasons that exist for renewing or extending the agreement.

"(iii) PERSONS DESCRIBED.—A person is described in this clause if such person—

"(I) is debarred or suspended by the Federal Government, pursuant to the Federal acquisition regulation, from Government contracting and subcontracting;

"(II) is an affiliate (within the meaning of the Federal acquisition regulation) of a person described in clause (i); or

"(III) is excluded from participation in any program under title XVIII or any State health care program, as defined in section 1128(h).

"(B) RESTRICTIONS ON MARKETING.—

"(i) DISTRIBUTION OF MATERIALS.—

"(I) IN GENERAL.—An eligible managed care provider may not distribute marketing materials within any State—

"(aa) without the prior approval of the State; and

"(bb) that contain false or materially misleading information.

"(II) PROHIBITION.—The State may not enter into or renew a contract with an eligible managed care provider for the provision of services to individuals enrolled under the State plan under this title if the State determines that the provider intentionally distributed false or materially misleading information in violation of subclause (I)(bb).

"(ii) SERVICE MARKET.—An eligible managed care provider shall distribute marketing materials to the entire service area of such provider.

"(iii) PROHIBITION OF TIE-INS.—An eligible managed care provider, or any agency of such provider, may not seek to influence an individual's enrollment with the provider in conjunction with the sale of any other insurance.

"(iv) PROHIBITING MARKETING FRAUD.—Each eligible managed care provider shall comply with such procedures and conditions as the Secretary prescribes in order to ensure that, before an individual is enrolled with the provider, the individual is provided accurate and sufficient information to make an informed decision whether or not to enroll.

"(2) PROVISIONS APPLICABLE ONLY TO MEDICAID MANAGED CARE PLANS.—

"(A) STATE CONFLICT-OF-INTEREST SAFEGUARDS IN MEDICAID RISK CONTRACTING.—A medicaid managed care plan may not enter into a contract with any State under section 1931(a)(1)(B) unless the State has in effect conflict-of-interest safeguards with respect to officers and employees of the State with responsibilities relating to contracts with such plans or to the default enrollment process described in section 1931(a)(1)(D)(iv) that are at least as effective as the Federal safeguards provided under section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423), against conflicts of interest that apply with respect to Federal procurement officials with comparable responsibilities with respect to such contracts.

"(B) REQUIRING DISCLOSURE OF FINANCIAL INFORMATION.—In addition to any requirements applicable under section 1902(a)(27) or 1902(a)(35), a medicaid managed care plan shall—

"(i) report to the State (and to the Secretary upon the Secretary's request) such financial information as the State or the Secretary may require to demonstrate that—

"(I) the plan has the ability to bear the risk of potential financial losses and otherwise has a fiscally sound operation;

"(II) the plan uses the funds paid to it by the State and the Secretary for activities consistent with the requirements of this title and the contract between the State and plan; and

"(III) the plan does not place an individual physician, physician group, or other health care provider at substantial risk (as determined by the Secretary) for services not provided by such physician, group, or health care provider, by providing adequate protection (as determined by the Secretary) to limit the liability of such physician, group, or health care provider, through measures such as stop loss insurance or appropriate risk corridors;

"(ii) agree that the Secretary and the State (or any person or organization designated by either) shall have the right to audit and inspect any books and records of the plan (and of any subcontractor) relating to the information reported pursuant to clause (i) and any information required to be furnished under section paragraphs (27) or (35) of section 1902(a);

"(iii) make available to the Secretary and the State a description of each transaction described in subparagraphs (A) through (C) of section 1318(a)(3) of the Public Health Service Act between the plan and a party in interest (as defined in section 1318(b) of such Act); and

"(iv) agree to make available to its enrollees upon reasonable request—

"(I) the information reported pursuant to clause (i); and

"(II) the information required to be disclosed under sections 1124 and 1126.

"(C) ADEQUATE PROVISION AGAINST RISK OF INSOLVENCY.—

"(i) ESTABLISHMENT OF STANDARDS.—The Secretary shall establish standards, including appropriate equity standards, under which each medicaid managed care plan shall make adequate provision against the risk of insolvency.

"(ii) CONSIDERATION OF OTHER STANDARDS.—In establishing the standards described in clause (i), the Secretary shall consider—

"(I) such solvency standards as the National Association of Insurance Commissioners may prescribe; and

"(II) solvency standards applicable to eligible organizations with a risk-sharing contract under section 1876.

"(D) REQUIRING REPORT ON NET EARNINGS AND ADDITIONAL BENEFITS.—Each medicaid managed care plan shall submit a report to the State and the Secretary not later than 12 months after the close of a contract year containing—

"(i) the most recent audited financial statement of the plan's net earnings, in accordance with guidelines established by the Secretary in consultation with the States, and consistent with generally accepted accounting principles; and

"(ii) a description of any benefits that are in addition to the benefits required to be provided under the contract that were provided during the contract year to members enrolled with the plan and entitled to medical assistance under the State plan under this title.".

SEC. 6. SANCTIONS FOR NONCOMPLIANCE BY ELIGIBLE MANAGED CARE PROVIDERS.

(a) SANCTIONS DESCRIBED.—Title XIX of such Act (42 U.S.C. 1396 et seq.), as amended by section 3(c), is amended—

(1) by redesignating section 1933 as section 1934; and

(2) by inserting after section 1932 the following new section:

"SANCTIONS FOR NONCOMPLIANCE BY ELIGIBLE MANAGED CARE PROVIDERS

"SEC. 1933. (a) USE OF INTERMEDIATE SANCTIONS BY THE STATE TO ENFORCE REQUIREMENTS.—Each State shall establish intermediate sanctions, which may include any of the types described in subsection (b) other than the termination of a contract with an eligible managed care provider, which the State may impose against an eligible managed care provider with a contract under section 1931(a)(1)(B) if the provider—

"(1) fails substantially to provide medically necessary items and services that are required (under law or under such provider's contract with the State) to be provided to an enrollee covered under the contract, if the failure has adversely affected (or has a substantial likelihood of adversely affecting) the enrollee;

"(2) imposes premiums on enrollees in excess of the premiums permitted under this title;

"(3) acts to discriminate among enrollees on the basis of their health status or requirements for health care services, including expulsion or refusal to reenroll an individual, except as permitted by sections 1931 and 1932, or engaging in any practice that would reasonably be expected to have the effect of denying or discouraging enrollment with the provider by eligible individuals whose medical condition or history indicates a need for substantial future medical services;

"(4) misrepresents or falsifies information that is furnished—

"(A) to the Secretary or the State under section 1931 or 1932; or

"(B) to an enrollee, potential enrollee, or a health care provider under such sections; or

"(5) fails to comply with the requirements of section 1876(i)(8).

"(b) INTERMEDIATE SANCTIONS.—The sanctions described in this subsection are as follows:

"(1) Civil money penalties as follows:

"(A) Except as provided in subparagraph (B), (C), or (D), not more than $25,000 for each determination under subsection (a).

"(B) With respect to a determination under paragraph (3) or (4)(A) of subsection (a), not more than $100,000 for each such determination.

"(C) With respect to a determination under subsection (a)(2), double the excess amount charged in violation of such subsection (and the excess amount charged shall be deducted from the penalty and returned to the individual concerned).

"(D) Subject to subparagraph (B), with respect to a determination under subsection (a)(3), $15,000 for each individual not enrolled as a result of a practice described in such subsection.

"(2) The appointment of temporary management to oversee the operation of the eligible managed care provider and to assure the health of the provider's enrollees, if there is a need for temporary management while—

"(A) there is an orderly termination or reorganization of the eligible managed care provider; or

"(B) improvements are made to remedy the violations found under subsection (a),

except that temporary management under this paragraph may not be terminated until the State has determined that the eligible managed care provider has the capability to ensure that the violations shall not recur.

"(3) Permitting individuals enrolled with the eligible managed care provider to terminate enrollment without cause, and notifying such individuals of such right to terminate enrollment.

"(c) TREATMENT OF CHRONIC SUBSTANDARD PROVIDERS.—In the case of an eligible managed care provider which has repeatedly failed to meet the requirements of section 1931 or 1932, the State shall (regardless of what other sanctions are provided) impose the sanctions described in paragraphs (2) and (3) of subsection (b).

"(d) AUTHORITY TO TERMINATE CONTRACT.—In the case of an eligible managed care provider which has failed to meet the requirements of section 1931 or 1932, the State shall have the authority to terminate its contract with such provider under section 1931(a)(1)(B) and to enroll such provider's enrollees with other eligible managed care providers (or to permit such enrollees to receive medical assistance under the State plan under this title other than through an eligible managed care provider).

"(e) AVAILABILITY OF SANCTIONS TO THE SECRETARY.—

"(1) INTERMEDIATE SANCTIONS.—In addition to the sanctions described in paragraph (2) and any other sanctions available under law, the Secretary may provide for any of the sanctions described in subsection (b) if the Secretary determines that—

"(A) an eligible managed care provider with a contract under section 1931(a)(1)(B) fails to meet any of the requirements of section 1931 or 1932; and

"(B) the State has failed to act appropriately to address such failure.

"(2) DENIAL OF PAYMENTS TO THE STATE.—The Secretary may deny payments to the State for medical assistance furnished under the contract under section 1931(a)(1)(B) for individuals enrolled after the date the Secretary notifies an eligible managed care provider of a determination under subsection (a) and until the Secretary is satisfied that the basis for such determination has been corrected and is not likely to recur.

"(f) DUE PROCESS FOR ELIGIBLE MANAGED CARE PROVIDERS.—

"(1) AVAILABILITY OF HEARING PRIOR TO TERMINATION OF CONTRACT.—A State may not terminate a contract with an eligible managed care provider under section 1931(a)(1)(B) unless the provider is provided with a hearing prior to the termination.

"(2) NOTICE TO ENROLLEES OF TERMINATION HEARING.—A State shall notify all individuals enrolled with an eligible managed care provider which is the subject of a hearing to terminate the provider's contract with the State of the hearing and that the enrollees may immediately disenroll with the provider for cause.

"(3) OTHER PROTECTIONS FOR ELIGIBLE MANAGED CARE PROVIDERS AGAINST SANCTIONS IMPOSED BY STATE.—Before imposing any sanction against an eligible managed care provider other than termination of the provider's contract, the State shall provide the provider with notice and such other due process protections as the State may provide, except that a State may not provide an eligible managed care provider with a pretermination hearing before imposing the sanction described in subsection (b)(2).

"(4) IMPOSITION OF CIVIL MONETARY PENALTIES BY SECRETARY.—The provisions of section 1128A (other than subsections (a) and (b)) shall apply with respect to a civil money penalty imposed by the Secretary under subsection (b)(1) in the same manner as such provisions apply to a penalty or proceeding under section 1128A.".

(b) CONFORMING AMENDMENT RELATING TO TERMINATION OF ENROLLMENT FOR CAUSE.—Section 1932(b)(2)(B) of the Social Security Act, as added by section 3(c)(2), is amended by inserting after "coercion" the following: ", or pursuant to the imposition against the eligible managed care provider of the sanction described in section 1933(b)(3),".

SEC. 7. CONFORMING AMENDMENTS.

(a) EXCLUSION OF CERTAIN INDIVIDUALS AND ENTITIES FROM PARTICIPATION IN PROGRAM.—Section 1128(b)(6)(C) of the Social Security Act (42 U.S.C. 1320a–7(b)(6)(C)) is amended—

(1) in clause (i), by striking "a health maintenance organization (as defined in section 1903(m))" and inserting "an eligible managed care provider, as defined in section 1932(a)(1),"; and

(2) in clause (ii), by inserting "section 1115 or" after "approved under".

(b) STATE PLAN REQUIREMENTS.—Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended—

(1) in subsection (a)(30)(C), by striking "section 1903(m)" and inserting "section 1931(a)(1)(B)"; and

(2) in subsection (a)(57), by striking "hospice program, or health maintenance organization (as defined in section 1903(m)(1)(A))" and inserting "or hospice program";

(3) in subsection (e)(2)(A), by striking "or with an entity described in paragraph (2)(B)(iii), (2)(E), (2)(G), or (6) of section 1903(m) under a contract described in section 1903(m)(2)(A)";

(4) in subsection (p)(2)—

(A) by striking "a health maintenance organization (as defined in section 1903(m))" and inserting "an eligible managed care provider, as defined in section 1932(a)(1),";

(B) by striking "an organization" and inserting "a provider"; and

(C) by striking "any organization" and inserting "any provider"; and

(5) in subsection (w)(1), by striking "sections 1903(m)(1)(A) and" and inserting "section".

(c) PAYMENT TO STATES.—Section 1903(w)(7)(A)(viii) of the Social Security Act (42 U.S.C. 1396b(w)(7)(A)(viii)) is amended to read as follows:

"(viii) Services of an eligible managed care provider with a contract under section 1931(a)(1)(B).".

(d) USE OF ENROLLMENT FEES AND OTHER CHARGES.—Section 1916 of the Social Security Act (42 U.S.C. 1396o) is amended in subsections (a)(2)(D) and (b)(2)(D) by striking "a health maintenance organization (as defined in section 1903(m))" and inserting "an eligible managed care provider, as defined in section 1932(a)(1)," each place it appears.

(e) EXTENSION OF ELIGIBILITY FOR MEDICAL ASSISTANCE.—Section 1925(b)(4)(D)(iv) of the Social Security Act (42 U.S.C. 1396r–6(b)(4)(D)(iv)) is amended to read as follows:

"(iv) ENROLLMENT WITH ELIGIBLE MANAGED CARE PROVIDER.—Enrollment of the caretaker relative and dependent children with an eligible managed care provider, as defined in section 1932(a)(1), less than 50 percent of the membership (enrolled on a prepaid basis) of which consists of individuals who are eligible to receive benefits under this title (other than because of the option offered under this clause). The option of enrollment under this clause is in addition to, and not in lieu of, any enrollment option that the State might offer under subparagraph (A)(i) with respect to receiving services through an eligible managed care provider in accordance with sections 1931, 1932, and 1933.".

(f) ASSURING ADEQUATE PAYMENT LEVELS FOR OBSTETRICAL AND PEDIATRIC SERVICES.—Section 1926(a) of the Social Security Act (42 U.S.C. 1396r–7(a)) is amended in paragraphs (1) and (2) by striking "health maintenance organizations under section 1903(m)" and inserting "eligible managed care providers under contracts entered into under section 1931(a)(1)(B)" each place it appears.

(g) PAYMENT FOR COVERED OUTPATIENT DRUGS.—Section 1927(j)(1) of the Social Security Act (42 U.S.C. 1396r–8(j)(1)) is amended by striking "***Health Maintenance Organizations, including those organizations that contract under section 1903(m)," and inserting "health maintenance organizations and medicaid managed care plans, as defined in section 1932(a)(2),".

(h) DEMONSTRATION PROJECTS TO STUDY EFFECT OF ALLOWING STATES TO EXTEND MEDICAID COVERAGE FOR CERTAIN FAMILIES.—Section 4745(a)(5)(A) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1396a note) is amended by striking "(except section 1903(m)" and inserting "(except sections 1931, 1932, and 1933)".

SEC. 8. EFFECTIVE DATE; STATUS OF WAIVERS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), the amendments made by this Act shall apply to medical assistance furnished—

(1) during quarters beginning on or after October 1, 1995; or

(2) in the case of assistance furnished under a contract described in section 3(b), during quarters beginning after the earlier of—

(A) the date of the expiration of the contract; or

(B) the expiration of the 1-year period which begins on the date of the enactment of this Act.

(b) APPLICATION TO WAIVERS.—

(1) EXISTING WAIVERS.—If any waiver granted to a State under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n) or otherwise which relates to the provision of medical assistance under a State plan under title XIX of the such Act (42 U.S.C. 1396 et seq.), is in effect or approved by the Secretary of Health and Human Services (in this subsection referred to as the "Secretary") as of the applicable effective date described in subsection (a), the amendments made by this Act shall not apply with respect to the State before the expiration (determined without regard to any extensions) of the waiver to the extent such amendments are inconsistent with the terms of the waiver.

(2) SECRETARIAL EVALUATION AND REPORT FOR EXISTING WAIVERS AND EXTENSIONS.—

(A) PRIOR TO APPROVAL.—On and after the applicable effective date described in subsection (a), the Secretary, prior to extending any waiver granted under section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n) or otherwise which relates to the provision of medical assistance under a State plan under title XIX of the such Act (42 U.S.C. 1396 et seq.), shall—

(i) conduct an evaluation of—

(I) the waivers existing under such sections or other provision of law as of the date of the enactment of this Act; and

(II) any applications pending, as of the date of the enactment of this Act, for extensions of waivers under such sections or other provision of law; and

(ii) submit a report to the Congress recommending whether the extension of a waiver under such sections or provision of law should be conditioned on the State submitting the request for an extension complying with the provisions of sections 1931, 1932, and 1933 of the Social Security Act (as added by this Act).

(B) DEEMED APPROVAL.—If the Congress has not enacted legislation based on a report submitted under subparagraph (A)(ii) within 120 days after the date such report is submitted to the Congress, the recommendations contained in such report shall be deemed to be approved by the Congress.

(3) FUTURE WAIVERS.—

(A) IN GENERAL.—Except as provided in paragraphs (1) and (2), and subparagraph (B), the Secretary may not waive the application of section 1931, 1932, or 1933 of such Act (as added by this Act) with respect to any State.

(B) SPECIAL RULE REGARDING A WAIVER OF THE REQUIREMENTS APPLICABLE TO ELIGIBLE MANAGED CARE PROVIDERS FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS.—Notwithstanding the provisions of subparagraph (A), the Secretary may waive, pursuant to section 1115 or 1915 of the Social Security Act (42 U.S.C. 1315, 1396n), or otherwise, the application of section 1932(g)(2) of such Act (as added by this Act) if the State applying for the waiver demonstrates that, with respect to each eligible managed care provider having an enrollee who is a child with special health care needs (as defined in section 1932(g)(2)(B) of such Act), such provider shall—

(i) provide (or arrange to be provided) any medical assistance specified in the provider's contract with the State that is identified in a treatment plan for the enrollee prepared by a program described in section 1932(g)(2)(B) of such Act in accordance with such treatment plan—

(I) without regard to any prior authorization requirement which would otherwise apply to the provision of such assistance; and

(II) unless the eligible managed care provider demonstrates to the satisfaction of the Secretary that the provider is or has an arrangement with a health care provider with the specialized pediatric expertise required to provide the medical assistance specified in the treatment plan, without regard to whether or not the health care provider specified in the treatment plan has otherwise entered into an agreement with the eligible managed care provider to provide medical assistance to plan enrollees;

(ii) require each health care provider with whom the eligible managed care provider has entered into an agreement to provide medical assistance to enrollees to furnish medical assistance specified in such treatment plan to the extent necessary to carry out such treatment plan; and

(iii) demonstrate that it has adequate written agreements with pediatric specialists as determined by the Secretary to ensure appropriate specialist care and referrals.

By Mr. CONRAD:

S. 840. A bill to provide the States greater flexibility in providing jobs for, and assistance to, needy families, to improve child support enforcement, to reduce teenage pregnancy, and for other purposes; to the Committee on Finance.

WORK AND GAINFUL EMPLOYMENT ACT

Mr. CONRAD. Mr. President, I thank the Chair and I thank my distinguished colleague from Nebraska for securing this time and I thank the distinguished Republican manager of the bill, the Senator from New Mexico, for his graciousness in allowing me at this time to introduce a bill which I will send to the desk.

This bill is a major welfare reform piece of legislation and I ask that it be printed, but not in the RECORD. I want to make that clear: I am not asking it to be printed in the RECORD, so we can save the taxpayers some money. But I am introducing a bill to dramatically revamp the welfare system in this country. I call it the Work and Gainful Employment Act.

The WAGE Act significantly reforms our welfare system while protecting the children of America against an abdication of Federal responsibility. I offer an innovative approach to reforming welfare that is based on four principles: work, protecting children, State flexibility, and family. The WAGE Act is designed foremost to put welfare recipients to work and to make welfare recipients self-sufficient. Under my plan, States receive unprecedented flexibility to experiment in developing new methods for moving welfare recipients into work. The WAGE Act retains a safety net for children and an automatic stabilizer for States.

Mr. President, Americans overwhelmingly agree that the current welfare system does not work; it does not move recipients from dependency to work and self-sufficiency. Welfare undermines the basic values of our country—work, family, self-sufficiency, and personal responsibility—and sends a detrimental message to children that welfare can be a permanent way of life.

The WAGE Act is a departure from the status quo. The current system focuses on writing checks and does little to promote work and self-sufficiency. States are overburdened by extensive Federal regulations that impede their ability to enact innovative and creative approaches to moving individuals off of welfare. The worst part of welfare is the message sent to children—that if their parents do nothing, the government will send them a check. We have no choice but to revamp and reengineer welfare from the ground up.

The WAGE Act ends welfare as we know it. In its place, States are given the flexibility to design work programs that do one thing—move parents into the work force. But the WAGE Act does not just let States take the money and run.

It is based on the principle that those who raise the money should have some say in how it is spent. But it discards the micromanagement of the past.

The WAGE Act has four themes:

First, work. From the day that a parent sets foot in a welfare office, we will expect that person to work or to demonstrate progress toward self-sufficiency.

Second, State flexibility. States will have a wide latitude to design effective work programs under a new work and gainful employment block grant. The WAGE block grant will also provide incentives for moving parents into the work force.

Third, profamily. Families that stay together and play by the rules will be supported in their efforts to be self-sufficient. For children in divorced and never-married families, both parents will be expected to provide financial support through extensive and tough new child support enforcement measures.

Fourth, protects children. A transitional aid program will replace AFDC and provide cash assistance to families with children. States will have broad flexibility to determine eligibility and to set benefit levels and time limits. Teen parents will be required to stay in school and to live with their parents or in adult-supervised living arrangements.

Under my proposal, the transitional aid program will be a cooperative Federal-State effort, with the Federal Government providing matching funds to States. However, unlike AFDC, it will emphasize the need for participants to work or prepare themselves for work. The WAGE block grant will provide States with the means to move welfare recipients into work. The WAGE Act will save money and reform the welfare system without resorting to the free-for-all of AFDC block grants that does little to hold States accountable and that puts America's children at great risk.

While there are savings to be realized in ending welfare inefficiencies, I hope the Senate's deliberations will emphasize first and foremost that welfare reform is not an experiment to be tested on America's poor children. The House bill allows States to count people as working who are kicked off the rolls. Mr. President, what could be more absurd than to say that people are working who have just been eliminated from the welfare rolls? You can be eliminated from the welfare rolls and not

working, and we should not count people as working who are not. Real welfare reform is about solving the problem of transitioning parents into the work force, not the streets.

The person most affected by our deliberations are America's children. I hope that our efforts will focus on supporting and enabling their parents to be self-sufficient. That is the only approach that will ensure that we are responsible to the next generation.

Mr. President, let me end as I began. This new welfare reform proposal emphasizes four principles: work, State flexibility, families, and protecting children.

I think those ought to be the principles that underlie any reform of our welfare system.

ADDITIONAL COSPONSORS

S. 364

At the request of Mr. BROWN, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 364, a bill to authorize the Secretary of the Interior to participate in the operation of certain visitor facilities associated with, but outside the boundaries of, Rocky Mountain National Park in the State of Colorado.

S. 412

At the request of Ms. SNOWE, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 412, a bill to amend the Federal Food, Drug, and Cosmetic Act to modify the bottled drinking water standards provisions, and for other purposes.

S. 495

At the request of Mrs. KASSEBAUM, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 495, a bill to amend the Higher Education Act of 1965 to stabilize the student loan programs, improve congressional oversight, and for other purposes.

S. 529

At the request of Mr. GRAHAM, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 529, a bill to provide, temporarily, tariff and quota treatment equivalent to that accorded to members of the North American Free Trade Agreement (NAFTA) to Caribbean Basin beneficiary countries.

S. 729

At the request of Mr. BAUCUS, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of S. 729, a bill to provide off-budget treatment for the Highway Trust Fund, the Airport and Airway Trust Fund, the Inland Waterways Trust Fund, and the Harbor Maintenance Trust Fund, and for other purposes.

S. 770

At the request of Mr. DOLE, the name of the Senator from Minnesota [Mr. GRAMS] was added as a cosponsor of S. 770, a bill to provide for the relocation of the United States Embassy in Israel to Jerusalem, and for other purposes.

S. 834

At the request of Mr. BROWN, his name was withdrawn as a cosponsor of S. 834, a bill to restore the American family, reduce illegitimacy, and reduce welfare dependence.

SENATE CONCURRENT RESOLUTION 11

At the request of Ms. SNOWE, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of Senate Concurrent Resolution 11, a concurrent resolution supporting a resolution to the long-standing dispute regarding Cyprus.

AMENDMENT NO. 1112

At the request of Mr. BRADLEY his name was added as a cosponsor of Amendment No. 1112 proposed to S. Con. Res. 13, an original concurrent resolution setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

SENATE RESOLUTION 122—DESIGNATING JAMES R. KETCHUM AS CURATOR EMERITUS OF THE U.S. SENATE

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 122

Whereas James R. Ketchum will retire from the United States Senate after 25 years as Senator Curator, and 35 years of Government service;

Whereas he has dedicated his Senate service to preserving the works of art, history, and traditions of the Senate;

Whereas he has contributed immeasurably to the restoration of the Old Senate Chamber, the Old Supreme Court Chamber, the President's Room, and other historic rooms in the Capitol;

Whereas he has developed exhibitions and educational programs detailing the rich heritage of the Senate for all to enjoy;

Whereas he has upheld the high standards and traditions of the Senate with abiding devotion; and

Whereas he has earned the respect, affection, and esteem of the United States Senate; Now, therefore, be it

Resolved, That, effective July 1, 1995, as a token of the appreciation of the Senate for his long and faithful service, James R. Ketchum is hereby designated as Curator Emeritus of the United States Senate.

SENATE RESOLUTION 123—RELATING TO THE RETIREMENT OF GERALD A. HACKETT

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 123

Whereas Gerald A. Hackett will retire from the United States Senate after 33 years of service, the last 29 years as Executive Clerk;

Whereas his dedication to the United States resulted in the computerization of the nomination and treaty processes, and the online publishing of the Executive Journal;

Whereas he has performed the duties of his office with remarkable diligence, perseverance, efficiency, and intelligence;

Whereas he has faithfully performed his duties serving all Members of the Senate with great professional integrity and dedication; and

Whereas Gerald A. Hackett has earned the respect, admiration and esteem of the United States Senate: Now, therefore, be it

Resolved, That the United States Senate commends Gerald A. Hackett for his long, faithful, and exemplary service to his country and to the Senate.

SEC. 2. The Secretary shall transmit a copy of this resolution to Gerald A. Hackett.

SENATE RESOLUTION 124—RELATING TO THE RETIREMENT OF FREDERICK R. BROOMFIELD

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 124

Whereas on June 30, 1995, Frederick R. Broomfield, Sr. Will retire from service as a member of the Department of Office Services staff within the Office of the Secretary of the Senate after almost 20 years;

Whereas he has upheld the high standards and traditions of the Office of the Secretary of the Senate with abiding devotion; and

Whereas he has gained the trust, confidence, and respect of his associates and the Members of the United States Senate: Now, therefore, be it

Resolved, That the United States Senate expresses its deep appreciation and gratitude to Frederick R. Broomfield, Sr., for his years of faithful and exemplary service to his country and to the United States Senate.

SEC. 2. The Secretary shall transmit a copy of this resolution to Frederick R. Broomfield, Sr.

AMENDMENTS SUBMITTED

CONGRESSIONAL BUDGET

ROTH AMENDMENTS NOS. 1113–1115

(Ordered to lie on the table.)

Mr. ROTH submitted three amendments intended to be proposed by him to the concurrent resolution (S. Con. Res. 13) an original concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002; as follows:

AMENDMENT NO. 1113

On page 3, line 10, increase the amount by $200,000,000.

On page 3, line 11, increase the amount by $200,000,000.

On page 3, line 12, increase the amount by $300,000,000.

On page 3, line 13, increase the amount by $300,000,000.

On page 3, line 14, increase the amount by $400,000,000.

On page 3, line 15, increase the amount by $400,000,000.

On page 3, line 16, increase the amount by $500,000,000.

On page 3, line 20, decrease the amount by $200,000,000.

On page 3, line 21, decrease the amount by $200,000,000.

On page 3, line 22, decrease the amount by $300,000,000.

On page 3, line 23, increase the amount by $300,000,000.

On page 3, line 24, increase the amount by $400,000,000.

On page 3, line 25, increase the amount by $400,000,000.

On page 4, line 1, increase the amount by $500,000,000.

On page 4, line 18, increase the amount by $200,000,000.

On page 4, line 19, increase the amount by $200,000,000.

On page 4, line 20, increase the amount by $300,000,000.

On page 4, line 21, increase the amount by $300,000,000.

On page 4, line 22, increase the amount by $400,000,000.

On page 4, line 23, increase the amount by $400,000,000.

On page 4, line 24 increase the amount by $500,000,000.

On page 5, line 4 decrease the amount by $200,000,000.

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

On page 5, line 6 decrease the amount by $300,000,000.

On page 5, line 7 increase the amount by $300,000,000.

On page 5, line 8 increase the amount by $400,000,000.

On page 5, line 9 increase the amount by $400,000,000.

On page 5, line 10 decrease the amount by $500,000,000.

On page 5, line 19 increase the amount by $1,400,000,000.

On page 5, line 22 increase the amount by $900,000,000.

On page 6, line 5 increase the amount by $1,400,000,000.

On page 6, line 8 increase the amount by $900,000,000.

On page 6, line 18 increase the amount by $1,400,000,000.

On page 6, line 21 increase the amount by $900,000,000.

On page 7, line 5 increase the amount by $1,400,000,000.

On page 7, line 8 increase the amount by $900,000,000.

On page 7, line 15 decrease the amount by $200,000,000.

On page 7, line 16 decrease the amount by $200,000,000.

On page 7, line 17 increase the amount by $1,100,000,000.

On page 7, line 18 decrease the amount by $300,000,000.

On page 7, line 19 decrease the amount by $400,000,000.

On page 7, line 20 increase the amount by $500,000,000.

On page 7, line 21 decrease the amount by $500,000,000.

On page 8, line 1 decrease the amount by $200,000,000.

On page 8, line 2 decrease the amount by $200,000,000.

On page 8, line 3 increase the amount by $1,100,000,000.

On page 8, line 4 decrease the amount by $300,000,000.

On page 8, line 5 decrease the amount by $400,000,000.

On page 8, line 6 increase the amount by $500,000,000.

On page 8, line 7 decrease the amount by $500,000,000.

On page 20, line 15 increase the amount by $1,400,000,000.

On page 20, line 16 increase the amount by $1,400,000,000.

On page 21, line 15, increase the amount by $900,000,000.

On page 21, line 16, increase the amount by $900,000,000.

On page 62, line 14, decrease the amount by $1,400,000,000.

On page 62, line 15, decrease the amount by $2,300,000,000.

AMENDMENT NO. 1114

At the appropriate place in the resolution insert the following new section:

SEC. . SENSE OF THE SENATE REGARDING FURTHER FEDERAL WORKFORCE REDUCTIONS.

It is the sense of the Senate that the assumptions underlying the functional totals in this resolution include that the reductions in Federal full-time equivalent positions required under section 5(b) of the Federal Workforce Restructuring Act of 1994 (5 U.S.C. 3101 note) should be further reduced to provide that—

(1) the total number of full-time equivalent positions in all agencies shall not exceed 1,682,300 during fiscal year 2002; and

(2) of the additional reduction of 200,000 full-time equivalent positions provided for under paragraph (1), no more than 50,000 shall be within the Department of Defense.

AMENDMENT NO. 1115

At the end of title III, add the following:

SEC. 3 . SENSE OF THE SENATE REGARDING OIL AND GAS LEASING IN THE ARCTIC NATIONAL WILDLIFE REFUGE.

It is the sense of the Senate that the portion of the Arctic National Wildlife Refuge in Alaska comprising approximately 1,559,538 acres, as generally depicted on a map entitled "Arctic National Wildlife Refuge—1002 Area. Alternative E—Wilderness Designation, October 28, 1991", and available for inspection in the offices of the Secretary of the Interior, should not be made available for oil and gas leasing.

COHEN (AND GRAHAM) AMENDMENT NO. 1116

Mr. COHEN (for himself and Mr. GRAHAM) proposed an amendment to the concurrent resolution, S. Con. Res. 13, supra; as follows:

On page 94, after line 21, add the following new section:

SEC. . SENSE OF THE SENATE REGARDING LOSSES OF TRUST FUNDS DUE TO FRAUD AND ABUSE IN THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds that—

(1) the General Accounting Office estimates that as much as $100,000,000,000 are wasted each year in the health care system due to fraud and abuse;

(2) outlays for the medicare program under title XVIII of the Social Security Act during fiscal year 1994 were $161,100,000,000, and the General Accounting Office estimates that up to 10 percent of those outlays were wasted because of fraud and abuse;

(3) medicare beneficiaries incur higher out-of-pocket costs and copayments due to inflated billings resulting from fraudulent and abusive practices perpetrated against the medicare program; and

(4) funds lost because of fraud and abuse are contributing to the financial crises of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as identified by the Boards of Trustees of such trust funds in their 1995 annual reports.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that as the Committee on Finance of the Senate and, if established, the Bipartisan Commission on the Solvency of Medicare recommended under section 307, address the long-term solvency of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), high priority should be given to proposals which identify, eliminate, and recover funds expended from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund due to, fraud and abuse in such program.

HARKIN (AND OTHERS) AMENDMENT NO. 1117

Mr. HARKIN (for himself, Mr. HOLLINGS, Mr. JEFFORDS, Mr. KENNEDY, Mr. PELL, Mr. EXON, Mr. DODD, Mr. BINGAMAN, Mr. SIMON, Mrs. MURRAY, and Ms. MOSELEY-BRAUN) proposed an amendment to the concurrent resolution, S. Con. Res. 13, supra; as follows:

On page 74, strike lines 12 through 24 and insert the following: "budget, the appropriate budgetary allocations, aggregates, and levels shall be revised to reflect $28,000,000,000 in budget authority and outlays of the additional deficit reduction achieved as calculated under subsection (c) for legislation that reduces the adverse effects on discretionary spending on education and $12,000,000,000 in budget authority and outlays for legislation that reduces the adverse effects on direct spending for education.

"(b) REVISED ALLOCATIONS AND AGGREGATES.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chair of the Committee on the Budget of the Senate may submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974, discretionary spending limits under section 201(a) of this resolution, budgetary aggregates, and levels under this resolution, revised by an amount that does not exceed the additional deficit reduction specified under subsection (a).".

Mr. SARBANES. Mr. President, I rise to give my strong support to the pending amendment which would restore $40 billion to education.

According to the Congressional Budget Office, the Republican budget resolution which is currently before the Senate would eliminate 33 percent of the Federal investment in education by the year 2002. In my view, such action is penny-wise and pound-foolish and I would strongly urge my colleagues to join me in opposing such proposals which serve to reduce our Nation's investment in education programs.

Every nation puts a premium on education in order to develop the skills and talents of their people in order to deal with a modern, complex economic society. That is true whether the country is governed as a democracy or governed as a dictatorship or somewhere

in between—they are all concerned with enhancing or somewhere in between—they are all concerned with enhancing the skills of their people in the workplace. That obviously is one of the purposes about which we must be concerned in terms of education, particularly as we confront an increasingly competitive world economy.

Those who are now seeking to draw back from the American commitment to education through the cuts included in this budget resolution at the same time that they assert the necessity for America to compete more successfully in the world's economy are asserting a basic contradiction. Our success as a competitor in the world's economy rests upon educating our future generations.

We cannot as a nation afford to shortchange programs which have proven effective in ensuring a brighter future for our children. This was recognized in the last Congress when we were able to enact a series of important initiatives to expand the amount and the quality of education investment in America. These initiatives, which I strongly supported, included the School-to-Work Opportunities Act, the Head Start Amendments of 1994, the Goals 2000: Educate America Act, the National and Community Service Trust Act, and the Improving America's Schools Act.

Despite these efforts to expand educational opportunities during the last Congress, the Republican budget proposal would dramatically decrease educational opportunity in order to finance tax cuts for the wealthy and to meet arbitrary deficit reduction targets. In my view, it makes little sense to cut investments in programs which give people the skills to function in a modern, complex society. It makes even less sense to do so in a document which is supposed to be a budget for our Nation's future.

Mr. President, education is fundamental to what the American dream is all about—providing our children a path by which they can improve themselves and develop their full potential. The budget resolution we have before us today is a retreat from the American dream. It would deny hundreds of thousands of disadvantaged children from receiving needed services by freezing spending for the Title I program and deny Head Start services to as many as 350,000 to 550,000 preschoolers over the next 7 years. These children, who come from our poorest communities, need such services in order to achieve their potential and reach the same high standards as their peers.

The Republican budget resolution we have before us today would also renege on our historical commitment to access to higher education by cutting Federal aid to college students by $30 billion over the next 7 years. Personal debt for students with subsidized loans would be increased by 20 to 48 percent by eliminating the in-school interest subsidy. Pell Grants for individual students would be reduced by 40 percent by the year 2002 or terminated altogether for over one million students per year.

Mr. President, education in this country has always provided an essential ladder of opportunity for our people. In this Nation, which believes that a person's merit and talent should take them as far as they can go, the path to achieve this is to move up and onward through education. Many of us here today have experienced this and are where we are today because of this ladder of opportunity. It seems ironic, at best, that many of those who have used those ladders of opportunity to advance themselves are now trying to knock the ladder down through these budget cuts so those coming after them do not have the same opportunities.

I strongly support the pending amendment to restore funding for critical education programs in the fiscal year 1996 budget resolution and would urge my colleagues to join me in ensuring that education remains a top priority for our Nation.

HATFIELD (AND JEFFORDS) AMENDMENT NO. 1118

(Ordered to lie on the table.)

Mr. HATFIELD (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by them to the concurrent resolution, S. Con. Res. 13, supra; as follows:

On page 11, line 7, decrease the amount by $430,000,000.

On page 11, line 8, decrease the amount by $258,000,000.

On page 11, line 14, decrease the amount by $920,000,000.

On page 11, line 15, decrease the amount by $552,000,000.

On page 11, line 21, decrease the amount by $1,000,000,000.

On page 11, line 22, decrease the amount by $600,000,000.

On page 12, line 3, decrease the amount by $1,000,000,000.

On page 12, line 4, decrease the amount by $600,000,000.

On page 12, line 10, decrease the amount by $1,000,000,000.

On page 12, line 11, decrease the amount by $600,000,000.

On page 12, line 17, decrease the amount by $1,000,000,000.

On page 12, line 18, decrease the amount by $600,000,000.

On page 12, line 24, decrease the amount by $1,000,000,000.

On page 12, line 25, decrease the amount by $600,000,000.

On page 33, line 19, increase the amount by $1,000,000,000.

On page 33, line 20, increase the amount by $430,000,000.

On page 34, line 2, increase the amount by $1,000,000,000.

On page 34, line 3, increase the amount by $920,000,000.

On page 34, line 9, increase the amount by $1,000,000,000.

On page 34, line 10, increase the amount by $1,000,000,000.

On page 34, line 16, increase the amount by $1,000,000,000.

On page 34, line 17, increase the amount by $1,000,000,000.

On page 34, line 23, increase the amount by $1,000,000,000.

On page 34, line 24, increase the amount by $1,000,000,000.

On page 35, line 5, increase the amount by $1,000,000,000.

On page 35, line 6, increase the amount by $1,000,000,000.

On page 35, line 12, increase the amount by $1,000,000,000.

On page 35, line 13, increase the amount by $1,000,000,000.

On page 54, line 20, increase the amount by $570,000,000.

On page 54, line 21, increase the amount by $172,000,000.

On page 55, line 2, increase the amount by $80,000,000.

On page 55, line 3, increase the amount by $368,000,000.

On page 55, line 10, increase the amount by $400,000,000.

On page 55, line 17, increase the amount by $400,000,000.

On page 55, line 24, increase the amount by $400,000,000.

On page 56, line 6, increase the amount by $400,000,000.

On page 56, line 13, increase the amount by $400,000,000.

On page 65, line 14, decrease the amount by $430,000,000.

On page 65, line 15, decrease the amount by $280,000,000.

On page 65, line 17, increase the amount by $430,000,000.

On page 65, line 18, increase the amount by $258,000,000.

On page 65, line 21, decrease the amount by $920,000,000.

On page 65, line 22, decrease the amount by $552,000,000.

On page 65, line 24, increase the amount by $920,000,000.

On page 65, line 25, increase the amount by $552,000,000.

On page 66, line 3, decrease the amount by $1,000,000,000.

On page 66, line 4, decrease the amount by $600,000,000.

On page 66, line 6, increase the amount by $1,000,000,000.

On page 66, line 7, increase the amount by $600,000,000.

On page 66, line 10, decrease the amount by $1,000,000,000.

On page 66, line 11, decrease the amount by $600,000,000.

On page 66, line 13, increase the amount by $1,000,000,000.

On page 66, line 14, increase the amount by $600,000,000.

On page 66, line 17, decrease the amount by $1,000,000,000.

On page 66, line 18, decrease the amount by $600,000,000.

On page 66, line 20, increase the amount by $1,000,000,000.

On page 66, line 21, increase the amount by $600,000,000.

On page 66, line 24, decrease the amount by $1,000,000,000.

On page 66, line 25, decrease the amount by $600,000,000.

On page 67, line 2, increase the amount by $1,000,000,000.

On page 67, line 3, increase the amount by $600,000,000.

On page 67, line 6, decrease the amount by $1,000,000,000.

On page 67, line 7, decrease the amount by $600,000,000.

On page 67, line 9, increase the amount by $1,000,000,000.

On page 67, line 10, increase the amount by $600,000,000.

HATFIELD (AND OTHERS) AMENDMENT NO. 1119

(Ordered to lie on the table.)

Mr. HATFIELD (for himself, Mr. SPECTER, Mrs. KASSEBAUM, and Mr. JEFFORDS) submitted an amendment intended to be proposed by them to the concurrent resolution, S. Con. Res. 13, supra; as follows:

On page 33, line 19, increase the amount by $1,000,000,000.

On page 33, line 20, increase the amount by $430,000,000.

On page 34, line 2, increase the amount by $1,000,000,000.

On page 34, line 3, increase the amount by $920,000,000.

On page 34, line 9, increase the amount by $1,000,000,000.

On page 34, line 10, increase the amount by $1,000,000,000.

On page 34, line 16, increase the amount by $1,000,000,000.

On page 34, line 17, increase the amount by $1,000,000,000.

On page 34, line 23, increase the amount by $1,000,000,000.

On page 34, line 24, increase the amount by $1,000,000,000.

On page 35, line 5, increase the amount by $1,000,000,000.

On page 35, line 6, increase the amount by $1,000,000,000.

On page 35, line 12, increase the amount by $1,000,000,000.

On page 35, line 13, increase the amount by $1,000,000,000.

On page 54, line 20, increase the amount by $1,000,000,000.

On page 54, line 21, increase the amount by $430,000,000.

On page 55, line 2, increase the amount by $1,000,000,000.

On page 55, line 3, increase the amount by $920,000,000.

On page 55, line 9, increase the amount by $1,000,000,000.

On page 55, line 10, increase the amount by $1,000,000,000.

On page 55, line 16, increase the amount by $1,000,000,000.

On page 55, line 17, increase the amount by $1,000,000,000.

On page 55, line 23, increase the amount by $1,000,000,000.

On page 55, line 24, increase the amount by $1,000,000,000.

On page 56, line 5, increase the amount by $1,000,000,000.

On page 56, line 6, increase the amount by $1,000,000,000.

On page 56, line 12, increase the amount by $1,000,000,000.

On page 56, line 13, increase the amount by $1,000,000,000.

BAUCUS (AND OTHERS) AMENDMENT NO. 1120

(Ordered to lie on the table.)

Mr. BAUCUS (for himself, Mr. DORGAN, Mr. PRESSLER, Mr. ROBB, and Mr. WARNER) submitted an amendment intended to be proposed by them to the concurrent resolution, S. Con. Res. 13, supra; as follows:

At the end of title III, add the following:

SEC. . SENSE OF THE SENATE REGARDING MANDATORY MAJOR ASSUMPTIONS UNDER FUNCTION 270: ENERGY.

It is the sense of the Senate that within the mandatory major assumptions under budget function 270, none of the power marketing administrations within the 48 contiguous States will be sold, and any savings that were assumed would be realized from the sale of those power marketing administrations within the Department of Energy.

ROTH AMENDMENT NO. 1121.

Mr. ROTH proposed an amendment to the concurrent resolution, S. Con. Res. 13, supra; as follows:

At the appropriate place in the resolution insert the following new section:

SEC. . SENSE OF THE SENATE REGARDING FURTHER FEDERAL WORKFORCE REDUCTIONS.

It is the sense of the Senate that the assumptions underlying the functional totals in this resolution include that the reductions in Federal full-time equivalent positions required under section 5(b) of the Federal Workforce Restructuring Act of 1994 (5 U.S.C. 3101 note) should be further reduced to provide that—

(1) the total number of full-time equivalent positions in all agencies shall not exceed 1,682,300 during fiscal year 2002; and

(2) the additional reduction of 200,000 full-time equivalent positions provided under paragraph (1), no more than 50,000 shall be within the Department of Defense.

NOTICE OF HEARING

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Tuesday, May 23, 1995 at 9:30 a.m., in SR-332, to discuss Federal Nutrition Programs.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. EXON. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee to meet on Monday, May 22 at 1 p.m. for a nominations hearing.

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

SUBCOMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. EXON. Mr. President, I ask unanimous consent that the Subcommittee on Post Office and Civil Service, Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Monday, May 22, 1995, to review Federal Pension Reform.

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

SUBCOMMITTEE ON WESTERN HEMISPHERE AND PEACE CORPS AFFAIRS

Mr. EXON. Mr. President, I ask unanimous consent that the Subcommittee on Western Hemisphere and Peace Corps Affairs of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, May 22, 1995, at 2 p.m. to hear testimony on the Cuban Liberty and Democratic Solidarity Act.

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

ADDITIONAL STATEMENTS

WHITE HOUSE CONFERENCE ON AGING

• Mr. GRAMS. Mr. President, I come to the floor today to recognize the efforts of the many individuals who are participating in the fourth White House Conference on Aging. In particular, I would like to give special recognition to the delegates from my State of Minnesota.

Over the last 2 years, I have had the opportunity to work with and listen to many of Minnesota's senior citizens about issues of great concern to them such as ensuring the solvency of the Social Security and Medicare trust funds, expanding the highly successful Medicare Select health care program to all senior citizens and repealing the Clinton administration's seniors-only tax.

In addition, many seniors have expressed the frustration with the seniors' earnings limit which unfairly penalizes senior citizens by reducing their Social Security benefits if they continue working beyond retirement age and earn over $11,160.

Last year, as a member of the 103d Congress, I nominated John Pribyl as the delegate from Minnesota's Sixth Congressional District. John has spent over 20 years helping to develop service opportunities for senior citizens.

As director of the Lutheran Social Service of Minnesota's Senior Companion Program and Foster Grandparent Program, John Pribyl has worked tirelessly to promote seniors as a valuable resource with talent and experiences to share with others.

I also nominated Joanne Demko of Minneapolis, who has worked in aging services for 15 years. She currently serves as director of the Volunteers of America Anoka/Hennepin Senior Dining and Home Delivered Meals Programs. In addition to these duties, Demko is an active member of the Minnesota Gerontological Society, Minnesota Minority Elders Coalition, and previously served as president of the Minnesota Nutrition Directors Association.

Mr. President, these two individuals have devoted a significant portion of their lives improving the opportunities for Minnesota senior citizens. Joanne Demko and John Pribyl stand out as leaders in their communities who have the vision, the compassion, and the determination to protect the great State

of Minnesota. Mr. President, it is a distinct honor for me to have such qualified champions of seniors' issues advocating the needs of older Americans.

Mr. President, I ask that there be printed in the RECORD a complete list of Minnesota's delegates to the White House Conference on Aging and again, congratulate these individuals for their commitment to these important issues.

DELEGATES TO THE WHITE HOUSE CONFERENCE ON AGING

The list follows:

David E. Meillier.
Elva D. Walker.
Gretchen Dee.
Marvel Pratke.
Helen Johnston.
Madelyn Reiter.
Roger Banks.
Eli Hunt.
Caralyn Radatz.
Garritt Van Hunnik.
Rosalie Tassoni.
Frank R. Johnson.
Virginia Smith.
David Janovy.
Annabel Greseth.
Joanna Demko.
Wayne Willman.
Miriam B. Seltzer.
Edith Brady.
Eric G. Tangalos.
Margaret Christenson.
Pegeen Tillman.
Jim Varpness.
Dean Fenner.
Wayne Takeshita.
Carolyn Kelly Tasker.
Donna Walberg.
Marjorie Jamieson.
Bob Meiches, M.D.
Merredith Hart.
Maureen Acosta.
Al Sollom.
Corinne T. Ellingham.
Joci Maher.
Theressa Burns.
Charlotte Fitzpatrick.●

TRIBUTE TO DR. BRUCE FLINT, VICE CHANCELLOR EMERITUS, LOUISIANA STATE UNIVERSITY AGRICULTURAL CENTER

● Mr. JOHNSTON. Mr. President, on Wednesday, May 31, 1995, Dr. Bruce Flint, the vice chancellor emeritus and retired director of the Louisiana Cooperative Extension Service, will be honored by his peers and colleagues at LSU and throughout the State of Louisiana.

After achieving a degree in agricultural economics from LSU, Dr. Flint, who grew up on a farm in northeastern Louisiana, served 4 years in the U.S. Army before accepting his first extension position—as an assistant county agent in Union Parish—in 1956. Through the years, he served as an associate county agent, district program specialist, associate specialist for training and staff development, extension education specialist, division leader and State agent for personnel and programs. Along the way, he also obtained his masters degree in extension education from LSU and his doctoral degree in cooperative extension administration from the University of Wisconsin.

In 1980, Dr. Flint was named assistant director of the extension service with responsibilities for personnel, business, and fiscal affairs of the organization, and in 1984, he was promoted to associate director. In mid-1988, he assumed leadership for the agricultural center's administrative services as its director, and in mid-1989, he was appointed as vice chancellor for administration and director of administrative services. Finally, in 1993, Dr. Flint returned to extension as vice chancellor and director of the Louisiana Cooperative Extension Service—the position he held until his retirement on April 30, 1995. On April 21, 1995, the LSU Board of Supervisors named him Vice Chancellor Emeritus Bruce Flint in recognition of his remarkable career with the Louisiana Cooperative Extension Service and the LSU Agricultural Center.

That recognition capped a 39-year career during which Dr. Flint received a variety of honors, served on countless boards and committees, and was a member of several honor societies. Among those, he was a member of Epsilon Sigma Phi, Gamma Sigma Delta, the Adult Education Association, the Commission of Professors of Adult Education, and the American Legion.

He also served as chairman of the LSU Continuing Education Council, the Midsouth Region Extension Workers Committee on Program Development and Management Information Services and a Louisiana Board of Regents task force studying statewide programs in agricultural research and public service—extension—as well as academic programs in agriculture, human ecology, forestry, wildlife, and fisheries.

Mr. President, it is easy to ascertain that Bruce Flint not only possesses a remarkable mind and intellect, but has accomplished an unparalleled career. My hope is that others in Louisiana, and throughout America will model themselves after Dr. Flint's approach and commitment to both work and involvement within the community. Dr. Bruce Flint is a true asset to higher education, conservation programs, his family, and the community. He will be missed by his colleagues and peers and by all of Louisiana.●

SENATE QUARTERLY MAIL COSTS

● Mr. STEVENS. Mr. President, in accordance with section 318 of Public Law 101–520 as amended by Public Law 103–283, I am submitting the frank mail allocations made to each Senator from the appropriation for official mail expenses and a summary tabulation of Senate mass mail costs for the second quarter of fiscal year 1995 to be printed in the RECORD. The second quarter of fiscal year 1995 covers the period of January 1, 1995, through March 31, 1995. The official mail allocations are available for frank mail costs, as stipulated in Public Law 103–283, the Legislative Branch Appropriations Act for Fiscal Year 1995.

The material follows:

SENATE QUARTERLY MASS MAIL VOLUMES AND COSTS FOR THE QUARTER ENDING 03/31/95

Senators	Total pieces	Pieces per capita	Total cost	Cost per capita	Fiscal year 1995 official mail allocation
ABRAHAM	600	0.00006	$218.90	$0.00002	$140,289
AKAKA	0	0	0.00	0	29,867
ASHCROFT	0	0	0.00	0	83,043
BAUCUS	0	0	0.00	0	34,694
BENNETT	0	0	0.00	0	30,689
BIDEN	0	0	0.00	0	28,591
BINGAMAN	0	0	0.00	0	30,834
BOND	0	0	0.00	0	108,312
BOXER	15,805	0.00051	5,856.86	0.00019	582,722
BRADLEY	0	0	0.00	0	151,392
BREAUX	0	0	0.00	0	82,088
BROWN	0	0	0.00	0	74,406
BRYAN	0	0	0.00	0	45,030
BUMPERS	0	0	0.00	0	48,743
BURNS	0	0	0.00	0	34,694
BYRD	0	0	0.00	0	34,593
CAMPBELL	0	0	0.00	0	74,406
CHAFEE	0	0	0.00	0	30,524
COATS	0	0	0.00	0	111,738
COCHRAN	0	0	0.00	0	48,596
COHEN	6,898	0.00559	2,722.62	0.00220	37,937
CONRAD	58,800	0.0245	10,837.38	0.01704	25,438
COVERDELL	0	0	0.00	0	137,674
CRAIG	0	0	0.00	0	31,846
D'AMATO	0	0	0.00	0	335,341
DASCHLE	0	0	0.00	0	27,650
DEWINE	0	0	0.00	0	168,128
DODD	0	0	0.00	0	66,615
DOLE	0	0	0.00	0	51,907
DOMENICI	1,000	0.00063	226.53	0.00014	30,834
DORGAN	62,500	0.09827	11,191.75	0.01760	25,438
EXON	0	0	0.00	0	32,516
FAIRCLOTH	0	0	0.00	0	140,612
FEINGOLD	0	0	0.00	0	97,556
FEINSTEIN	0	0	0.00	0	582,722
FORD	0	0	0.00	0	74,054
FRIST	0	0	0.00	0	78,686
GLENN	0	0	0.00	0	219,288
GORTON	0	0	0.00	0	106,532
GRAHAM	2,397	0.00018	1,940.83	0.00014	323,488
GRAMM	16,000	0.00091	3,992.34	0.00023	352,339
GRAMS	0	0	0.00	0	67,423
GRASSLEY	0	0	0.00	0	56,381
GREGG	35,256	0.03173	28,252.50	0.02543	34,552
HARKIN	0	0	0.00	0	56,381
HATCH	0	0	0.00	0	30,689
HATFIELD	0	0	0.00	0	62,019
HEFLIN	6,800	0.00164	1,207.20	0.00029	81,113
HELMS	0	0	0.00	0	140,612
HOLLINGS	0	0	0.00	0	72,302
HUTCHISON	0	0	0.00	0	352,339
INHOFE	0	0	0.00	0	52,475
INOUYE	0	0	0.00	0	29,867
JEFFORDS	0	0	0.00	0	23,830
JOHNSTON	0	0	0.00	0	82,088
KASSEBAUM	0	0	0.00	0	51,907
KEMPTHORNE	0	0	0.00	0	31,846
KENNEDY	0	0	0.00	0	121,391
KERREY	0	0	0.00	0	32,516
KERRY	0	0	0.00	0	121,391
KOHL	0	0	0.00	0	97,556
KYL	0	0	0.00	0	63,581
LAUTENBERG	0	0	0.00	0	151,392
LEAHY	3,714	0.00652	1,082.36	0.00190	23,830
LEVIN	0	0	0.00	0	182,978
LIEBERMAN	0	0	0.00	0	66,615
LOTT	0	0	0.00	0	48,596
LUGAR	0	0	0.00	0	111,738
MACK	0	0	0.00	0	323,488
MCCAIN	0	0	0.00	0	82,928
MCCONNELL	0	0	0.00	0	74,054
MIKULSKI	3,800	0.00077	866.55	0.00018	91,956
MOSELEY-BRAUN	0	0	0.00	0	216,454
MOYNIHAN	0	0	0.00	0	335,341
MURKOWSKI	0	0	0.00	0	23,179
MURRAY	5,558	0.00108	1,298.40	0.00025	106,532
NICKLES	0	0	0.00	0	68,442
NUNN	0	0	0.00	0	137,674
PACKWOOD	6,300	0.00212	1,469.89	0.00049	62,019
PELL	0	0	0.00	0	30,524
PRESSLER	0	0	0.00	0	27,650
PRYOR	0	0	0.00	0	48,743
REID	12,139	0.00915	6,607.64	0.00498	45,030
ROBB	0	0	0.00	0	124,766
ROCKEFELLER	61,850	0.03413	10,705.35	0.00591	34,593
ROTH	0	0	0.00	0	28,591
SANTORUM	0	0	0.00	0	182,834
SARBANES	0	0	0.00	0	91,956
SHELBY	0	0	0.00	0	81,113
SIMON	0	0	0.00	0	216,454

SENATE QUARTERLY MASS MAIL VOLUMES AND COSTS FOR THE QUARTER ENDING 03/31/95—Continued

Senators	Total pieces	Pieces per capita	Total cost	Cost per capita	Fiscal year 1995 official mail allocation
SIMPSON	0	0	0.00	0	19,826
SMITH	0	0	0.00	0	34,552
SNOWE	0	0	0.00	0	29,086
SPECTER	0	0	0.00	0	238,468
STEVENS	0	0	0.00	0	23,179
THOMAS	0	0	0.00	0	15,200
THOMPSON	0	0	0.00	0	94,111
THURMOND	0	0	0.00	0	72,302
WARNER	0	0	0.00	0	124,766
WELLSTONE	0	0	0.00	0	87,939•

TRIBUTE TO LES ASPIN

• Ms. MIKULSKI. Mr. President, I was saddened to learn of the passing of Les Aspin. He was a great public servant who worked all his life to make our country better and stronger.

Les Aspin understood the defense budget better than just about anyone. He chaired the House Armed Services Committee during the height of the cold war and during the even more challenging years of the post cold war. He led the Department of Defense as it began to adjust to America's new role in the world. And he began the difficult process of expanding opportunities for women in the military. Most recently, he took on the challenge of reviewing and reinvigorating our Nation's intelligence programs.

He didn't come to Washington for power and prestige—he came to serve. He came to represent the working families of Wisconsin's First Congressional District. He quickly became an expert on national defense. His goal was to strengthen our military while making sure that the U.S. taxpayer got the most out of every dollar spent on defense. He realized that national security was too important to become politicized. He believed that a strong defense is not a Republican position or a Democratic position—it is a necessity for the world's only superpower.

Les Aspin served the people of Wisconsin and the people of this Nation with honor and distinction. He will be greatly missed.•

SUPPORT OF S. 747

• Mr. MOYNIHAN. Mr. President, I rise today in support of S. 747. The intent of this bill is to modify section 36(b)(1) of the Arms Export and Control Act to require congressional oversight and scrutiny of all arms sales to the Government of the Kingdom of Saudi Arabia until such time as the Secretary of the State certifies and reports to Congress that the unpaid claims of American companies described in the June 30, 1993, report by the Secretary of Defense pursuant to section 9140(c) of the Department of Defense Appropriation Act, 1993 (Public Law 102–396; 106 Stat 1939), including the additional claims noticed by the Department of Commerce on page 2 of the report, have been resolved satisfactorily.

My interest in S. 747 relates in part to a New York company, Gibbs & Hill, Inc. Gibbs & Hill was founded in 1911, and has the privilege of being the oldest power and transportation engineering firm in the United States. One of its most notable projects was the electrification of the Northeast corridor rail line between New York and Washington, DC. The first electric locomotive to run on these tracks was the George Gibbs I.

In 1978, Gibbs & Hill went to Saudi Arabia to provide its engineering expertise to the Royal Commission for Jubail and Yanbu in connection with the design and construction of the Yanbu Industrial City. Gibbs & Hill was hired by the Royal Commission to design the desalination and related facilities, which are a major component of this industrial complex. The Royal Commission required significant additional services of Gibbs & Hill, equaling more than 200 man-years of effort. After requiring Gibbs & Hill to perform the work, committing to compensate Gibbs & Hill for the added services, and benefiting from the work performed, the Royal Commission refused to pay. Gibbs & Hill's attempts to seek redress through the kingdom's court system was useless, as the court merely upheld the wrongful acts of another agency of the kingdom.

The default landed Gibbs & Hill in the special claims process established following congressional hearings in May 1992, and furthered by section 9140(c) of the fiscal year 1993 Department of Defense Appropriations Act. The $43.4 million claim of Gibbs & Hill is the last remaining unpaid claim awaiting resolution by the Saudi Government through the special claims process. Despite repeated commitments to our Government by the Saudi Government to resolve the claim favorably for the company, Gibbs & Hill has not been paid. Gibbs & Hill has waited more than 14 years to have this debt paid, including 2 years since receiving explicit commitments from the Saudi Embassy that it would spare no efforts in resolving the claim fairly and promptly.

Today, the Yanbu Industrial City is pointed to as an example of the kingdom's technological advancement. Yet this advancement was obtained at the expense of Gibbs & Hill. The kingdom had an obligation to honor its commitments to Gibbs & Hill, as it still does today. I urge my colleagues to join me in supporting S. 747.•

BUDGET SCOREKEEPING REPORT

• Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Congressional Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through May 19, 1995. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget (H. Con. Res. 218), show that current level spending is below the budget resolution by $5.6 billion in budget authority and $1.4 billion in outlays. Current level is $0.5 billion over the revenue floor in 1995 and below by $9.5 billion over the 5 years 1995–99. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $238.0 billion, $3.1 billion below the maximum deficit amount for 1995 of $241.0 billion.

Since my last report, dated May 8, 1995, there has been no action that affects the current level of budget authority, outlays or revenues.

The report follows:

CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 22, 1995.

Hon. PETE DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1995 shows the effects of Congressional action on the 1995 budget and is current through May 19, 1995. The estimates of budget authority, outlays and revenues are consistent with the technical and economic assumptions of the 1995 Concurrent Resolution on the Budget (H. Con. Res. 218). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements of Senate scorekeeping of Section 5 of S. Con. Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated May 8, 1995, there has been no action that affects the current level of budget authority, outlays or revenues.

Sincerely,

JAMES L. BLUM
(For JUNE E. O'NEILL).

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1995, 104TH CONGRESS, 1ST SESSION, AS OF CLOSE OF BUSINESS MAY 19, 1995

[In billions of dollars]

	Budget resolution (H.Con.Res. 218)[1]	Current level[2]	Current level over/under resolution
On-Budget			
Budget Authority	1,238.7	1,233.1	−5.6
Outlays	1,217.6	1,216.2	−1.4
Revenues:			
1995	977.7	978.2	0.5
1995–99	5,415.2	5,405.7	−9.5
Deficit	241.0	238.0	−3.1
Debt Subject to Limit	4,965.1	4,795.4	−169.7
Off-Budget			
Social Security Outlays:			
1995	287.6	287.5	−0.1
1995–99	1,562.6	1,562.6	*0.
Social Security Revenues:			
1995	360.5	360.3	−0.2
1995–99	1,998.4	1,998.2	−0.2

[1] Reflects revised allocation under section 9(g) of H.Con. Res. 64 for the Deficit-Neutral reserve fund.

[2] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

* Less than $50 million.

Note: Detail may not add due to rounding.•

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 1ST SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1995 AS OF CLOSE OF BUSINESS MAY 19, 1995

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			978,466
Permanents and other spending legislation	750,307	706,236	
Appropriation legislation	738,096	757,783	
Offsetting receipts	(250,027)	(250,027)	
Total previously enacted	1,238,376	1,213,992	978,466
ENACTED THIS SESSION			
1995 Emergency Supplementals and Rescissions Act (P.L. 104–6)	(3,386)	(1,008)	
Self-Employed Health Insurance Act (P.L. 104–7)			(248)
Total enacted this session	(3,386)	(1,008)	(248)
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements other mandatory programs not yet enacted	(1,887)	3,189	
Total current level [1]	1,233,103	1,216,173	978,218
Total budget resolution	1,233,744	1,217,605	977,700
Amount remaining:			
Under budget resolution	5,641	1,432	
Over budget resolution			518

[1] In accordance with the Budget Enforcement Act, the total does not include $3,905 million in budget authority and $7,442 million in outlays in funding for emergencies that have been designated as such by the President and the Congress, and $841 million in budget authority and $917 million in outlays for emergencies that would be available only upon an official budget from the President designating the entire amount requested as an emergency requirement.

* Less than $500 thousand.

Notes: Numbers in parentheses are negative. Detail may not add due to rounding.•

COMMEMORATING THE 50TH ANNIVERSARY OF LUTHERAN WORLD RELIEF

• Mr. SIMON. Mr. President, 50 years ago, when World War II left one in five of the world's Lutherans homeless, U.S. Lutherans mobilized to help through an agency they called Lutheran World Relief.

After the needs in Europe were met, LWR's horizons expanded to people in need in Asia, Latin America, the Middle East, and Africa, helping people regardless of religion, race, or politics. That ethic of aid for all who are in need has shaped LWR's work in relief and in long-term development over the last half century.

Lutheran World Relief's vision responded to changing circumstances—it grew from supplying disaster to cultivating partnership in development with communities all over the world.

Fifty years later, LWR is again helping refugees in Europe—now in the former Yugoslavia—as it continues to respond to disasters and promote self-help development in places like Ethiopia, Bangladesh, Peru, and Rwanda.

Partnership has become LWR's hallmark—addressing local needs with understanding, skills, and resources found locally. LWR has focused on self-help and built up local capacities for emergency and long-term work as well. Working with partners to improve health, promote food security, and increase employment, LWR has seen people and communities all around the world improve their well-being.

LWR's commitment to self-help and capacity building offers numerous lessons and examples that aid works when it is provided in response to local needs and in partnership with local people. Those lessons have not been lost on the larger, government and aid agencies. Increasingly, the U.S. Agency for International Development has recognized that working in partnership with local people and organizations is the key to improving aid effectiveness.

LWR has also over the years taken on the task of advocacy, bringing the concerns of partners to U.S. public officials and advocating on their behalf.

May the accomplishments of LWR's first half century inspire the next 50 years.•

HONORING BEA DISMAN

• Mr. D'AMATO. Mr. President, I rise today in this era of bureaucrat bashing, to tell my colleagues about one particular civil servant who exemplifies all of the good qualities a Federal employee should embody. I speak of Ms. Beatrice Disman, the new Region II Commissioner of the U.S. Social Security Administration in New York.

Bea Disman first came to my attention 12 years ago when she spent 6 months on my Senate staff, detailed by Social Security to learn how the legislative process worked. Bea was a hard worker, willing to start early and stay late—whatever it took to get the job done, and done well. Bea always was willing to pitch in to help others. Couple these qualities with a fine intellect and a genuine concern for people, and there is no wonder why Bea Disman has risen through the ranks to become one of the top officials at the Social Security Administration.

With a Masters in Diplomatic History and a winning personality, Bea Disman joined Social Security as a district office claims representative in 1965. Assigned to the Midtown Manhattan office, she worked her way up the hierarchy until, in 1973, she was assigned to the New York Regional Office as a Program Evaluation Analyst. In 1979 Bea was selected as Executive Assistant to the Regional Commissioner. In 1987 she became Director of the Office of Regional Programs and Integrity Reviews. Now she is Regional Commissioner.

Region II of Social Security is in fine hands. Thank you, Mr. President.•

HAITIAN CHILDREN AT GUANTANAMO BAY

• Mr. MOYNIHAN. Mr. President, the current issue of Time magazine includes a beautifully written article by Tammerliin Drummond describing the plight of more than 200 Haitian refugee children being kept at a place called Camp Nine at Guantanamo Bay Naval Base, Cuba. The children escaped Haiti on rafts nearly a year ago, and many of them are orphans.

News has reached Guantanamo that the Cuban refugees living there will soon be admitted to the United States, yet there is no end in sight for the interned Haitian children. A report in the Washington Post over the weekend indicates efforts are being made to help the Haitian children, but under current United States policy, they are ineligible for "humanitarian parole" to enter the United States because democratic government has been restored in Haiti. The children will be returned to Haiti if relatives can be located there; 60 children have been repatriated thus far. Sadly, however, some of those children have ended up not with relatives, but living in the streets of Haiti.

I commend Tammy Drummond for calling attention to the awful conditions these children are enduring in Cuba. It is not easy for a reporter to gain access to the Haitian children at Camp Nine, but Tammy Drummond did it and we are in her debt. I hope her compelling account will be read widely in the executive branch, and that the children will be released from the camp as soon as possible.

I ask that Tammerliin Drummond's article from the May 22, 1995, issue of Time magazine be printed in the RECORD.

The article follows:

[From Time Magazine, May 22, 1995]

SUFFER THE CHILDREN—HAITIAN ORPHANS ARE STRANDED IN GUANTÁNAMO

(By Tammerliin Drummond)

At Guantanamo Bay Naval Base, Cuban refugees cavort happily on the beach in a scene reminiscent of a Club Med. They have good reason to celebrate: soon they will be flying off to freedom in the U.S. Meanwhile, less than a mile away, more than 200 Haitian children lounge listlessly under drab green tents, seeking refuge from the harsh midday sun. Camp Nine, their home since last June, is a desolate patch of cactus-filled desert where the only sign of life is an occasional banana rat or iguana. A fence encircles the camp, which is guarded by American soldiers. The children, many of them orphans, have languished in this dusty purgatory for nearly a year. Despite the efforts of immigrants' rights groups, only a few of the Haitian minors—who range in age from infants to teenagers, including some who are pregnant—have been allowed to enter the U.S.

"When I heard that the U.S. was going to let 15,000 Cubans into the country and leave 450 Haitians in Guantánamo, I felt like someone had stuck me with a knife," says a 17-year-old boy. "This is a very cruel situation." (U.S. military officials will not allow the children to be quoted by name.) When

Attorney General Janet Reno announced the new Cuban policy on May 3, dozens of furious Haitian teens first tried to organize a hunger strike with the younger children, then went on a rampage, pelting soldiers with rocks and setting tents on fire. No one was seriously injured in the melee, but a handful of soldiers and children ended up with cuts and bruises.

Earlier this year some of the children attempted suicide by drinking bleach. Marleine Bastien, a Miami social worker, counseled a desperate 16-year-old boy who tried to hang himself from a tree branch in February. He survived only because the branch snapped under his weight. "Many of these children have expressed suicidal ideas," says Bastien. "Are we going to have to wait for a fatality before something is done?"

During the rafter crisis last summer, more than 20,000 Haitians and 30,000 Cubans were intercepted at sea and delivered to hastily erected camps in Guarntámamo. Among the refugees were 321 unaccompanied Cuban children, all of whom have since have been paroled to the U.S. But of the 356 unaccompanied Haitian children who ended up a Gitmo, only 22 have been admitted to the U.S., because they needed medical attention or had a parent already in the States. Since the island has officially returned to democratic rule, immigration officials say, Haitians don't qualify for humanitarian parole. Some of these children were orphaned in Haiti, and set to sea alone or with friends; others saw their parents drown. Because of the violence the deprivation they have experienced, many of the kids are terrified of going back to Haiti.

Yet the official U.S. policy for these children is to locate relatives in Haiti and send the kids to them. So far, 60 Haitian children have been returned. But last week Florida Rural Legal Services released a report condemning the repatriations. "The claim that what is being done is in the best interest of the children is a farce," said Niels Frenzen, a public-interest lawyer who helped track down some of the returnees and found that many were homeless or living in squalor with strangers. "There is only one humane solution to this problem. Close down the camp and accept the generosity of the families and agencies willing to care for these young people, just as we have done for Cuban children."

According to Florida Legal Services, all but 40 of the Haitian children have U.S. sponsors lined up. "We told the State Department months ago that we had foster parents to sponsor these children," said Deacon Chris Baumann, spokesman of the U.S. Catholic Conference. Yet the children's advocates report that even in cases where they have located U.S. relatives, the State Department has refused to grant them entry. Helene Charles, a 36-year-old Haitian living in Fort Lauderdale, says she has been trying for months to obtain a visa for her 14-year-old son Kissene. She left him behind in Haiti with her mother, but she became ill and could no longer care for him. Kissene got on a raft with some friends, who got word to his mother that he was at Guantánamo.

U.S. authorities will say only that all cases are under review. "You can't just move them lock, stock and barrel to the United States and separate them from their families forevermore," said a State Department official. "You have to find out where each child's family is and go and look for the family." That can be a long, difficult process, says the State Department, which hopes most of the children will be released from the camp by early July.

"We just want to get out as fast as possible and go elsewhere," says a 17-year-old boy who has a cousin in the U.S. "We are not criminals, but we are living in a prison."•

TRIBUTE TO CHIEF ROBERT A. SESSIONS

• Mrs. BOXER. Mr. President, I rise today to report that over the weekend California lost a great public servant. On Saturday, Barstow chief of police Robert A. Sessions died after a brief battle with cancer. Chief Sessions was a 28-year veteran of the department, and he will be missed by the people of Barstow and all who knew him.

Chief Sessions had a long and distinguished career serving his community. He graduated from high school in Butte, MT, in 1958, and subsequently received advanced degrees in education from Barstow Community College and in sociology from Chapman College. He also graduated from the Federal Bureau of Investigation's National Academy, 125th session.

After holding the positions of patrol officer, K–9 officer, detective, sergeant, lieutenant, and captain, Sessions was promoted to chief of police in 1985. During his tenure at the helm of the Barstow Police Department, Chief Sessions implemented numerous community policing programs and supervised special projects ranging from drug abuse resistance and education to the retired senior volunteer programs.

Chief Sessions was devoted to his family and his community. He married Carol Dawson in 1963 and the couple adopted two children, Jon and Jennifer. He joined the force as a reserve officer in 1967, and was sworn in as a full-time member of the Barstow Police Department the following year.

Chief Sessions was a licensed pilot and led an active life that included hunting, fishing, running, and golf. He was a positive role model for the young people of the city of Barstow and his presence will be greatly missed.

The memory of Chief Sessions' dedication to his family and his community will live in each of us as we remember a remarkable public servant.•

ORDERS FOR TUESDAY, MAY 23, 1995

Mr. DOLE. I discussed that with the Democratic leader. It is our intent tomorrow, when we have an opportunity, to have back-to-back votes in order to save time so that we can reach the 10-hour period.

I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 8:30 a.m. on Tuesday, May 23, 1995; that following the prayer, the journal of the proceedings be deemed approved to date; that the time for the two leaders be reserved for their use later in the day, and the Senate resume consideration of Senate Concurrent Resolution 13, the concurrent budget resolution.

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

PROGRAM

Mr. DOLE. For the information of all Senators, the Senate will not stand in recess between the hours of 12:30 and 2:15 for the weekly policy luncheons. The Senate will be debating the resolution. For the information of all Senators, the Senate will resume consideration of the concurrent resolution at 8:30 a.m. tomorrow morning.

Rollcall votes can be expected throughout Tuesday's session of the Senate in order to make progress on the budget resolution. It may also be the intention of the majority leader to turn to the consideration of the rescissions conference report under the time limitation previously ordered. I have discussed that with the Democratic leader.

I think for the information of all Senators, the Senate will recess for the July 4 recess at the close of business on Friday, June 30, or Saturday July 1, if necessary. The Senate will reconvene on Monday, July 10. It may become necessary for the Senate to convene on some Saturdays prior to the recess in order to consider and complete action on some legislative matters. I hope that is not the case. I do not like Saturday sessions. But I suggest that is a possibility.

Mr. EXON. If the Senator will yield, I have asked this of the majority leader, and I have asked this of the minority leader. Since you did not mention it, has there been a decision made on the August recess, whether or not we are going to have one this year and, if so, when?

Mr. DOLE. Let me say to the Senator from Nebraska: It is on my short list, you understand that. We did discuss it today and we are going to have staff look at some of the issues, and we will try to map out where we might end up. Obviously, we would all prefer to have an August recess. But we hope to have an answer to that. We did get the July recess settled today. Hopefully, we can do the August recess very soon because I know many Members may want to make plans, and in some cases they need fairly long lead time.

Mr. EXON. I thank the leader.

RECESS UNTIL 8:30 A.M. TOMORROW

Mr. DOLE. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in recess under the previous order.

There being no objection, the Senate, at 10:08 p.m., recessed until Tuesday, May 23; 1995, at 8:30 a.m.

EXTENSIONS OF REMARKS

A SALUTE TO EDWIN L. ARTZT: INTERNATIONAL BUSINESS LEADER

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. PORTMAN. Mr. Speaker, I am pleased today to recognize a prominent Cincinnatian, Edwin L. Artzt, on the occasion of his retirement as chairman of the board and chief executive officer of the Procter & Gamble Co. Today we thank him for the vision and service that he has so generously given to his company and to his community.

Ed began his career with Procter & Gamble in 1953 in the sales-training department. He worked nearly 40 years in positions both at home and abroad to become chairman and CEO of the company in 1990. During his tenure as chief executive, Ed concentrated on innovating new products, improving the efficiency of operations and globalizing the business and building the organization. Under his leadership, Procter & Gamble's earnings increased at an average growth rate of 14 percent and the real earnings growth rate—after inflation—has been 10 percent, more than double the company's historic average. Procter & Gamble began its concentration on value pricing and expanded its international operations, adding business in 10 additional countries. His vision has strengthened our economy locally and nationally.

Ed has brought his high caliber of leadership to many areas outside of Procter & Gamble. Serving our Nation, he has been an influential advocate of world trade as a member of President Clinton's Advisory Committee on Trade Policy and Negotiations, the Council on Foreign Relations, and the Business Roundtable.

In the Cincinnati community, he has given his time and talent by serving on the board of the Cincinnati Business Committee and the board of trustees of the Cincinnati Institute of Fine Arts. I know firsthand that he has found time to give of himself. He was my little league baseball coach 30 years ago.

Long a champion of business education, Ed has helped to groom business leaders of the future in his work as a member of the board of visitors to the Anderson Graduate School of Business Management at UCLA and the board of overseers of the Wharton School. Within P&G, his vision was the inspiration for creating a P&G College, where employees continue their education with innovative courses on business trends.

All of us in Cincinnati congratulate Ed for his numerous accomplishments in both private and public enterprise. We are grateful for his service to Cincinnati and to our Nation.

TRIBUTE TO MR. EDUARDO J. TORRES

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. SERRANO. Mr. Speaker, on Friday, May 19, 1995, a group of dedicated public school educators gathered in my congressional district to honor one of their distinguished colleagues, Eduardo J. Torres, for his years of service to the children of our district and indeed, the Nation, and on the occasion of his retirement.

Eduardo J. Torres began his professional career at the Puerto Rico Planning Board's Division of Social Planning, a division under the jurisdiction of the Governor's Office. Beginning with that appointment, his distinguished career has been devoted to the education of students of limited English proficiency, a devotion which has earned him the respect of his peers and the distinction of being a leader in his field.

Mr. Torres began his career in Community School District Seven in my congressional district in 1965 as a bilingual teacher in school and community relations. In 1972 he became teacher-trainer and coordinator of the Puerto Rican Studies Program, and later coordinated the Reading Advancement Through Puerto Rican Literature Program.

In 1976, Mr. Torres was appointed assistant director of the Northeast Center for Curriculum Development, a national project of the U.S. Department of Education, housed in Intermediate School 184, which developed culturally and linguistically relevant curricula in Spanish, Italian, Greek, and Russian for bilingual students and their teachers throughout the United States, Puerto Rico, and the Virgin Islands. In 1986, Mr. Torres was named bilingual education coordinator supervising educators, testing, placement, and recruitment of bilingual teachers.

Mr. Torres will be missed by his colleagues and the community of students and teachers with whom he has worked over the years and to whom he has dedicated his professional life. He is recognized by his colleagues for his friendly, efficient manner and his quiet style of leadership.

Mr. Speaker, I ask my colleagues to join me and the residents of my district and students and professionals of Community School District Seven in conveying our deep gratitude to Mr. Eduardo J. Torres and to extend to him our best wishes for a happy, fulfilled retirement.

REPUBLICAN WAR PROFITEERING: COMMENTARY BY KEVIN PHILLIPS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. STARK. Mr. Speaker, the May 17 radio commentary by Kevin Phillips on the Republican budget plan hit the nail on the head:

> In the guise of crisis legislation, deficit reduction . . . especially as put forward by the House of Representatives, also has major overtones of special interest favoritism and income distribution.
>
> Spending on government programs, . . . is to be reduced in ways that principally burden the poor and middle class while simultaneously taxes are to be cut in a way that predominantly benefit the top one or two percent of Americans.
>
> If the U.S. Budget deficit problem does represent the fiscal equivalent of war—and maybe it does—then what we are really looking at is one of the most flagrant examples of war profiteering this century has seen. And it deserves to be rejected with outrage.

Mr. Phillips is right: The Republicans are practicing class warfare. They get upset when you use that term—but that's what they are doing. They doth protest too much about the term, and the proof is overwhelming that they are taking from the bottom half of our society to give to the top 1 percent.

IN RECOGNITION OF THE ENFIELD ROTARY CLUB OF ENFIELD, CT

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mrs. JOHNSON of Connecticut. Mr. Speaker, it is with great pride and respect that I rise to commend the members of the Enfield Rotary Club for their innovative Learn to Earn program. Their program was developed to respond to the many solicitations for donations that both civic organizations and industry receive from local youth groups.

Instead of simply making a donation, businesses and civic organizations identify local projects that need to be completed and then give interested children the opportunity to earn the money they need by doing the projects. Projects range from things as routine as schoolyard cleanup to washing windows at a local, town-owned retirement home.

The Learn to Earn approach enjoys broad community support. At a time when so many are decrying the loss of government aid, a program such as this offers young citizens the opportunity to tackle projects that meet the needs of the community and, as importantly, highlights for young people the lesson that you

can accomplish most anything if you are willing to work to make it happen.

Congratulations to the members of the Enfield Rotary Club for their meaningful contribution to the betterment of their town.

CONGRATULATIONS TO ATLANTIS COMMUNITY AND NORWEST BANK COLORADO

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mrs. SCHROEDER. Mr. Speaker, I want to commend Atlantis Community Inc. and Norwest Bank Colorado, both of Denver, for launching one of the Nation's first home mortgage financing and consumer loan programs for lower-income people with disabilities.

On May 17, Social Compact recognized Atlantis and Norwest in its 1995 Outstanding Community Investment Awards program. Social Compact is a Washington-based nonprofit coalition of leaders in financial services and community development industries who work to strengthen neighborhoods.

In partnership with Atlantis, Norwest introduced the Disability Community Homeownership Program in June 1993 as a 1-year pilot, with a $2.5 million set-aside for loans. The program offers generous and flexible mortgage terms of physically disabled people, allowing them to own their own homes for the first time. Norwest now has generated more than $6 million in approved loans to more than 100 people in the program.

Atlantis, the largest home health care agency in Colorado, has built awareness of the program through its close links with the disabled community and its financial counseling services. Atlantis also has implemented a homeownership workshop and money management services, which address the needs of disabled people in the home buying process.

Also in partnership with Norwest, Atlantis has developed a consumer loan program for vehicle purchase and modification, home access improvements and independent living aids.

Atlantis and Norwest are a good example of commitment and partnership in the service of others.

TRIBUTE TO MR. JOHN O'TOOLE OF CONNECTICUT

HON. CHRISTOPHER SHAYS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. SHAYS. Mr. Speaker, earlier this month, one of the most respected leaders in the advertising industry, John E. O'Toole, former president and chief executive of the American Association of Advertising Agencies, and a resident of Connecticut's Fourth Congressional District passed away in New York.

John O'Toole's four decades in advertising were distinguished by the highest standards he demanded of himself and demanded of his industry. That dedication and determination to provide the American public with quality and seamless honesty earned him his induction this year into the Advertising Hall of Fame.

John O'Toole's leadership, his creativity, his wit, and his friendship will be sorely missed by his family and many, many friends. My heartfelt condolences go out to his wife, Phyllis and his two daughters.

CONGRATULATIONS TO FIRST OCCUPATIONAL CENTER OF NEW JERSEY AND ITS HONOREES

HON. WILLIAM J. MARTINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. MARTINI. Mr. Speaker, I would like to tell my colleagues about several very special individuals whose excellent work in the area of occupational and rehabilitational therapy for the aged, the disabled, and the disadvantaged has earned them high honors at the 41st anniversary celebration and annual awards presentation of the First Occupational Center of New Jersey on May 24, 1995.

Peter Cocoziello, president of Consult Realty, Janet May, executive director of the West Essex Chamber of Commerce, John Smith, manager of public affairs at PSE&G, and Joan Verplanck, president of the New Jersey State Chamber of Commerce will all be the honorees on this memorable occasion. Their work with the center helps individuals and families challenged by both physical and economic disadvantages become contributing members of the community. With the support of individuals, private groups, and Government agencies, the center provides professional counseling and real work opportunities to those who truly need such services. For seniors over age 55, job readiness and placement services are available; for welfare recipients, remedial instruction and work experience are encouraged.

The center, and the outstanding individuals that are being honored, strive to bring dignity and self-confidence to lives that may otherwise lose sight of these essential human traits. I congratulate these honorees: Mr. Cocoziello, Ms. May, Mr. Smith, and Ms. Verplanck for their contributions, and urge them to keep up their good work.

TRIBUTE TO JOSÉ M. GRACIANO

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. SERRANO. Mr. Speaker, on Friday, May 19, 1995 a group of dedicated public school educators gathered in my congressional district to honor one of their distinguished colleagues, José M. Graciano.

Mr. Graciano has been the principal of P.S. 5 since 1971 and has earned the distinction of being the longest serving public school principal in Community School District Seven. His record of accomplishment at P.S. 5 is truly impressive; he has brought more than two dozen different enrichment programs into his school. We are particularly proud of Mr. Graciano for his accomplishment in creating the first bilingual pre-kindergarten program in the Nation, a title VII grant Project PROBE. Under his leadership, P.S. 5 was designated a model bilingual school, recognizing the successes of such programs as the Bilingual Teacher Corps, Project SABE, Project BETA and CSIP.

Mr. Graciano is an active member of his community and his hard work has earned him numerous awards and recognitions including the Educator of the Year award from the Hispanic Educators Association, the Community Service Award from the Association Civica Arecibeno, the P.S. 5 Parent Teacher Association Award, the Ramon S. Velez Scholarship Committee Leadership Award and the P.S. 5 Parent Teacher Association 20th Anniversary Award.

Mr. Speaker, the residents of my district, Hispanic Americans everywhere, and indeed the entire Nation are the beneficiaries of such lifelong dedication to the education of our youth, and in particular of those often-disadvantaged youngsters who grow up in our inner city communities. I ask my colleagues to join me in conveying best wishes and deep gratitude to Mr. José M. Graciano.

MEDICAL SAVINGS ACCOUNTS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. STARK. Mr. Speaker, the debate on reforming our health care system has begun to focus on the potential role of medical savings accounts.

I would like to enter into the RECORD some comments from business, consumer, and health policy organizations regarding medical savings accounts [MSA's]. There comments are helpful in evaluating the likely costs and benefits to be derived from MSA's. In sum, these organizations find that the risks of MSA's are high and the rewards are, at best, overstated.

The attached also sheds light on one particular company that is profiting handsomely from MSA's, and how this is so. The level of profits generated by this company, and how they have chosen to spend them, give us reason to take pause.

These comments follow.

FEBRUARY 1, 1995.

MEDICAL SAVINGS ACCOUNTS—NOT FOR MEDICARE!

DEAR COLLEAGUE: We have heard much about medical savings accounts (MSAs) recently. Companies that stand to benefit financially from MSAs—and those who have benefited from the profits of these MSA proponents—have been quick to push their merits. This week, Speaker Gingrich proposed to give Medicare recipients vouchers to enroll in medical savings accounts.

More objective parties—business, consumer and health policy organizations across the potential spectrum—have concluded that the expansion of medical savings accounts will exacerbate problems in the health insurance market.

"While on the surface these proposals have some appeal . . . they pose serious problems . . . There does not appear to be a way to design an MSA that is not detrimental to the goal of achieving universal or near-universal coverage at a reasonable cost."—Center on Budget and Policy Priorities

"To illustrate the current misunderstanding of how MSAs would generally operate, the [Academy] uses an example that appeared in a letter released by Senator Phil Gramm . . . The example seems clear enough. However, like many others, it misrepresents what is generally financially possible."—American Academy of Actuaries

"Our judgment is that the medical IRA is not going to bring about the kind of universal coverage and the stopping of cost shifting that we would like to see . . . There are a number of other problems we have with a medical IRA that we think it will be found lacking in terms of where we would like to see health reform go."—US Chamber of Commerce

"[The MSA] proposal does nothing for cost containment. Once fully implemented, [the MSA] proposal would have enormous negative effects on Federal revenue. It would create a huge new tax advantage/subsidy, going mostly to the non-poor. It could have deleterious effects on primary care."—American Association of Retired Persons

"The likelihood that MSAs would be more attractive to healthy families indicates a potential adverse selection problem. In an unrestricted market, the difference in premiums [between traditional and MSA plans] would grow over time as the healthiest people in high-cost groups switch to lower-cost plans."—Congressional Research Service, September 1994

Advancing MSAs may be in the financial interests of a few, but Medicare beneficiaries are not among them. Shown on the reverse is the chief proponent of MSAs and some information on this insurer's operations.

Sincerely,

PETE STARK,
Member of Congress.

Insurance company advocating tax subsidies for MSA insurance plans: Golden Rule Insurance Company.

Percentage of Golden Rule insurance premiums going to medical claims: 65.2%.

Rating of Golden Rule's financial condition in "1994 Best's Insurance Reports": A+.

Stated reason for Golden Rule's A+ rating: "This profitability is attributable to the company's *careful underwriting*, its sophisticated claims system, and its adequate rate increases." (emphasis added; translation: "they don't insure sick people.")

Cites from information on Golden Rule Insurance Company contributions to Newt Gingrich compiled by the Office of Congressman Stark.

(1) Roll Call, August 18, 1994; Los Angeles Times, January 29, 1995; CNN, Inside Politics, October 12, 1994. Amount of reported contributions from Golden Rule Insurance Company executive to GOPAC, the political action committee of Speaker Gingrich: $117,000.

(2) Roll Call, September 15, 1994. Amount contributed by Golden Rule Insurance Company to the Progress and Freedom Foundation, sponsors of Mr. Gingrich's "Renewing American Civilization" course: Amount not disclosed.

(3) Los Angeles Times, January 29, 1995; The Atlanta Journal and Constitution, September 24, 1994; Roll Call, September 15, 1994. Amount contributed by Golden Rule Insurance Company to "Progress Report," a weekly talk show on National Empowerment Television featuring Mr. Gingrich: Sole sponsor. Amount not disclosed.

(4) American Political Network, January 11, 1995; United Press International 1995, January 10, 1995; US Newshire, January 10, 1995. Amount of "soft money" contributed by Golden Rule Insurance Company executives to GOP National Party Committees (1/1/93–11/28/94): $523,775.

(5) Los Angeles Times, January 29, 1995. Amount contributed by Golden Rule Insurance Company to Mr. Gingrich's 1992 re-election campaign: $15,000.

(6) CNN, Inside Politics, October 12, 1994. Amount contributed by Golden Rule executives to Mr. Gingrich's 1994 re-election campaign: $20,000+.

COMMENDING ALAN LEVY FOR HIS OUTSTANDING WORK AS AN AUTHOR AND JOURNALIST

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. LANTOS. Mr. Speaker, I ask my colleagues to join me in commending Alan Levy, founding editor-in-chief of the Prague Post and the 1995 recipient of the American Society of Journalists and Authors award, "Author of the Year." Mr. Levy's latest book, "The Wiesenthal File," is an extraordinary examination of famed Nazi-hunter Simon Wiesenthal's life work and its enormous continuing relevance in today's world.

As an award-winning writer in the 1950's and 1960's, Alan Levy began to chart a career that would carry him and his family through some of this century's most turbulent and historically critical moments. Taking his wife and two children to Czechoslovakia in 1967, Levy found himself eyewitness to de-Stalinization and Alexander Dubcek's Prague spring of freedom, the Soviet invasion of August 21, 1968, and the fall and winter of Russian occupation and repression. Although the Levy family was expelled from Czechoslovakia in 1971, the experience was fodder for Levy's two monumental and critically acclaimed books on Czechoslovakia, "Rowboat to Prague" (1972), and "The Bluebird of Happiness" (1976).

Levy spent the next 20 years in Vienna, publishing award-winning travel and theater articles for the New York Sunday Times and many other world-renowned publications. Vienna also witnessed the world premiere of Levy's first play, "The World of Ruth Draper," in 1982. The play ran in Vienna, toured Europe, and enjoyed a successful 5-week run in New York's Times Square.

In 1990, Levy returned to Prague as founding editor-in-chief of the Czech Republic's leading English-language newspaper. From this post, he has provided the English-speaking world an unparalleled reportage and analysis of the radical, post-communist transformation of one of Central Europe's most dynamic and beautiful countries.

Mr. Speaker, Alan Levy's most recent, critically acclaimed work, "The Wiesenthal File," assures his place among the great writers and journalists of our century. On this day following his receipt of the Author of the year Award, I ask my colleagues to join me in congratulating Alan Levy on his accomplishments and celebrating his outstanding career in literature and journalism.

SAM MEYERS—A POINT-OF-LIGHT FOR ALL AMERICANS

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. OWENS. Mr. Speaker, I rise to salute, local 259 UAW Union President Sam Meyers whose life represents a Point-of-Light for all Americans. Brooklyn and the 11th Congressional District are particularly grateful to Sam Meyers for his early and visionary sponsorship of the Brooklyn Coalition for Community Empowerment.

For over 50 years, Sam Meyers has carried the UAW vision of social justice and militant trade unionism in his union and political life.

He began his journey in the trade union movement in 1940 as a sheet metal worker at Brewster Aircraft and as a member of UAW, local 365. Soon after, he was elected shop steward, a position he held until 1943 when he joined the Army Air Corps. The Air Corps later assigned him to an orientation team whose purpose was to educate the troops about the U.S. war effort to destroy fascism.

In 1958 Sam led the successful fight to oust a leadership that had become too far removed from the membership, and to bring his brand of militant and democratic trade unionism to local 259.

From the time of his election as president of local 259 in 1958 to the present, Brother Meyers' passionate vision, leadership and tough bargaining have won strong membership support and involvement. Surrounded by a committed staff that mirrored the Rainbow Coalition, a strong, diverse, and well educated shop steward system was developed. The creative use of strikes, family and community support and solidarity picket lines helped win for local 259 members higher wages, generous welfare and pension benefits, security for their families, a nationally recognized mental health and occupational safety program, and dignity as industrial workers.

Sam led aggressive organizing campaigns, not only among the auto dealers, local 259's primary jurisdiction, but among low-wage factory workers who were predominantly women. Long before it became Government policy, the union under its president's leadership pursued affirmative action programs to bring people of color and women into union leadership.

Local 259 has been a recognized force in: the civil rights movement, the fight for affirmative action, the continuing struggle against racism; launching the careers and election of progressive forces to public office, including Congress members MAJOR OWENS, CHARLES RANGEL, former Governor Mario Cuomo and former Mayor David Dinkins, and challenging reactionary leadership and regressive social policies promoted in Congress and from the

offices of New York's Governor and the mayor of the city of New York; The struggle for full employment, a guaranteed annual income, anti-scab and labor reform legislation, universal single payer health care, decent and affordable housing, and rigorously enforced occupational safety and health standards.

Sam served on the board of advocates for Children of New York, and helped to train parents and community activists in adapting union grievance procedures as a model for school based child advocacy. He initiated the first worksite child advocacy training program for parent members.

He brought the union into a partnership with the NYS Division for Youth and Advocates for Children to create an auto mechanic training program for youths released from DFY facilities.

In the late 1960's Sam was a cofounder of the New York Labor Committee Against the War in Vietnam, and challenged those in high labor positions on their support for the war.

In the early 1970's Brother Meyers helped bring national attention through congressional hearings to the impact of plant closings and runaway shops, as part of corporate America's wanton disregard of its workers at home and abroad.

There followed over two decades of the union's commitment to international labor solidarity. Local 259 championed the forces of liberation and democracy in South Africa, Chile, El Salvador, Nicaragua, and Haiti. Scores of labor leaders fighting against oppression throughout the globe have found safe haven, support, and solidarity at Local 259 UAW.

Sam has treasured being an active member of the International UAW. Steeped in the UAW tradition, the union under Brother Meyers' leadership linked members' struggles in Local 259 shops and factories to the struggle for social justice and human rights everywhere.

In recognition of Sam's contributions to the UAW, he was appointed and served on the Commission for the Future of the UAW, meeting with regional representatives throughout the country.

At a recent UAW convention, Sam was selected to nominate Owen Bieber for president.

Sam's proudest legacy is the next generation of social visionaries and militant trade unionists whom he has trained and nurtured to assume the leadership of this great UAW local.

Sam Meyers represents a magnificent Point-of-Light and serves as an inspiring role model for all Americans.

THE REPUBLICANS' BUDGET HAS GOT IT WRONG

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Ms. KAPTUR. Mr. Speaker, the Republican budget proposal can be summarized as gouging Medicare recipients, nursing home patients, and college students to fund over $300 billion in tax breaks for the privileged few and to increase defense spending. This is not the formula to achieve a balanced budget. What it does is squeeze our middle class to reward those at the high end.

	In billions
Medicare benefit cuts	288.4
Medicaid benefit cuts	186.5
Total cuts	475.0
Transferred to:	
Tax cuts	353.0
Defense increase	76.3
Unnecessary new spending	429.3

Over one-third of the cuts in the Republican budget come from sacrifices that will be forced on our senior citizens in the form of reduced Medicare benefits and nursing home care. But their budget does nothing to actually reduce the cost of health care in our country. Why not rein in the insurance companies, the doctors, the pharmaceutical companies rather than take it from our seniors? Anyone who has studied the Federal budget over the years knows that the most important factor driving our budget deficit has been increased health cots.

I favor balancing the budget. I have voted for a balanced budget. I fight everyday to cut wasteful spending. The Republicans want to balance the budget on the backs of our grandmothers to turn over nearly $350 billion in tax breaks to the rich and powerful. Instead, why not get rid of the "Benedict Arnold" tax break that allows a U.S. citizen who has made his millions here to renounce his citizenship and take his millions to some Caribbean island tax free. To balance the budget, health services are being cut for those who are most in need of our attention: seniors on Medicare, nursing home residents, disabled veterans.

MEDICARE

The best way to look at the effects of the budget proposal on Medicare recipients is to look at per capita benefits under the program. Republicans argue that there are no cuts in Medicare and that spending increases over the 7 years of their budget. This is a half-truth. Their budget falls far short of keeping benefit levels where they are today. Their future projections do not offset health insurance inflation, rising costs of services, and the 3.5 million more Americans who will reach 65 in the next 7 years. Under their plan even the current level of Medicare benefits will not be maintained into the future. Seniors will end up $3,000 short. This translates into cuts in services, rising out-of-pocket expenses, and higher deductibles and copyaments for every senior in this Nation—no matter how in need they are.

Medicare population increases: 37.0 million—1996; 40.5 million—2002.

Year	Money required to maintain current services (billions)	Money proposed in Republican budget (billions)	Medicare short-fall (billions)	Additional cost shifted to seniors each year
1995	179.0	179.0	0.0	$0.00
1996	196.0	168.0	28.0	744.00
1997	217.0	180.5	36.5	955.00
1998	238.0	191.7	46.3	1196.00
1999	262.0	206.1	55.9	1426.00
2000	286.0	215.4	70.6	1773.00
2001	319.5	218.3	101.2	2523.00
2002	353.8	229.0	124.8	3081.00

The Republican budget will ration health care for millions of seniors while other Americans who are better off will not face health care rationing, but they will continue to pay ever higher prices for health care services because the fundamental challenge of health inflation is not solved.

For every senior, this $3081-reduction over current benefits means the average American senior has to make it up, either by increased out-of-pocket payments, reductions in covered services, limitation of physician choice, or reductions in already limited physician or hospital reimbursements.

In regard to Medicaid, the Republican budget cuts Medicaid by $187 billion over the 7 years and shifts the burden of caring for the long-term chronically ill from the Federal Government to the States.

Ohio's Medicaid budget is $5.1 billion in 1995. Nursing home benefits account for $1.9 billion of that budget or 37 percent. The State estimates that Medicaid spending will increase at 8–9 percent a year. If the State has to absorb that increase, it will jeopardize OhioCare. OhioCare is a health care reform plan which would put all current low-income recipients on Medicaid into managed care plans and use the savings to expand Medicaid coverage to working poor families, thereby reducing overall health care costs. In Ohio we are trying to get health care costs under control. The Republican budget does nothing about them, and it may very well sabotage Ohio's efforts.

Who benefits from the $353 billion in tax breaks assumed in this budget? Fifty-one percent of these breaks go to people who earn over $100,000 annually. The most wealthy 1 percent of Americans will get a tax cut of more than $20,000. The poorest 20 percent of Americans will get an average tax cut of $36. Let's look at some of these.

Eliminating the alternative minimum tax by 1999 will cost $16.9 billion—for the first 5 years. The alternative minimum tax requires profitable corporations including many foreign corporations operating in the United States to pay a minimum amount of corporate income tax even if under normal tax rules they can write off all their profits.

Before the 1986 tax reform, highly profitable corporations were able to eliminate their tax liability through various tax loopholes. A 1986 survey found that 130 of America's largest and most profitable corporations managed to pay absolutely nothing in Federal income taxes at least 1 year between 1981 and 1985. Forty-two of these companies paid no taxes at all for all those years. Congress, in 1986, decided that made no sense and established the alternative minimum tax so that profitable corporations doing business in the United States had to pay something, if only a minimal amount, in taxes to our country.

The Republican plan includes a $500 tax credit for children for families with incomes as high as $250,000. A responsible proposal to limit this credit to families making under $95,000 was rejected earlier this year.

Mr. Speaker, over $300 billion in tax breaks in the face of huge budget deficits Americans must pay are irresponsible. Tax breaks that overwhelmingly favor the richest corporations and individuals are wrong. I cannot support them.

We must get on track to a balanced budget first before we consider tax cuts.

The Republican budget changes the cost of living calculation for Social Security benefits, in effect lowering the cost of living by 0.6 percent. This will reduce the average Social Security benefit by an estimated $240 a month by 2002. Their budget commits us to tax cuts for the wealthy while cutting essential income for seniors. I can't countenance that.

The Republican budget would make student loan recipients pay interest on their loan while attending school. This will increase the average student's indebtedness by $3,400. Over the life of the loan the student would pay an extra $41 a month, $5,000 in all. The cut would amount to $18.7 billion over 7 years. How can anyone justify making it more difficult to get a higher education in our country as we enter a new century which will be characterized by increased international economic competition? I ask you, are the Japanese or the Germans making it harder for their children to get the education they need?

Mr. Speaker, I cannot support this Republican budget proposal. It's anti-family at its core. It is ironic that some Members of Congress, who earn over $130,000 a year, may think that a budget which gives a $20,000 tax break to the richest 1 percent of Americans and pays for it by reducing health benefits for our grandmother is good for the country. I don't and I won't vote for it.

TRIBUTE TO MR. JOHN L. CRAWFORD

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, May 22, 1995

Mr. SERRANO. Mr. Speaker, on Friday, May 19, 1995, a group of dedicated public school educators gathered in my congressional district to pay tribute to one of their distinguished colleagues, John L. Crawford.

Mr. Crawford has been the principal of Intermediate School 183 since it opened its doors in the South Bronx in 1974 and has earned the distinction of being the longest serving intermediate school principal in Community School District Seven. He has been a dedicated and innovative school leader, bringing many new programs to his school and the district at large. Mr. Crawford developed the first magnet school program in the district, the Paul Robeson Magnet School for Medical Careers and Health Professions, and implemented an comprehensive after-school program which then served as a model for New York City youth board school based programs throughout the city. Because of his leadership and in recognition of his contributions, Mr. Crawford was asked by the chancellor to serve on two special advisory committees: the City-Wide Mainstreaming Committee on Special Education and the Committee on Articulation.

Mr. Crawford's contributions to the community beyond his school are equally impressive. He currently serves as the Council of Supervisors and Administrators Community School District Seven chairman and in 1991, he served as the assistant to the superintendent supervising district activities and programs. He is the deserving recipient of numerous awards and recognitions.

I am proud to count Mr. Crawford among my friends. On behalf of the residents of my district—in particular the many students and school professionals whose lives he has so significantly touched—I thank Mr. Crawford for his years of service.

Mr. Speaker, I ask my colleagues to join me in conveying our best wishes and deep gratitude to the principal of I.S. 183, Mr. John L. Crawford.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, May 23, 1995, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 24

9:30 a.m.

Appropriations

Interior Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1996 for the United States Fish and Wildlife Service, Department of the Interior.

SD–192

Commerce, Science, and Transportation

Aviation Subcommittee

To hold hearings to examine international aviation policy.

SR–253

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD–366

Finance

Business meeting, to markup H.R. 4, to restore the American family, reduce illegitamacy, control welfare spending and reduce welfare dependence.

SD–215

Governmental Affairs

Oversight of Government Management and the District of Columbia Subcommittee

To hold oversight hearings on aviation safety.

SD–342

Labor and Human Resources

Business meeting, to consider the nomination of Henry W. Foster Jr., of Tennessee, to be Medical Director in the Regular Corps of the Public Health Service, subject to qualifications therefor as provided by law and regulations, and to be Surgeon General of the Public Health Service, Department of Health and Human Services; and the proposed Child Care and Development Block Grant Amendments.

SD–430

10:00 a.m.

Agriculture, Nutrition, and Forestry

Research, Nutrition, and General Legislation Subcommittee

To hold hearings on proposed legislation to strengthen and improve United States agricultural programs, focusing on research and the future of U.S. agriculture.

SR–328A

Banking, Housing, and Urban Affairs

To hold hearings to examine the impact of the peso devaluation and the Administration's aid package on the banking system and economy of Mexico.

SD–538

2:00 p.m.

Judiciary

To hold hearings on the Administration's counterterrorism intelligence gathering proposals, focusing on whether there is a need for increased wiretap and infiltration authority for Federal law enforcement.

SD–226

Select on Intelligence

To hold closed hearings on intelligence matters.

SH–219

MAY 25

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 638, to authorize funds for United States insular areas.

SD–366

Labor and Human Resources

Education, Arts and Humanities Subcommittee

To hold hearings to examine the business role in vocational education.

SD–430

Rules and Administration

To hold hearings on proposed legislation authorizing funds for the Federal Election Commission.

SR–301

10:00 a.m.

Agriculture, Nutrition, and Forestry

Marketing, Inspection, and Product Promotion Subcommittee

To hold hearings on proposed legislation to strengthen and improve United States agricultural programs, focusing on Federal farm export programs.

SR–328A

Appropriations

Military Construction Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1996 for military construction programs of the Department of Defense, focusing on Army and certain Defense agencies.

SD–192

Banking, Housing, and Urban Affairs

Business meeting, to mark up proposed securities litigation reform legislation, and to consider the nominations of Bruce A. Morrison, of Connecticut, and J. Thimothy O'Neill, of Virginia, each to be a Director of the Federal Housing Finance Board.

SD–538

Finance

Social Security and Family Policy Subcommittee

To hold hearings to examine the financial and business practices of the

American Association of Retired Persons (AARP).
SD–215

Foreign Relations
To hold hearings on various treaties on Conventions and Protocols on Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital.
SD–419

Governmental Affairs
Business meeting, to consider pending nominations.
SD–342

1:00 p.m.
Judiciary
Terrorism, Technology, and Government Information Subcommittee
To hold hearings to examine the impact of the militia movement in the United States.
SD–226

2:00 p.m.
Energy and Natural Resources
Forests and Public Land Management Subcommittee
To hold hearings on property line disputes within the Nez Perce Indian Reservation in Idaho.
SD–366

Foreign Relations
East Asian and Pacific Affairs Subcommittee
To hold hearings on democracy and the rule of law in Hong Kong.
SD–419

2:30 p.m.
Labor and Human Resources
Children and Families Subcommittee
To hold hearings to examine child protection issues.
SD–430

3:00 p.m.
Foreign Relations
To hold hearings on the nominations of Timothy Michael Carney, of Washington, to be Ambassador to the Republic of Sudan, Donald K. Steinberg, of California, to be Ambassador to the Republic of Angola, Mosina H. Jordan, of New York, to be Ambassador to the Central African Republic, and Lannon Walker, of Maryland, to be Ambassador to the Republic of Cote D'Ivoire.
S–116, Capitol

MAY 26

9:30 a.m.
Appropriations
Legislative Branch Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the General Accounting Office, and the Office of Technology Assessment.
SD–116

JUNE 6

9:30 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Conservation, and Rural Revitalization Subcommittee
To hold hearings on proposed legislation to strengthen and improve United States agricultural programs, focusing on resource conservation.
SR–328A

Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the Department of Defense, focusing on intelligence programs.
S–407, Capitol

Appropriations
Interior Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the Department of the Interior.
SD–138

Energy and Natural Resources
Energy Production and Regulation Subcommittee
To hold hearings on S. 708, to repeal section 210 of the Public Utility Regulatory Policies Act of 1978.
SD–366

2:00 p.m.
Joint Printing
To hold oversight hearings on the activities of the Government Printing Office (GPO).
1310 Longworth Building

JUNE 7

9:30 a.m.
Appropriations
VA, HUD, and Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the National Service and the Selective Service System.
SD–192

10:00 a.m.
Foreign Relations
Western Hemisphere and Peace Corps Affairs Subcommittee
To resume hearings on S. 381, to strengthen international sanctions against the Castro government in Cuba, and to develop a plan to support a transition government leading to a democratically elected government in Cuba.
SD–419

Judiciary
Youth Violence Subcommittee
To hold hearings to examine the welfare system's effect on youth violence.
SD–226

JUNE 8

9:30 a.m.
Indian Affairs
To hold hearings on S. 436, to improve the economic conditions and supply of housing in Native American communities by creating the Native American Financial Services Organization.
SR–485

2:00 p.m.
Energy and Natural Resources
Forests and Public Land Management Subcommittee
To hold hearings to review the Forest Service reinvention proposal and the proposed National Forest planning regulations.
SD–366

JUNE 13

9:30 a.m.
Agriculture, Nutrition, and Forestry
Production and Price Competitiveness Subcommittee
To hold hearings on proposed legislation to strengthen and improve United States agricultural programs, focusing on commodity policy.
SR–328A

Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the Department of Defense, focusing on health programs.
SD–192

JUNE 15

9:30 a.m.
Agriculture, Nutrition, and Forestry
Production and Price Competitiveness Subcommittee
To resume hearings on proposed legislation to strengthen and improve United States agricultural programs, focusing on commodity policy.
SR–328A

JUNE 19

2:00 p.m.
Governmental Affairs
Post Office and Civil Service Subcommittee
To resume hearings on proposals to reform the Federal pension system.
SD–342

JUNE 20

9:30 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the Department of Defense, focusing on counternarcotic programs.
SD–192

JUNE 22

9:30 a.m.
Indian Affairs
To hold joint hearings with the House Committee on Resources Subcommittee on Native American and Insular Affairs on S. 487, to amend the Indian Gaming Regulatory Act.
SR–485

JUNE 27

9:30 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1996 for the Department of Defense.
SD–192

JUNE 28

9:30 a.m.
Indian Affairs
To hold hearings on S. 814, to provide for the reorganization of the Bureau of Indian Affairs.
SR–485

POSTPONEMENTS

MAY 23

9:30 a.m.
Indian Affairs
To hold hearings on S. 479, to provide for administrative procedures to extend Federal recognition to certain Indian groups.
SR–485